

VA Loggers Association Newsletter

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VIRGINIA GENERAL ASSEMBLY 2018

Legislators arrived the second week of January in Richmond to begin work on 3099 bills. Fortunately, many legislators attended the Virginia Agribusiness Council annual banquet hearing about both forestry and agricultural interests in Virginia. The next day was full speed ahead to review and work on a variety of issues brought by Virginians to their representatives.

Many House of Delegates' members held on to their seats in the November 2017 election while 16 Republican previously held seats went over to members of the Democratic Party. Once all the final tallies were over, Republican members held 51 seats in the House of Delegates.

Despite some changes, the work appears to be moving forward and the Senate and House of Delegates finished their respective bills on February 13 for crossover. All bills passing out of each were subject to the same review by the other house. The General Assembly has a completion date (sine die) of March 10, 2018.

Bills impacting the forest products industry were few in number this year, but still important for our business owners. Virginia Loggers Association monitored, spoke for or against, and visited many of the legislators. Most bills that might impact our industry fall under the committees of Transportation, Commerce & Labor, and to a lesser degree Agriculture, Conservation & Natural Resources or Rules. Subjects and issues that can be important include hauling weights, mandatory restrictions, fees, wage and paid leave mandates, energy and biomass, and uninsured motorists' coverage.

Below are a few bills VLA monitored in 2018 with a current summary for each. We monitored others but listed here are only the ones of greatest importance by subject area.

- Minimum wage: A number of bills were submitted but none proposing increases made it out of committee this year.
- Biomass/Energy Production: A number of bills were submitted that would amend Virginia's electric utilities and disfavor biomass for electricity production. None of these bills actually made it out of committee.
- Transportation: VLA supported HB 125 which adds rough sawn green lumber to the definition of forest products in the 90,000 pound overweight statutes. This bill was unanimously approved by House of Delegates, and approved by the Senate and by Governor Northam.
- VLA also supported identical House and Senate bills that would authorize the Virginia Department of Transportation to enter into future federal highway interstate hauling studies. Bills were amended and moving through each respective house.
- Finally VLA supported legislation that would raise the minimum requirements for liability insurance on motorists. Two bills were submitted. One would have increased minimum levels for bodily injuries or death and property destruction but this one did not pass. Another bill would increase the property injury or destruction standard from 20,000 to 50,000 and this did pass out of the Senate and referred to the House Transportation Committee.

Are you interested in keeping up with your Virginia government? It is easy as three clicks on your computer from your home or business. First open your web browser and type in https://lis.virginia.gov/. From here you have access to bills, members, meeting minutes, old sessions, the Code of Virginia, Regulations and much more. You locate your representative just by clicking on Virginia General Assembly on the menu board above the text. Next you just click on "Members and Sessions" and "Who's my Legislator." You can now even watch live House, Senate and Committee sessions!

WELCOME NEW MEMBERS

Thank you for recently joining THE VIRGINIA LOGGERS ASSOCIATION

Putting our members first and proudly serving the interests of Virginia loggers!

DET, INC., DAVID ELDER — FOREST, VA
SPEYSIDE BOURBON STAVE MILL IN VIRGINIA, INC.,
JIM MCCOY — MILLBORO,VA
WILDERNESS STUART. INC..

WILDERNESS STUART, INC.,
DEBBIE AMOS — STUART, VA

JACKIE L. SMITH, JACKIE SMITH — COVINGTON, VA (RETURNING MEMBER)

Please encourage someone to Join the Virginia Loggers Association!

EXECUTIVE DIRECTOR'S CORNER | Ron Jenkins



The year 2018 begins with a new Governor. On January 20, 2018 Ralph Northam from the Eastern Shore of Virginia was sworned in as Virginia's 73rd Governor. However, some familiar faces assumed positions of leadership in Virginia government who will serve the agriculture and forestry industry.

Bettina Ring became Virginia's 4th Secretary of Agriculture & Forestry and Rob Farrell became Virginia's next State Forester. Both have indicated their willingness to support our industry and represent all elements of this important constituency. We look forward to working with Bettina and Rob. Below are their BIOS and pictures.



Bettina Ring's career in forestry and leadership began in 1987 with the Virginia Department of Forestry. After serving in roles from Area Forester to Deputy State Forester, Bettina looked to the Western conservation arena to broaden her expertise. Bettina accepted leadership roles with the Colorado Coalition of Land Trusts (Executive Director) and the Wilderness Land Trust

in San Francisco (Vice President). By 2005, her leadership skills led her to the Bay Area Open Space Council in San Francisco where she served as the nonprofit's Executive Director until 2012.

Having established herself within the conservation and natural resources sector as a thought leader, strategic planner and experienced manager/facilitator of organizational change, Bettina returned to the East Coast as Senior Vice President of the American Forest Foundation in Washington, DC.

In 2014, Bettina brought her knowledge and experience back to her home state of Virginia and was appointed State Forester by Governor Terry McAuliffe. She served on the National Association of State Foresters and the Southern Group of State Foresters Committees.

In January 2018 Bettina was appointed by Governor Ralph Northam as Virginia's Secretary of Agriculture and Forestry.



