

Big risk, low return - just your kind of investment

Marty Trillhaase/Lewiston Tribune

Interested in a start-up business?

Has the Idaho Legislature's public lands task force got a great deal for you.

All you need is unjustified optimism and money to burn.

Case in point: The task force's desire to take over the federal lands and then ramp up logging.

Don't be discouraged by previous reports, such as the Congressional Research Service study that showed Idaho losing almost \$400 million a year on the idea.

Instead, take a look at the University of Idaho Policy Analysis Group's review. It says you might make a profit, assuming:

- You cut down and sell 1 billion board feet of timber a year from the national forests. At present, the federal lands are producing only 150 million board feet. Of that, 100 million board feet is commercial saw logs and another 50 million board feet are salvage logging used principally in pulp, firewood and wood products. Idaho's national forests produced an average of about 800 million board feet in the 1970s and 1980s.

But 1 billion board feet? That's happened only in 1968, 1969 and 1976.

Try making money cutting down 500 million board feet or even 800 million board feet.

You won't.

- Your customers are willing to pay you \$250 for every 1,000 board feet you produce. That's roughly the market price today - at least for timber sold by the state. But some federal timber - especially south of the Salmon River - simply is not as valuable.

Plus you can't always count on the price remaining stable. During the housing crash of 2010-11, prices were much lower. You also have to assume that putting 1 billion board feet of Idaho timber on the market won't outstrip demand.

- Those pesky Idahoans who inhabit urban centers and recreate in the woods - in other words, most of them - won't get unhinged watching you chop down all these trees.
- The federal government will give you only the lands you want and keep what you don't. Unlike the Legislature - which went on record demanding ownership of 28 million acres of federal lands - the UI study anticipates Idaho taking possession of 16 million acres of developed lands. Left behind are roadless forests and marginal range land - as well as the federal obligations to protect those lands from fire and to compensate rural counties and schools for the lost property tax base.

- And don't pay attention to what it will cost to hire the staff, acquire the equipment and build the infrastructure Idaho would require to manage such a huge enterprise. Because if you look into that, you're going to find a \$1.5 billion to \$2 billion price tag, according to the Idaho Conservation League.
- Of course, all bets are off in an above-average forest fire season.

So here's the prospectus: Anything short of matching the number of trees Idaho cut down in 1968, 1969 and 1976 will cost you money. So will any drop in the current price.

Maybe as much as \$111 million a year.

But, if everything goes just right, you might make \$24 million a year.

Not interested?

OK. Would you settle for some oil futures? - M.T.