Wood Products Revolving Loan Fund

Report on Outcome Measures as Required by MCA 90-1-503

September 2026 Update

Economic Affairs Interim Committee

70th Montana Legislature

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Purpose

The Wood Products Revolving Loan Fund provides financing to Montana wood-products businesses for eligible business needs, including equipment, working capital and expansion. Under MCA 90-1-503, the Montana Department of Commerce reports annually on the use of loan funds, jobs and wages, borrower financial condition, local economic activity and available property-value information.

At a Glance

As of June 30, 2026, the WP RLF had made 40 loans since the program began in 2009. Of those loans, nine were outstanding, 26 had been paid in full or were under renegotiated terms and five had defaulted or been written off.

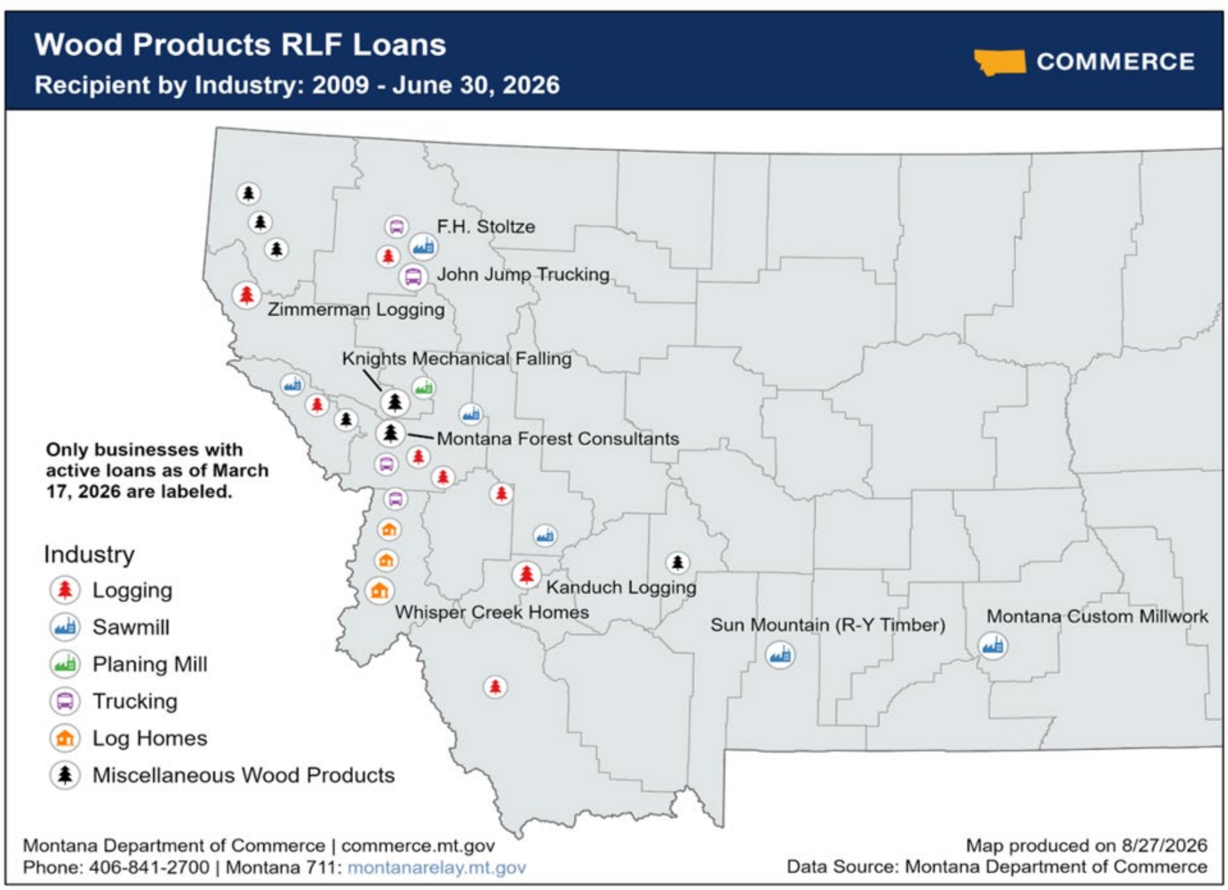
Across the life of the program, WP RLF loans totaled $28.0 million and leveraged $57.8 million from other sources. Together, WP RLF financing and leveraged funds supported approximately $86.5 million in investment in Montana.