Rob Farrell is a Virginia native and a graduate of Virginia Tech's College of Forestry and Wildlife Resources. He began working for the Virginia Department of Forestry in 2000 as an area forester. Rob became the Assistant Director of Forestland Conservation in 2007 and took on the role as Deputy State Forester in 2012. As Deputy State Forester, Rob oversaw forest manage-

ment, forest protection, forestland conservation, and state lands programs. Rob is a member of the Virginia Forestry Association's (VFA) Board of Directors and serves on the Executive Committee. He also won the 2017 VFA Outstanding Member of the Year Award. Rob was appointed State Forester in January 2018 by Governor Ralph Northam.

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NEWS AND UPDATES FROM VIRGINIA TECH FOREST OPERATIONS EXTENSION SPECIALIST

Scott Barrett, PhD, Assistant Professor and Extension Specialist, Forest Operations

Coordinator for the VA SHARP Logger Program

Department of Forest Resources & Environmental Conservation

PREPARING FOR LEGAL CHALLENGES IN YOUR BUSINESS

Nobody ever said that running a logging business was easy. The very nature of the operations in the woods that are required to get timber on a truck and to a mill is challenging. But for many loggers, that is the part they love. Working in the woods, producing a product, and doing whatever it takes to get the wood harvested and delivered is the reason why many are in the logging business. Most loggers like that part of the business and are prepared for most situations that might occur in the woods. Dealing with some of the other challenges of running a business are not always as enjoyable as the work in the woods. To add to the challenge, there are often "one size fits all" regulations where logging businesses have to comply with the same regulations as the much larger companies. However in logging businesses, there are often only a few people who have to do everything related to the business management, as well as making sure that all of the operations are running smoothly and wood is harvested and delivered to the mills so that the business can survive.

For many logging business owners, dealing with legal challenges may not always be one of the more enjoyable parts of the business, but it is an important part of the business. Just like it is important to have a good harvest plan, and to be prepared for what to do in if the woods if the weather changes, or equip-

ment breaks down, it is important to be prepared for both the expected and unexpected legal challenges and know what to do when dealing with legal issues in a logging business.

The Virginia Loggers Association and the SHARP logger program have worked together to co-sponsor a one day workshop that can help to provide information for logging businesses to be prepared for some of the legal challenges they may face in their business. This workshop will be held in Colonial Heights on April 20th and will include presentations on multiple topics from legal experts at the law firm of Setliff and Holland. These topics will include contracts and business management issues, employment law issues, investigation and defense of workers compensation claims, the importance of an appropriate safety handbook and enforcement of safety rules, investigation and defense of personal injury and property damage claims as well as OSHA investigations.

If you would like to attend this workshop, you can register by contacting either the VLA or the SHARP Logger program. I hope that you will be able to join us at this workshop and that the information will be valuable for your company as you prepare for both the expected and unexpected legal challenges that may arise in your business.

VIRGINIA LOGGERS ASSOCIATION CONFERENCE August 24 - 26, 2018



RESERVE YOUR LODGING EARLY!

Virginia Loggers Association Annual Conference will be held at the Williamsburg Lodge, Williamsburg, VA.

We're planning a great meeting! (And lots of family functions too)

So, why not make your plans early to attend our 16th annual conference and spend a few extra days with your family on vacation! You may reserve your lodging now via telephone or online. Great room rates will also be honored 2 days before and after the event!

For Call in Reservations: 800-261-9530, use group name VL4 when calling. Office is open M – F, 8:30 AM – 5:00 PM

For Online Reservations: https://aws.passkey.com/go/VL4

MPORTANT 2018 DATES

Mar 7 Governor's Agricultural Trade Conference

Mar 10 General Assembly Sine Die

Mar 17 St. Patrick's Day

Mar 21-24 American Loggers Council Capital Fly-In April 20 SHARP Logger CEs Legal Challenges to Your Business Training

April 30 Virginia's 4PM Burning Law Ends May 18-19 East Coast Logging Expo

JULY 20-21 ALC Summer Board of Directors AUG 24-26 VLA Annual Conference OCT 11-13 ALC Annual Meeting

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NEWS AND HAPPENINGS FROM THE VIRGINIA DEPARTMENT OF FORESTRY

WORDS FROM OUR NEW STATE FORESTOR: ROB FARRELL

I consider it a tremendous honor to serve as Virginia's 8th State Forester. I have had the privilege of working in the agency while it was led by Jim Garner, Carl Garrison and Bettina Ring and I have the pleasure of continuing to work with Secretary Ring in her new role. I appreciate Ron's invitation and this opportunity to share with the Virginia Loggers Association some of my thoughts as I take on the leadership of the Department of Forestry.

For over 100 years, the core mission of the DOF has remained the same; we are here to protect Virginia's forest and citizens from wildfire and to ensure that our forests remain productive. We continue to help forest landowners manage and grow their forests and work with Virginia loggers to get the wood out of the forest with the least impact possible. We will continue to support and grow the forest products industry in Virginia because having strong markets for forest products is the key to having healthy managed forests. We are also ready to respond to other natural disasters and emergencies when called. How we provide these services has changed and will continue to change but our mission remains the same.

At its heart, the DOF is a service agency. Our mission is to protect and improve the forest resource; a resource that is owned and managed by private citizens and entities. We accomplish our mission by educating and encouraging landowners to properly manage their forestland. Our success depends on the trust and relationship we establish with individual landowners. This is also true for our silvicultural water quality program. Based on a system of voluntary BMPs and backed up by the Silvicultural Water Quality Law, the success we enjoy in Virginia depends on the working relationship we have with the logging community.

