

FACT SHEET

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Timber & Timber Harvesting in West Virginia

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Timber Harvesting And Government

In recent years, government officials at all levels have pointed with pride to past actions which, in one way or another, promoted the expansion of the West Virginia forest industry. It's therefore interesting that the question currently being asked is "Why doesn't West Virginia, with so much forested acreage, have more growth in regard to forestry related businesses?"

A review of problems currently affecting forestry related businesses in WV shows that the situation is not much different than exists in the state for other types of industry. There are three main areas of concern – Worker's Compensation, Environmental Regulations and Taxes.

Worker's Compensation rates are a tremendous problem to forestry at this time. Both logging and sawmill employers are subject to such high rates that several businesses have had to stop operating and others have curtailed long planned expansions. The unfunded liability, the continued high increase in permanent disability claims and the excess times spent off of work in comparison with other States angers present and discourages new employers.

Environmental regulations in WV often go beyond federal and neighboring state requirements. This is a disadvantage to competitive production and marketing. For example, the 1992 Logging Sediment Control Act requires WV loggers to follow much more stringent standards than in most other states. This, along with unusually stringent regulations under the Clean Water Act, i.e., Total Maximum Daily Loads (TMDL's), Tier 2.5 Streams and Nutrient Standards, places WV forestry and other industries at a distinct disadvantage when compared to surrounding states.

Taxes also directly affect the expansion of the forest industry. For example, WV has a managed timberland tax incentive, but this tax, as currently implemented, continues to penalize rather than assist most forest landowners. Also, WV is the only state in the region that has a timber severance tax. It's true, there is a somewhat similar tax in Virginia, but the rate is greatly lower than the WV severance tax.

In addition to these three broad areas of concern, government directly affects the forest industry through its operation of the very proficient WV Division of Forestry.

Several legislators believe that the Division's entire budget should be paid by direct industry taxes and not general revenue. Consequently, the Division remains minimally funded even though a majority of its overall responsibilities are to the public.

A continuing question is "why is the WV forest industry not expanding?" The above major obstacles are mostly to blame although there are opportunities for specialized industry development.

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