

THE TIMBER AND FOREST PRODUCTS INDUSTRY: VITAL TO PENNSYLVANIA'S ECONOMY

The timber and forest products industry operates in all 67 counties. Pennsylvania hardwood products are exported around the globe, and are famous for their beauty and quality. The Commonwealth produces about \$5.5 billion in forest products a year, an estimated \$700 million of those products are for export.



Pennsylvania processes more than one billion board feet¹ of timber each year – enough to circle the globe more than seven times. The state leads the U.S. in the production of hardwood.

The main sectors of the forest products industry are the:

- primary processors, such as loggers, sawmills, and pulp and paper mills,
- secondary processors, such as furniture, flooring, cabinet and pallet manufacturers, millwork facilities, and paper producers, and
- allied industries, such as lumber wholesalers and retailers, equipment suppliers, forestry professionals and associated services.

Technology

Today's forest products industry is capital intensive and highly computerized. While the practice of logging has not changed much since broad axes were used, modern forestry and manufacturing have taken advantage of the latest technological developments.

Foresters and academic forest researchers use geographic information systems (GIS) programs to map forests and develop forest management plans, and global positioning system (GPS) equipment to establish property boundaries and map out timber sales. Foresters can use software that allows them to inventory the trees on a woodlot and assess the value of a timber sale while walking in the woods.

Sawmills use computer-controlled, laser-guided bandsaws, planers and edgers to maximize the value of a log. Technology is also available to grade lumber by computer. Other manufacturing facilities utilize computer-assisted drawing (CAD) programs to accelerate the design, development and production of new products.

Jobs

There are hundreds of job categories in the timber and forest products industry, in both the public and private sectors. In Pennsylvania, the industry accounts for 11 percent of manufacturing jobs – about 100,000 Pennsylvanians employed in more than 3,000 businesses.

Economic Contribution

The industry produces about \$5.5 billion worth of products annually and is one of the state's largest manufacturing industries. Every dollar in timber sales yields an estimated \$17 worth of economic growth.

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In some rural areas the forest products industry is the primary source of economic activity and jobs. Timber industry jobs may be among the highest paying employment opportunities in certain areas.

The northwestern Pennsylvania communities surrounding the Allegheny National Forest (ANF) receive the bulk of their annual funds for schools and roads from payments in lieu of taxes from the federal government and 25 percent of all timber sale revenues in the ANF. The four counties surrounding the ANF receive \$6 million from timber sale receipts. Rural communities also receive in lieu of tax payments for the Commonwealth for having state forest, game and parkland within their borders.

The economic contribution of the forest products industry goes beyond the typical revenues from the businesses and the jobs they generate.

Forestland owners – like farmers and other landowners -- usually pay more in local taxes than it costs government to provide services to these properties. Forestland can generate a fiscal surplus to help offset the demand for public services from other types of development. A study of three Pennsylvania townships showed a revenue-to-expenditure ratio of \$1 in tax revenue for every 2 to 6 cents in public service costs.²

The forest products industry also provides the Commonwealth of Pennsylvania with over \$30 million in revenue annually, in the form of proceeds from state timber stumpage sales.

¹ *A board foot is a board one foot wide, one foot long and one inch thick.*

² *Northern Illinois University and American Farmland Trust research, June 1998.*