There are many issues facing the forest these days, including introduced insects and diseases, development pressure, aging landowners, changing markets, loss of rural political influence, among others. The DOF works to address these issues to varying degrees given the tools at our disposal. The good news is that trees are the answer to many of the issues facing Virginia today. Trees and forests are critical for water and air quality, human health and quality of life, and for reducing the impacts of climate change; forests and trees support tourism, recreation and rural economies. Most importantly, forests provide all these benefits at the same time that they provide a renewable and sustainable supply of forest products. The DOF will work to ensure that Virginia gets the greatest possible benefit from trees and forests. We will continue our innovative work in forestland conservation and generational land transfer and increasing the coverage and health of trees in our towns and communities. We will work to increase the productivity and management of all forestland in Virginia, whether it is under private, state, or federal ownership.

Given the importance of forests and trees and the range of issues facing them, the work of the DOF has never been more important. After many rounds of budget reductions the agency today is stretched thin, both geographically and programmatically. In order to be effective we will have to be focused in what we do and make

the most of our limited resources. We will work in collaboration with our public and private partners and stakeholders like the Virginia Loggers Association and with the support of Secretary Ring and the Northam administration to improve the agency and the forest resource.

There are several initiatives that will be priorities for the DOF this year. The first will be completing the agency strategic plan that we began last year with input from VLA and many of our stakeholders and partners. One strategic initiative that we will be kicking off this year will be an emphasis on improving the management of hardwood forests in Virginia. In order to be successful, improving hardwood management will have to involve all parts of the forestry community. There will need to be education for foresters and landowners and loggers and contractors, we will also need improved markets for low grade hardwood, and hopefully we will develop greater financial incentives for hardwood improvement practices. The first step will be creating a group of stakeholders to lead this hardwood improvement initiative. We have a related effort where we are partnering with the USFS to increase management and harvesting on the GW-Jeff National Forest. This work will also result in improved hardwood forest management on federal land and on adjacent private land.

Of course, I am not going to let go of our efforts to prevent timber theft and fraud in Virginia. We put a lot of work into that last year and got agreement amongst the stakeholders on a number of changes that would help landowners and give law enforcement the tools they need to hold the bad guys accountable. Just like the hardwood improvement initiative, timber theft is not something that the DOF can do on its own. It will take a collective and cooperative effort by all parts of the forestry community to make effective changes. Hopefully this year we can all pull together to enact the changes that have been agreed upon.

You may have heard that I recently directed that our agency will be returning to a five day work week. We will be working with each of the offices and programs across the agency in the months ahead to ensure that we are available for our constituents and clients during normal working hours Monday through Friday.

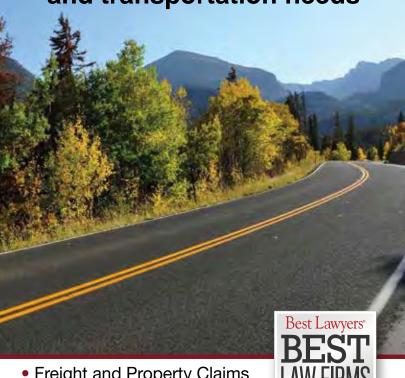


Right now I am focused on learning my way around the General Assembly. Once that winds down I plan to fill the Deputy State Forester position. And we will continue trying to make the DOF the best state forestry agency we can be. Like most of you reading this, I have dedicated my whole professional life to working with trees and I wouldn't have it any other way. I look forward to working with and serving

the people of the DOF and all of Virginia's forestry community.



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REGIONAL ROUND-UP REPORT — JANUARY 2018 —

The American Loggers Council is a 501 (c)(6) not for profit trade association representing professional timber harvesters and log truckers in 32 states across the United States with headquarters near Hemphill, Texas.

THE MID WEST REGIONAL ROUND-UP: Reports for the American Loggers Council from the Midwestern states.

Submitted by Mike Nielsen, Nielsen Logging, Inc., Ely, Minnesota, Mid-West Regional Delegate, American Loggers Council

WISCONSIN

Wood markets continue to fluctuate depending on timber type leaving loggers with uncertainty as to what they should be producing. Last summer pine pulp markets were almost non-existent and today the market is wide open for some producers. Frozen ground has improved logging conditions however the cold weather takes its toll on equipment. In particular there's been substantially more issue with poor quality fuel in some areas this winter. The saw log and pulpwood markets seem strong however the delivered price is much lower leaving loggers with little or no profitability.

THE SOUTHERN REGIONAL ROUND-UP: Reports for the American Loggers Council from the Southeastern states.

Submitted by David Cupp, Walsh Timber, Inc., Zwolle, Louisiana, Southern Region Delegate, American Loggers Council

ALABAMA

After the annual meeting of the American Loggers Council, Alabama Loggers Council had our annual meeting with over 100 in attendance. One of our speakers was a representative from the Al Dept. of Public Safety who talked with us regarding the electronic log regulations effective the first of this year. We also honored the Outstanding Logger of the year, Chris Langley and his family. We have been talking with the state DOT regarding safety issues where they are setting up their portable scales causing our trucks to be turning around in congested areas sometimes in the middle of school traffic.