Measure	2025	2026
Businesses with current WP RLF loans	7	9
New loans awarded during the year	3	2
Businesses reporting employment	7	9
Reported employment	413	422
Average annual wage	$59,074	$59,213
Change in average annual wage	11.6%	0.2%
Reporting businesses profitable	2 of 7	1 of 9
Average quarterly profit/loss	-$488,381	-$495,015
Estimated output per worker	$427,600	$413,748

Measure	2025	2026
Estimated total economic output	$176.6 million	$174.6 million

Important methodology note: Commerce began using Lightcast to estimate economic output in 2025. Because this differs from the IMPLAN model used through 2024, output estimates in this report should not be directly compared with estimates in reports covering 2024 or earlier.

Location of Companies that Received Wood Products Revolving Loan Fund Loans



Wood Products Revolving Loan Fund - 2025 Annual Update

Loan Portfolio and New Loans

As of June 30, 2025, seven Montana wood-products businesses had current loans through the WP RLF.

From June 30, 2024, through June 30, 2025, the program awarded three new loans:

- Kanduch Logging, Inc. dba KLM Contracting
- Knights Mechanical Falling, Inc.
- F.H. Stoltze Land & Lumber Company

Kanduch Logging, Inc. and Knights Mechanical Falling, Inc. had not previously received WP RLF loans. F.H. Stoltze Land & Lumber Company previously received a WP RLF loan in 2009; that loan was paid in full in 2021. All seven businesses submitted employment and confidential profit-and-loss information to Commerce.

Use of Loan Funds and Project Activity

The 2025 loans supported businesses in Montanaìs wood-products supply chain, including logging, mechanical timber falling, and lumber manufacturing. The loans were intended to support business operations, capital needs and the continued employment of Montana workers.

2025 project activity	Businesses	Intended use
Forestry services, staffing and equipment	Knights Mechanical Falling, Inc.	Refinance equipment, hire seasonal staff and contractors to support forest thinning.
Lumber manufacturing working capital	F.H. Stoltze Land & Lumber Company	Working capital to support cash flow, continued operations and employment during difficult lumber-market conditions.
Firewood-processing operations and equipment improvements	Kanduch Logging, Inc. dba KLM Contracting	Grant match, purchase of equipment and add staff to improve operating reliability

Loan-use assessment

Based on borrower reporting, 2025 financing supported business with working capital needs and equipment.

Fund Financial Status

Fund-status measure	Amount or count
Cash available for new loans	$3,600,000.00
Total outstanding principal balance	$2,826,257.41
Total WP RLF Loans to Date	37

Fund-status measure	Amount or count
Loans outstanding	7
Loans paid in full	25
Defaulted or written-off loans	5

Jobs and Wages

The seven reporting businesses employed 413 people as of June 30, 2025. Average annual pay was $59,074, an increase of 11.6% from 2024.

Employment measure	2025 result
Total reported employment	413 jobs
Average annual wage	$59,074
Change in employment from 2024	10.9% increase
Average employment change since each business received its loan	13.8% increase
Largest job category	General labor occupations: 48.9%
Skilled occupations	21.3%
Semi-skilled occupations	15.0%
Managers and professionals	12.6%
Office and clerical occupations	2.2%

Average annual pay increased for all but one reported job category. Office and clerical occupations were the exception.

Financial Condition

All seven businesses submitted confidential profit-and-loss summaries to Commerce. Two of the seven businesses, or 28.6%, were profitable during the reporting period.

Across the reporting businesses, the average quarterly profit/loss was a loss of $488,381. Four businesses also supplied comparable information for the prior year. Each of those four businesses reported weaker average quarterly profit/loss results than in 2024.

Because businesses leave the reporting group when loans are paid off and new borrowers enter when loans are made, these portfolio-level figures should not be treated as a measure of financial change for an identical group of companies from one year to the next.

