



MINNESOTA FOREST INDUSTRIES

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Rep. Rena Moran  
Chair, House Ways and Means Committee  
449 Rev. Dr. Martin Luther King Jr. Blvd.  
St Paul, MN 55155

June 18, 2021

Dear Chair Moran Members of the House Ways and Means Committee,

Minnesota Forest Industries (MFI) is an association representing the state's forest products companies. MFI members are dependent on a reliable and predictable supply of timber.

I write with great concern about the "Oriented Strandboard Production Incentive" provision in the Senate Jobs Bill. I see the same language will now be considered by the House Ways and Means committee. The production subsidy puts several of Minnesota's existing forest products manufacturers—and the jobs at those facilities—at severe risk.

The proposed production subsidy totals \$28.5 million dollars over ten years and is targeted for a new Oriented Strandboard plant in Cohasset. The production subsidy is on top of a roughly \$50 million dollar subsidy package to build the plant in the first place and creates an unfair playing field between mills that compete for wood that is already artificially constrained in the state.

As recently as 2018, the Minnesota DNR completed a study that concluded timber harvest on state lands could only be increased by a modest 70,000 cords per year. Other public forest landowners like Minnesota counties and the federal forests say they are offering all they can with existing staff and budgets. Stumpage prices at auctions held by these public agencies and by the DNR over the last couple of years have been rising. This is why significantly subsidizing another consumer of an already tight wood supply with an ongoing production incentive over ten years puts existing mills and jobs at significant risk.

Maintaining a healthy existing forest products industry is essential. MFI members support growing the forest products industry in our state, but it must be done responsibly, and it must not be done by putting the companies we already have at peril.

We support fair competition and equal access to subsidies on behalf of all, not subsidies that pick future winners, and threaten thousands of jobs for existing operations in the state. I strongly urge you not to support the Oriented Strandboard Production Incentive language.

Regards,

Mike Birkeland  
Executive Vice President  
Minnesota Forest Industries