

# Issues in the Logging Business



Presented by: Chris Terry  
President, Terry Logging, Inc.  
Morehead, Kentucky  
Sept. 20, 2017

# Topics to be discussed

---

- Experienced and qualified workers
- Competitive disadvantage
- County roads



# Experienced and Qualified Workers

---

- Declining Workforce
- Lack of Training
  - Vocational Training
  - Logging School
  - Internship
- Long Hours



# Competitive Disadvantage

---

- Legal Operations
  - Payroll taxes
  - Workers comp
  - Drug testing program
  - Safety meetings

# HYPOTHETICAL EXAMPLE

---

## Bidding on timber sale

- 1 million MBF
- 4 man crew with yourself & 3 employees
- 1 million MBF in 100 working days; averaging 10,000 feet per day
- Workers comp rate average is around 137%
- Payroll taxes additional 18%
- Legal business will pay 155% on top of salary

# Workers Comp & Payroll Taxes

- Experienced timber cutter    \$125-175 per day
- Knuckleboom operator        \$100-150 per day
- Skidder operator                \$100-150 per day
- **Workers Comp** for conventional logging averages **137%** and **payroll taxes** average additional **18%** for a total of **155%**
- **\$325-475** per day labor
- \$400 times 155% = additional **\$620** per day
- \$620 per day for 100 work days = **\$62,000**
- **Equivalent to \$62 per MBF less that an operator paying WC insurance & payroll taxes can afford to pay for timber job.**





# How do we resolve competitive disadvantage?

---

- Education
  - Employers/Employees/Sawmills
- Enforcement of current laws
- Lower workers comp rates

# Contract Trucking

---



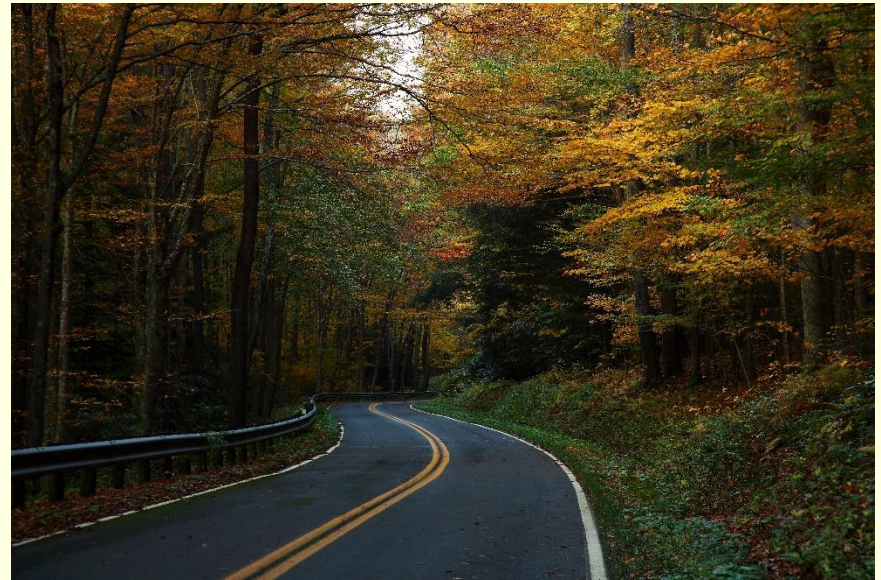
- If trucking company doesn't have their own worker's comp insurance, you are required to pay worker's comp on 1/3 of what you pay them.
- Must present trucking company's worker's comp certificate when audited.



# County Roads

---

- Bonding of roads
- Weight limits
- Public perception



# Conclusion

---

- There will always be some type of issue within the logging industry.
- Important to be a member of the FRA and your local Forestry Association for any questions or issues that may arise.