LOUISIANA

Our first woman president of the council, Angie Bonner ended her term December 2017. Angie brought a high degree of organization, thoughtfulness and enthusiasm to our program. She turned the reins over to our new president from Southeast Louisiana, Malcolm Sibley. In 2017 we awarded a young logger from Benton, LA, Aaron Jorden La Outstanding Logger of the Year. Aaron is a young man who was thrust into the business when his father passed away unexpectedly. Aaron has done an extraordinary job with his crew professionally, being a successful logger. Louisiana is looking forward to working with Team Safe Trucking to improve the trucking industry and the safety of our drivers. We have some training sessions in February 2018. This is year dedicated to refreshing loggers' and foresters' understanding and implantation of Best Management Practices. La Advanced BMP program will be conducted through efforts of industries, loggers and our extension service.

MISSISSIPPI

In September, Mississippi hosted the ALC Annual Meeting in Natchez with members from all across the United States present. In October and December, fundraisers were held for MLA Log-A-Load for Kids. MLA presented a check in the amount of \$107,000.00 to Blair E. Batson Children's Hospital for 2017 contributions. This amount was raised strictly by MLA members.

Our legislature started the 2018 session on January 2, 2018. Hopefully, they can decide funding for road and bridge improvements. This has been an ongoing issue for the past four or five years. MLA is in the process of hiring a new Executive Director to replace Cecil Johnson who retired on December 31, 2017. The Mississippi Loggers Association would like to wish everyone a safe and prosperous 2018!

TEXAS

The logging industry set itself for further tightening of its belt starting the year 2017. Mills were full and remained that way for the year. Roy O. Martin announced on September 26th the first three loads of pine pulpwood were received at the new Corrigan, Texas, oriented strand board (OSB) manufacturing plant of its subsidiary, Corrigan OSB, L.L.C. Start up is expected later in 2017. TLC conducted two SFI Pro Logger Workshops, one six-hour safety, and five six-hour CEU classes for 2017. Texas's 2017 Logger of The Year recipient was Danny Williams, owner of N.D. Williams Timber Co. of Tatum, TX. Hurricane Harvey came ashore in August dumping over 40" of rain in some areas making it the "costliest cyclone to hit the U.S." with a price tag of almost 200 billion dollars, according to Wikipedia. Tommy Burch, a cornerstone of TLC, passed away on December 8, 2017. Tommy was elected the first chairman of TLC in 1991. In 2014 he was elected into the Texas Forestry Museum's Hall of Fame in recognition of his long-standing contributions to the logging profession, the forestry community, and for his many contributions to his community and family.

VIRGINIA

Outgoing Governor Terry McAuliffe and his Secretary of Agriculture & Forestry visited a logging site in December operated by VLA Board member Ronnie Wright, owner of Ronald E. Wright Logging, Inc. Ronnie was joined by board members Frank Myers, Travis Myers and C. K. Greene and executive director Ron Jenkins who all pitched in to provide a full view on the current state of markets and logging best management practices. Governor McAuliffe was anxious to run the feller-buncher and helped Ronnie by harvesting a few trees before leaving the site. Results of a recent Virginia Tech study indicate that while approximately 22% of the loggers operating in the state of Virginia are members of the VLA, they accounted for just under half (48%) of the harvests conducted in the state. These harvests account for 65% of the total acreage harvested in the state in

2015. VLA members completed 2,490 harvests totaling 149,357 acres. The average tract size for VLA members was 60 acres, which is double the average harvest size of non-members. VLA members also had higher compliance with best management practices than non-VLA members. VLA and others spent a lot of time in 2017 on markets meeting with members of Virginia Economic Development Partnership and the Secretary of Agriculture & Forestry. VLA also met with potential companies looking to locate in Virginia. VLA board member, Chad Sheldon, provided a tour for Senator Mark Warner's Outreach Coordinator too. The future of biomass in particular is a major concern for our members across Virginia. Southern Virginia loggers also see the need for an additional pine sawmill. Another issue debated in 2017 was the incidence of timber theft and trespass in Virginia. Although officially timber theft is small compared to the total annual harvest, efforts mostly through the Department of Forestry are underway to shed light on those few incidents and the statutes.

THE WESTERN REGIONAL ROUND-UP: Reports for the American Loggers Council from the western states.

Submitted by Tim Christopherson, DABCO, Inc., Kamiah, Idaho, Western Region Chair, American Loggers Council

ARIZONA – Dan Leeds, Northern Arizona Loggers Association: We are in the middle of another extreme fire season in Region 3, burning tens of thousands of acres at a time, hopefully the Monsoons get here soon. The 4FRI project has fallen on its face again and very little if any work is being accomplished even though Senators McCain and Flake demanded answers from the Forest Service, nothing is happening. There are a few timber sales on the National Forest that are active but they are not included in the 4FRI footprint. There is some salvage logging taking place on a small scale from previous fires. The sawmill on the White Mountain Apache Reservation in Whiteriver is shut down again and doesn't look good in the future either. Overall the outlook is discouraging and demoralizing from the logging contractors standpoint.