Local Economic Activity

Commerce estimated that the industries represented by WP RLF borrowers generated an average of $427,600 in output per worker in 2025. Applying that estimate to reported employment produced an estimated $176.6 million in total economic output associated with the jobs at reporting businesses.

Compared with 2024, estimated output per worker declined 3.2%, while total estimated output increased 27.8%. The increase in total estimated output primarily reflects the higher number of reported jobs.

Property-Tax Information

As of June 30, 2025, three businesses with active Wood Products RLF loans owned land, buildings, improvements or business equipment with values reported by the Montana Department of Revenue. Together, these businesses had a combined market value of $101.4 million and a combined taxable value of more than $2.1 million for Montana property in tax year 2025.

2025 Overall Assessment

In 2025, the WP RLF active portfolio expanded to seven businesses. Reporting businesses employed 413 people and increased average annual pay to $59,074. The program supported businesses in logging, forestry and lumber manufacturing while those businesses navigated challenging market conditions.

Financial results among reporting borrowers were mixed. Two of seven businesses were profitable, and the portfolioìs average quarterly profit/loss was a loss of $488,381.

Wood Products Revolving Loan Fund - 2026 Annual Update

Loan Portfolio and New Loans

As of June 30, 2026, nine Montana wood-products businesses had current loans through the WP RLF.

From June 30, 2025, through June 30, 2026, the program awarded two new loans:

- Montana Forest Consultants LLC
- Montana Custom Millwork

Montana Forest Consultants LLC had not previously received a WP RLF loan. Montana Custom Millwork previously received a WP RLF loan in 2023; that loan was paid in full in 2026.

All nine businesses submitted employment and confidential profit-and-loss information to Commerce.

Use of Loan Funds and Project Activity

The 2026 loans supported businesses in Montanaìs wood products supply chain, including forestry services and value-added wood-products activity. Borrowers indicate the funding will business expansion, office and equipment costs, staffing and preparation for additional production or marketing activity.

2026 project activity	Businesses	Intended use
Forestry services, staffing, and equipment	Montana Forest Consultants LLC	Working capital to hire seasonal staff and contractors; support thinning, prescribed-burn, office and equipment activities
Mill acquisition and product-market expansion	Montana Custom Millwork	Equipment purchase, working capital, and mill acquisition down payment.

Loan-use Assessment

Available 2026 borrower progress reports show that WP RLF financing supported several outcomes: maintaining operations and employment, hiring staff, purchasing or improving equipment, advancing a mill-acquisition project and developing new product markets. These activities demonstrate that the fund served both business continuity and growth purposes.

Fund Financial Status

As of June 30, 2026, the WP RLF had made 40 loans since the program began in 2009. Nine loans were outstanding, 26 had been paid in full or were under renegotiated terms, and 5 had defaulted or been written off.

Fund-status measure	Amount or count
Cash available for new loans	$1,500,000.00
Total outstanding loan balance	$6,690,656.65
Total WP RLF Loans to Date	40

Fund-status measure	Amount or count
Loans outstanding	9
Loans paid in full	26
Defaulted or written-off loans	5

Portfolio Risk and Loan Recovery

The five loans that were defaulted or written off as of June 30, 2026, represented 12.5% of the 40 loans made since program inception. This percentage is based on the number of loan transactions, not the dollar amount of principal.

Portfolio-risk measure	June 30, 2026, result
Total loans made since program inception	40
Loans outstanding	9
Loans paid in full or under renegotiated terms	26
Loans defaulted or written off	5
Default/write-off rate by number of loans	12.5%

Jobs and Wages

The nine reporting businesses employed 422 people as of June 30, 2026. Average annual pay was $59,213, an increase of 0.2% from 2025.

Employment measure	2026 result
Total reported employment	422 jobs
Average annual wage	$59,213
Change in employment from 2025	6.3% increase
Average employment change since each business received its loan	17.3% increase
Largest job category	General labor occupations: 47.4%
Skilled occupations	22.5%
Managers and professionals	14.2%
Semi-skilled occupations	13.3%
Office and clerical occupations	2.6%

Average annual pay decreased in all but one reported job category. Office and clerical occupations were the exception.

