

Tax Reduction Benefits Rural Timber Communities

Governor, Christine Gregoire, signed into law this year an excise tax reduction that will help keep Washington's forest products industry and workers competitive in a global market place. The measure, adopted with overwhelming legislative support, reduces the B&O tax to a rate, commensurate with relief received by other state businesses. Sen. Mark Doumit, D-Cathlamet, and House Majority Leader, Lynn Kessler, D-Grays Harbor, led the effort to bring this legislation to our Governor and the people of the state. Our Governor and legislature took a bold step that we deeply appreciate.

Washington is one of the best places in the world to grow trees for pulp, paper and solid wood products. The trees we grow are some of the best in the world for products used everyday by people at home and abroad. Our forest and mill workers equally are well respected throughout the industry. Add our world-class environmental regulations in the woods and in our plants, and you have an industry worth keeping around.

Washington's geographic location provides a worldwide market, particularly highly competitive Pacific Rim markets that bring with them benefits and liabilities. Our high quality forest products are in demand around the world, and our geographic location provides efficient transportation. Global forest products markets, however, notoriously are cyclic and affected by cheap labor in nations that have lower worker safety standards, far lower wages and nascent environmental standards. In short, our costs are higher than many of our competitors.

Washington's pulp and paper manufacture, for example, increasingly uses recycled fiber, forest and saw milling residues. Pulp and paper workers are some of the highest paid jobs in the industry with excellent benefits' packages. Fierce foreign competition, however, has reduced the number of pulp and paper plants from eighteen to twelve in the past 20 years, with a concurrent loss of four thousand family wage jobs; four plants closed in the past decade, alone, costing three thousand jobs. China, during the same period, constructed half the world's new pulp and paper manufacturing capacity and offers every product we can at a lower prices.

Washington's elected leaders recognize this external pressure and helped level the playing field for our industry. Governor Gregoire and the legislature firmly have said, "This industry is important to us and we will do our part to maintain it and its employees."

In addition, Washington's legislature and Governor earmarked a portion of the tax reduction to fund Washington's Forest/Fish program that examines timber harvest impacts for solutions that better protect fish, wildlife, water quality and wildlife habitat. That's a good deal for all citizens, but Washington's conservation groups, tribes and forest landowners particularly welcome stable funding for science and land management programs that improve our managed forests' environment. The environmental benefits of this program are important but the program equally is important for the regulatory certainty provided forest landowners whose timber "crop" matures in forty to sixty years.

Now it's the forest industry's job to survive and thrive in a competitive business environment. We've been in this state since mid-1800; we plan to be here for the next 150 years. We'll do that by being good stewards of the environment and strong competitors in the market place. We will earn the vote of confidence given us by the Governor and legislature.

Llewellyn Matthews is the executive director of the Northwest Pulp & Paper Association representing the pulp and paper mills in Washington, Oregon and Idaho.

Bob Dick is the Washington Manager of the American Forest Resources Council representing forest products manufacturers and landowners in twelve western states.

William R. Wilkerson is the executive director of the Washington Forest Protection Association, founded in 1908 and representing more than half of the private forest landowners in Washington State.