CALIFORNIA

California loggers must obtain a "Licensed Timber Operators" (LTO) license to conduct timber operations. It has been determined that LTO's do not need a D-49 or C-61 Contractors license to do tree mortality work in the ten tree mortality emergency counties or elsewhere. The Associated California Loggers (ACL) is a member of the Tree Mortality Task Force Working Group on Resource Allocation, which oversees the distribution of state and federal monies to counties for tree mortality work. The California Board of Forestry and Fire Protection unanimously approved "Registered Professional Forester and Licensed Timber Operator Responsibilities after almost 4 years of negotiation. The key sentence in the proposed regulation is: "An LTO (logger) shall not be held responsible for Forest Practice Rule violations that result from work required by and/or performed by an RPF (forester) under Board Rules, that is determined by the Director (of the /State Department of Forestry and Fire Protection) to be inaccurate or inadequate. The rule will be effective on January 1, 2018. The ACL is also pursuing the review of "Landowner Exception" state law at Board of Forestry which would allow a small landowner to perform work on their own property without using a Registered Professional Forester. Hearings and meetings will take place in 2018.

IDAHO

Members are working to put logs into the mill yard in the annual effort to beat break up. In so doing, reports of long mill yard turnaround times are growing and the lack of truck drivers is putting an additional squeeze on operations. Idaho's Dept. of Lands (IDL) embarked on a rulemaking process to add more items to the list of tools needed to try to prevent fires from blowing up plus adding watch hours after operations have shut down for the day during fire season. The ALC-Idaho has submitted comments to the IDL noting that costs of these proposed rules will land squarely on logging contractors, but no clear liability release is given should all the new requirements be met and a fire still gets away. We hear that at least these new proposals don't require fire engines on the jobs as we are told our colleagues in Oregon must have. One supposes it's all relative. A new effort at a discussion with our partners in the mill and large landowner companies on how to fix the shortfalls in finding people to work – from truck drivers to ground crews – may start after the first of the year. Stay tuned for more details there on what successes may or may not occur. That is all for now!

MONTANA

So, in Montana, the last quarter of 2017 began with the most logging operations curtailed due to wildfire activity.....and ended with many logging contractors curtailed due to snow/ice/road complications. Adding the lack of available log trucks, or in some instances the lack of qualified drivers, and we keep struggling to meet production goals/quota. Personally, my own operation has been further complicated by steep slope tractor skidding conditions... alas, every logging contractor has their own complaints. Bottom line, mills in Montana are struggling to build log inventories prior to the breakup...and with lumber markets at highs that they have not experienced in several years, those mills are growing increasingly concerned. With tongue in cheek, I would say that a good lumber market and an empty log yard bodes well for loggers... but I'm not sure that will be the case as we continue through this logging season. So, let me conclude by wishing all my ALC logging buddies a very Happy New Year... and a safe and productive logging season.

OREGON

One of the greatest concerns of the AOL leadership is the workforce recruitment and retention challenges facing Oregon loggers. The mill and landowning sector of our industry is finally waking up to the fact that it is their challenge too! We have been approached by numerous industry CEOs offering to help develop a training program to recruit young men and women into our industry. Our members' unanimous response has been, "Who would want to go through a rigorous training program for a \$16 an hour job with few benefits?" So, we held several regional meetings around the state this fall discussing this issue with our regular, cooperative and affiliated members (these are real loggers). We distributed a questionnaire asking members what their plans were for the future and what they believed had to change to sustain logging capacity in Oregon. We will compile the results and present them to the broader industry. Bottom line, however is that wages must increase 30-50 percent to compete with other industries requiring labor with similar skills. Will keep you posted.

WASHINGTON

The Washington Contract Loggers Association (WCLA) has been involved with the WA Logger Safety Initiative (LSA). LSA partners include WCLA, logging companies, private landowners and government. The goals are to improve safety practices, reduce the severity and frequency of injuries and fatalities and reduce costs. Workers' comp base rates for manual logging have decreased by 17% since 2014 from \$20.18 per hour to \$16.72. In addition, participants in the program can save an additional 20% on their workers' comp premiums. The WCLA continues to be involved in setting up a log truck driver training program which would be offered through one or more community colleges. There is an urgent need for qualified drivers and workers in general throughout the industry. Washington's mandatory sick leave law took effect January 1. Employees will earn one hour of paid sick leave for every 40 hours worked. The law applies to all employers.

THE NORTHEAST REGIONAL ROUND-UP: Reports for the American Loggers Council from the Northeastern states.

Submitted by Roger Garland, Sr., Garland Lumber Company, Inc., North Conway, NH, Northeastern Regional Delegate, American Loggers Council

NEW HAMPSHIRE

Log markets remain strong for loggers while pulp and biomass markets are weak. The New Hampshire Timberland Owners Association are currently working on three areas of legislative and policy activity as it relates to biomass including assessing the number of jobs and economic activity the plants generate. Some local governments continue to try and restrict logging operations without legal authority including restricting hours of operation for a logging business, making it necessary to address the issue in the next legislative session. The White Mountain National Forest is on track to sell 13MMBF in 2017 and looking for way to increase the volume to 15MMBF over the coming years. Working with the New Hampshire Timber Harvesting Council and other industry leaders, they hope to identify additional efficiencies including both the Good Neighbor Authority and retained receipts from Stewardship contracts.

MONTHLY ARTICLE:

PUBLIC DESERVES AN HONEST DEBATE OVER LOGGING AND WILDFIRES

Has anyone noticed that some environmental types seem so dead set against logging, that they would rather burn up our national forests then allow any kind of logging to take place? Their tendency is to spin the facts, in order to make the public think that logging is always bad.