Financial Condition

All nine businesses submitted confidential profit-and-loss summaries to Commerce. One of the nine businesses, or 11.1%, was profitable during the reporting period.

Across the reporting businesses, the average quarterly profit/loss was a loss of $495,015. Seven businesses also supplied comparable information for the prior year. All but one of those businesses reported weaker average quarterly profit/loss results than in 2025.

The reporting group changes over time as loans are originated and resolved. As a result, portfolio-level financial figures should be read as a current-year description of the active portfolio rather than a direct comparison of the same businesses from year to year.

Local Economic Activity

Commerce estimated that the industries represented by WP RLF borrowers generated an average of $413,748 in output per worker in 2026. Applying that estimate to reported employment produced an estimated $174.6 million in total economic output associated with the jobs at reporting businesses.

Compared with 2025, estimated output per worker decreased 3.2% and total estimated output decreased 1.1%.

Property-Tax Information

Information was not available for 2026-specific property market or taxable-value update.

2026 Overall Assessment

In 2026, the WP RLF active portfolio expanded from seven to nine businesses. Reporting businesses employed 422 people, an increase from 413 in 2025, while average annual pay remained essentially stable at $59,213. Available progress reports show that financing supported employment, equipment investment, business continuity, project completion and market-development efforts.

Financial conditions among reporting borrowers remained challenging. One of nine businesses was profitable, and the portfolioȉs average quarterly profit/loss was a loss of $495,015. The fund continued to have active loans in collections, legal review, default or write-off status.

Business Progress Updates

Kanduch Logging, Inc. dba KLM Contracting

KLM Contracting added office staff, improved the foundation supporting its firewood processor, adjusted prices in response to lower sales and higher household costs, and reviewed scheduling and customer-service practices before the late-summer busy season.

The business reported selling 75.7 tons of cut and split firewood during the period. Although sales were below the businessìs busiest months, year-over-year sales improved by approximately 4 to 5 tons. The company also installed additional foundation support and barriers to improve equipment stability and reduce wear on the processor.

Montana Custom Millwork

Montana Custom Millwork is working to purchase the lumber mill in Roundup. The company is pursuing opportunities to expand sales into additional markets, including Cody, Sheridan, Buffalo and Bozeman, and into uses beyond landscaping.
The company reported plans to use existing bagging equipment at the Roundup sawmill to package mulch and shavings. It also reported retailer interest in carrying bagged products.

Montana Forest Consultants

Montana Forest Consultants hired one full-time seasonal Forestry Technician/Sawyer and engaged two full-time seasonal contractors. The company reported that these additional workers supported grant-funded pre-commercial thinning projects and a 30-acre prescribed burn.

The company also invested in a Type-6 fire engine for work on rugged and narrow mountain roads. As of June 30, 2026, the project was approximately 63.3% complete. The business reported $190,048.63 in eligible expenditures to date, including office rent, equipment investments and staff expansion.

Wood Products Revolving Loan Fund

Notes on Measures

Jobs and Wages

Employment and wage information is reported by businesses with current WP RLF loans. The job categories shown in this report are used for reporting and analysis purposes. To improve readability, this report uses îgeneral labor occupationsï in place of the original îunskilledï label.

Financial Condition

Financial information is based on confidential profit-and-loss reports submitted to Commerce. To protect confidential business information, this report presents only aggregate and relative results.

Businesses do not all use the same fiscal year. Commerce estimates quarterly results using calendar-year quarters to make the information more comparable:

- Quarter 1: Jan. 1 through March 31
- Quarter 2: April 1 through June 30
- Quarter 3: July 1 through Sept. 30
- Quarter 4: Oct. 1 through Dec. 31

Estimated Economic Output

Estimated output is a model-based measure of the value of goods and services associated with employment in the industries represented by WP RLF borrowers. Commerce used Lightcast to develop 2025 and 2026 estimates. These figures are estimates, not reported company revenue.

Property Values

Property market and taxable-value information is requested from the Montana Department of Revenue. Availability may vary by tax year and by the value of property owned by businesses in the active loan portfolio.

Appendix A. Location of National Forest Lands in Montana