Out here in Oregon, last year, we had another record year of forest fires. You would think that everyone would recognize the importance of not burning up our forests, for a whole host of reasons. Not these environmentalists, though. Their first claim is that it's all because of climate change. Now I'm not here to make any claims about the validity or invalidity of climate change. All I know is that our National Forests are burning up. However, that is not true of our well managed private forest lands. In fact, about the same amount of fires started on private land as on Federal land. However, over 95% of the

acres burned were on federal land. If it was all due to climate change, wouldn't just as many private acres burn as public?

My contention is that it is all about how the forests are managed. Our private forests are generally healthy and productive. While our public forests are generally unmanaged, unhealthy and unproductive.

Our environmentalist friends don't seem to be concerned by this, however. In fact, there is at least one well known "scientist" that has been touting the importance of fires to the ecology. While I'm sure that there is some validity to that statement, as long as the fires are on a small scale. However, when the fires get to the scale that we have seen in recent years, the negatives far outweigh the positives.

And how about all the emissions that these fires produce? Here in Oregon there is a big push to reduce our carbon emissions. A new gas tax here and a diesel tax there. Plus proposals for carbon taxes. However, they don't seem to care that the small savings in carbon emissions these schemes will produce, are minuscule compared to the carbon emissions from our forest fires. If we could keep our forests from burning, we would not only reduce the amount of carbon emitted into the atmosphere, as long as these forests are healthy, we will be taking carbon out of the atmosphere.

The next issue is the erosion that these large fires cause. Most of these large fires occur on steep and sometimes unstable slopes. Many of us in the timber industry were wondering what the environmentalist's response would be when the heavy rains came this fall and the hillsides started washing away? You can only imagine how surprised I was to hear a Forest Service employee explaining, over the radio, that "there was much needed turbidity and a lot of large woody debris going into the streams in the burned areas". Then went on to explain that "it would be really good for the fish".

To say that I was flabbergasted, would be an understatement! Particularly since we are not allowed to put any turbidity into any streams, from our logging operations. In fact, a few years ago, there was a lawsuit claiming that turbidity from a logging operation should be considered pollution. In my book, turbidity is turbidity. If it is considered pollution when it comes from a logging operation, it should also be considered pollution, when it comes from a burned area. Or in fact from anywhere.

And finally, what about all of the habitat loss? Many of you may remember all of the loggers that were put out of business, when the spotted owl was listed? Well, it turns out that the biggest threat to the spotted owls aren't loggers. They are Barred owls and forest fires. It turns out, recent data has shown that spotted owl habitat is especially susceptible to large forest fires. In fact, Spotted Owl habitat burns hotter and more completely than most other areas.

I think it's time for a much more frank and honest discussion about these issues. For my part, I think we would be much better off to actively manage these forests. Making them more fire resistant and utilizing the extra materials for lumber and biofuels, rather than sending them up in smoke.



Mark Turner is the President of the American Loggers Council. Mark and his brother Greg operates Turner Logging out of Banks, Oregon. Mark is an active leader with the Associated Oregon Loggers.





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Hello, I am Denise Williams, a Certified Public Accountant and the Tax Partner from Creedle, Jones & Alga, PC, a regional CPA firm from Southside Virginia. I have been invited to write this tax column in order to inform, educate and captivate those of you who may or may not be "stumped" by the new and/or old tax laws.

You can find out more about me at www.cja-cpa.com.

THIS QUARTER WE WILL EXAMINE SOME OF THE MORE COMMON HIGHLIGHTS OF THE 2017 TAX CUTS & JOB ACT.

**Rate changes for individuals: Individuals are subject to income tax on "ordinary income," such as compensation, and most retirement and interest income, at increasing rates that apply to different ranges of income depending on their filing status (single; married filing jointly, including surviving spouse; married filing separately; and head of household). Currently those rates are 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%.

New rates: Beginning with the 2018 tax year and continuing through 2025, there will still be seven tax brackets for individuals, but their percentage rates will change to: 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

Bottom line: While these changes will lower rates at many income levels, determining the overall impact on any particular individual or family will depend on a variety of other changes made by the Tax Cuts and Jobs Act, including increases in the standard deduction, loss of personal and dependency exemptions, a dollar limit on itemized deductions for state and local taxes, and changes to the child tax credit and the taxation of a child's unearned income, known as the Kiddie Tax.

**Capital gain rates: Three tax brackets currently apply to net capital gains, including certain kinds of dividends, of individuals and other non-corporate taxpayers: 0% for net capital gain that would be taxed at the 10% or 15% rate if it were ordinary income; 15% for gain that would be taxed above 15% and below 39.6% if it were ordinary income, or 20% for gain that would be taxed at the 39.6% ordinary income rate.

The Act, generally, keeps the existing rates and adds some breakpoints on net capital gains and qualified dividends. For 2018, the 15% breakpoint is: \$77,200 for joint returns and surviving spouses (half this amount for married taxpayers filing separately), \$51,700 for heads of household, and \$38,600 for other unmarried individuals. The 20% breakpoint is \$479,000 for joint returns and surviving spouses (half this amount for married taxpayers filing separately), \$452,400 for heads of household, and \$425,800 for any other individual (other than an estate or trust).

**Corporate income tax rate drop: C corporations currently are subject to graduated tax rates of 15% for taxable income up to \$50,000, 25% (over \$50,000 to \$75,000), 34% (over \$75,000 to \$10,000,000), and 35% (over \$10,000,000). Personal service corporations pay tax on their entire taxable income at the rate of 35%. (The benefit of lower rate brackets was phased out at higher income levels.)

Beginning with the 2018 tax year, the Act makes the corporate tax rate a flat 21%. It also eliminates the corporate alternative minimum tax.

**The new limit placed on individuals' itemized deductions of various kinds of nonbusiness taxes, which was made by the massive Tax Cuts and Jobs Act (the Act), effective beginning with the 2018 tax year.

Before the changes were effective, individuals were permitted to claim the following types of taxes as itemized deductions, even if they were not business related:

- (1) state, local, and foreign real property taxes;
- (2) state and local personal property taxes; and
- (3) state, local, and foreign income, war profits, and excess profits taxes.

Taxpayers could elect to deduct state and local general sales taxes in lieu of the itemized deduction for state and local income taxes.

Tax deduction cuts. For tax years 2018 through 2025, the Act limits deductions for taxes paid by individual taxpayers in the following ways:

- It limits the aggregate deduction for state and local real property taxes; state and local personal property taxes; state and local, and foreign, income, war profits, and excess profits taxes; and general sales taxes (if elected) for any tax year to \$10,000 (\$5,000 for married filing separately). Important exception: The limit doesn't apply to: (i) foreign income, war profits, excess profits taxes; (ii) state and local, and foreign, real property taxes; and (iii) state and local personal property taxes if those taxes are paid or accrued in carrying on a trade or business or in an activity engaged in for the production of income.
- It completely eliminates the deduction for foreign real property taxes unless they are paid or accrued in carrying on a trade or business or in an activity engaged in for profit.

**Previously a taxpayer may have been subject to limitations, elected under Code Sec. 179 to deduct (or "expense") the cost of qualifying property, rather than to recover such costs through depreciation deductions. Under pre-Act law, the maximum amount a taxpayer could expense was \$500,000 of the cost of qualifying property placed in service for the tax year. The \$500,000 amount was reduced (but not below zero) by the amount by which the cost of qualifying property placed in service during the tax year exceeds \$2 million. These amounts were indexed for inflation.

Currently for property placed in service in tax years beginning after Dec. 31, 2017, the maximum amount a taxpayer may expense under Code Sec. 179 is increased to \$1 million, and the phase-out threshold amount is increased to \$2.5 million. For tax years beginning after 2018, these amounts (as well as the \$25,000 sport utility vehicle limitation) are indexed for inflation.

**A significant new tax deduction taking effect in 2018 under the new tax law, should provide a substantial tax benefit to individuals with "qualified business income" from a partnership, S corporation, LLC, or sole proprietorship. This income is sometimes referred to as "pass-through" income.

The deduction is 20% of your "qualified business income (QBI)" from a partnership, S corporation, or sole proprietorship, defined as the net amount of items of income, gain, deduction, and loss with respect to your trade or business. The business must be conducted within the U.S. to qualify, and specified investment-related items are

not included, e.g., capital gains or losses, dividends, and interest income (unless the interest is properly allocable to the business). The trade or business of being an employee does not qualify. Also, QBI does not include reasonable compensation received from an S corporation, or a guaranteed payment received from a partnership for services provided to a partnership's business.

The deduction is taken "below the line," i.e., it reduces your taxable income but not your adjusted gross income. But it is available regardless of whether you itemize deductions or take the standard deduction. In general, the deduction cannot exceed 20% of the excess of your taxable income over net capital gain. If QBI is less than zero it is treated as a loss from a qualified business in the following year.

There are rules in place to deter high-income taxpayers from attempting to convert wages or other compensation for personal services into income eligible for the deduction.

Obviously, the complexities surrounding this substantial new deduction can be formidable, therefore it is always recommended that you consult your tax specialist to make sure you are getting accurate and legal information based on your specific tax situation.

Well, if you were not stumped before, you probably are now. However, we will be touching on other new tax laws throughout the year as well as breaking down a few of the ones we discussed this time a little further for you. If there are certain laws that are of specific concern to you, please e-mail me at denise@cja-cpa.com with those topics and I will certainly try to include them in our future articles. Until next time, keep your profits up and your taxes down!



SAFETY SPOT: FALLING DOWN ON THE JOB

In recent years, logging has become safer. Equipment design has played a large part in making the woods a safer place to work. Training and education programs are now common to the industry. Even though logging has become safer there is still great risk that remains.

One area of risk in our forest industry is the losses caused by trips, slips and falls. In a high-risk industry such as forestry, this type of loss seems "silly." But the results of these losses are no joke as the potential for serious injury or death exists. Ground personnel and equipment operators alike are exposed to the same risk of slips, trips and falls.

BACKGROUND: On a wet and cool winter day, a mechanized crew was shutting down for lunch. The last truck was loaded, and pulled away from the deck area. The loader operator started to exit the loader to eat lunch. While getting down he slipped on the loader's frame-rail. The frame-rail of the loader was slick from oil and the recent rainfall.

UNSAFE ACT OR CONDITION: The operator failed to recognize the risk the slick metal surface presented. He failed to use a three-point of contact dismount and slipped and fell off the loader. He landed on top of a 10-inch Poplar log and fractured humorous bone in the upper arm.

RECOMMENDATIONS FOR THIS INCIDENT

- 1. Always use the 3-point of contact technique for mounting and dismounting.
- 2. Keep platforms, steps and handles free from grease, oil and other foreign material.
- 3. Maintain a firm grip while entering or exiting a machine.
- 4. Proper footwear with good ankle support is mandatory. (No tennis shoes)
- 5. Keep your mind on the business at hand. Be focused.

RECOMMENDATIONS FOR GROUND PERSONNEL

- 1. Proper footwear with good ankle support is mandatory. (No tennis shoes)
- 2. Avoid climbing or walking on felled trees or limbs.
- 3. Scan from the sky to the ground for hazards. Identify possible risk and deal with it.
- 4. Avoid stump holes, loose or slick bark on trees and limbs, rocks, vines, uneven or steep terrain, wet areas.
- 5. Stay on the "uphill" side of all felled trees and limbs.
- 6. When not cutting, the chain brake on the saw must be engaged. More than two steps with a running saw require the chain brake to be on.
- 7. Maintain proper distance from all mobile equipment.
- 8. Wear high visibility clothing. Be seen!
- 9. Constantly scan the area for risk and danger.

This is a good example of how easy a slip; trip or fall injury could occur. The employee experienced terrible pain and suffering. He is out of work for an extended period of time and the employer has a "lost man" for at least three months. Production and insurance rates will be impacted. Even though logging has become safer over the years, it still remains a risky business. We must all remain focused. Eliminate the risk, and we reduce the chance for an incident.

BRYAN WAGNER

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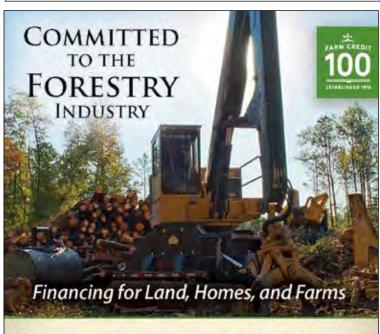
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WHO WE ARE

TEAM Safe Trucking (TST) is a broad-based, non-profit 501(c)3 vol-unteer group committed to elevating the safety level and performance dustry's challenging

WHAT WE ARE ALL ABOUT

- Provide a forum where key integral aspects of the forest products industry—production, consumption, insurance, associations and other advocates—work together to help drive the logichip trucking sector to a more accountable and more professional level.
- Create a free, comprehensive safety education (training) template for log/chip truck
- Create a web site loaded with tools to advance the strength and standing of log/chip trucking. Items include the driver training template; tips for recruiting and retaining drivers; resources to help owners move from reactive to proactive fleet management: suggestions for improving trucking efficiency; and ideas for enhancing the

WHAT CAN YOU DO?

Trucks supply the great majority of the logs and wood fiber consumed by the nation's forest products plants It's imperative that they keep rolling—but in a safer, more businesslike, more accountable manner. Buy in to what TST is trying to accomplish and spread the word. Support the work of this very important initiative. Join the TEAM today and make a tax-deductible donation. Visit teamsafetrucking.com



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TEAM Safe Trucking, a volunteer alliance committed to elevating the safety, performance, and professional level of the forest industry's transportation sector, is moving forward with its ambitious program. The group consists of key integral facets of the forest products industry: production (logging), consumption, insurance, associations and other advocates.

Ultimately, it will be loaded with tools to help advance the strength and standing of log/chip trucking. Resources will include tips for recruiting and retaining drivers; items to help owners move from reactive to proactive fleet management; suggestions for improving trucking efficiency; and ideas for enhancing the sector's public im-

The final draft of TST's comprehensive driver training module is nearing completion and soon will be available on the web site. According to TST officials, the intent is for this module to be used at the state level, as it can easily be modified to incorporate state-specific criteria.

The group now has restructured and refocused key committees, has new leadership, and its 501(c)3 non-profit status has been approved by the IRS, meaning that financial donations are tax deductible.

"More and more organizations are participating in TST and are 'buying in' to what TST is committed to achieve," says Jeremiah O'Donovan, the group's new president. "We're on track to make important strides this year and invite additional participation."

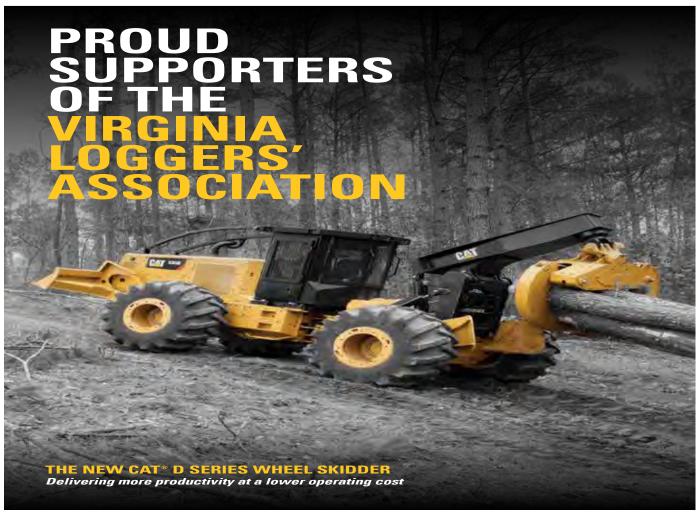
Donations to TEAM Safe Trucking, Inc. are welcomed and should be mailed to TST treasurer Joanne Reese at P.O. Box 785, Henderson, NC 27536.



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