

TIMBER & FOREST PRODUCTS INDUSTRY REPORT

The logo for Arkansas Inc is a white diamond shape with a double-line border. Inside the diamond, the word "ARKANSAS" is written in a bold, white, sans-serif font, and the word "INC" is written in a smaller, white, sans-serif font directly below it.

ARKANSAS
INC

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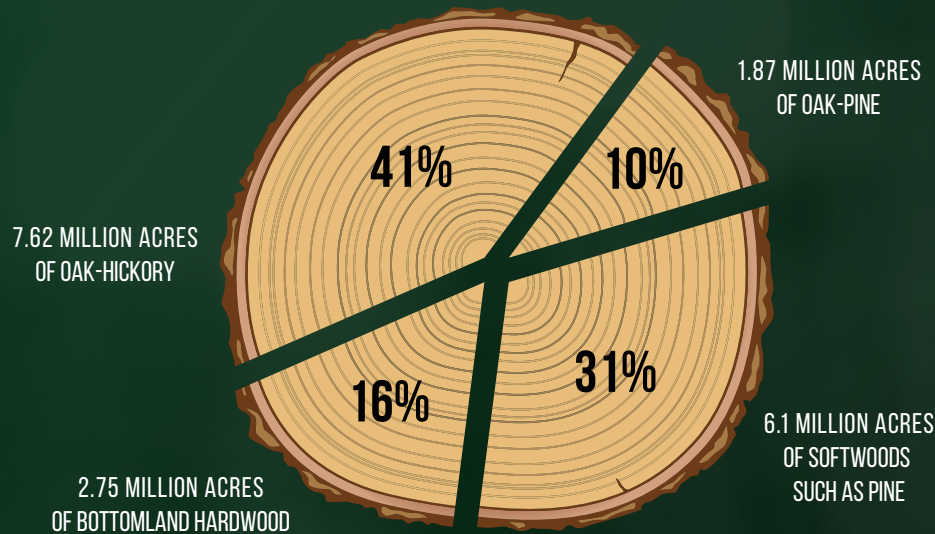
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INTRODUCTION

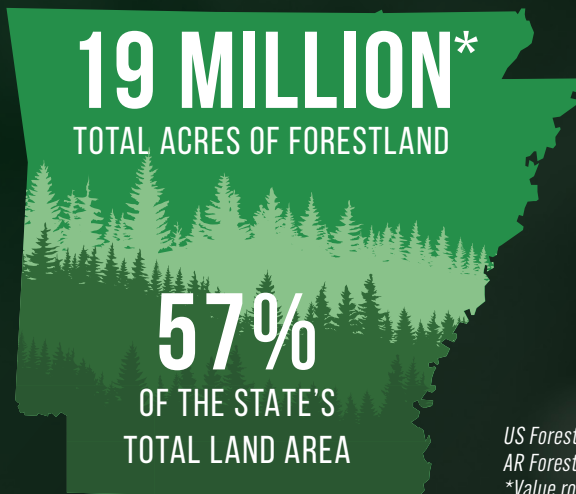
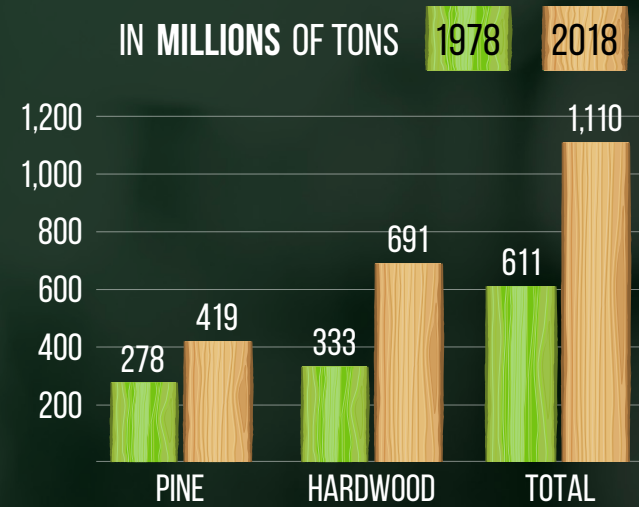
Surging economic development and hundreds of new jobs are coming to the state of Arkansas because of the influx of companies seeking to take advantage of the state's placement within the nation's wood basket. Arkansas is at the heart of this timber-rich area of the country, due to much of the state being covered by 19 million acres of forestland, or more than half of the total area of the state. This is having a huge impact on the state's economy, timber and paper products companies from around the world, and the lives of the many families living in the area who are seeing an increase in jobs created by those companies.

THE ARKANSAS WOOD BASKET: BY THE NUMBERS

19 MILLION* ACRES OF FORESTLAND

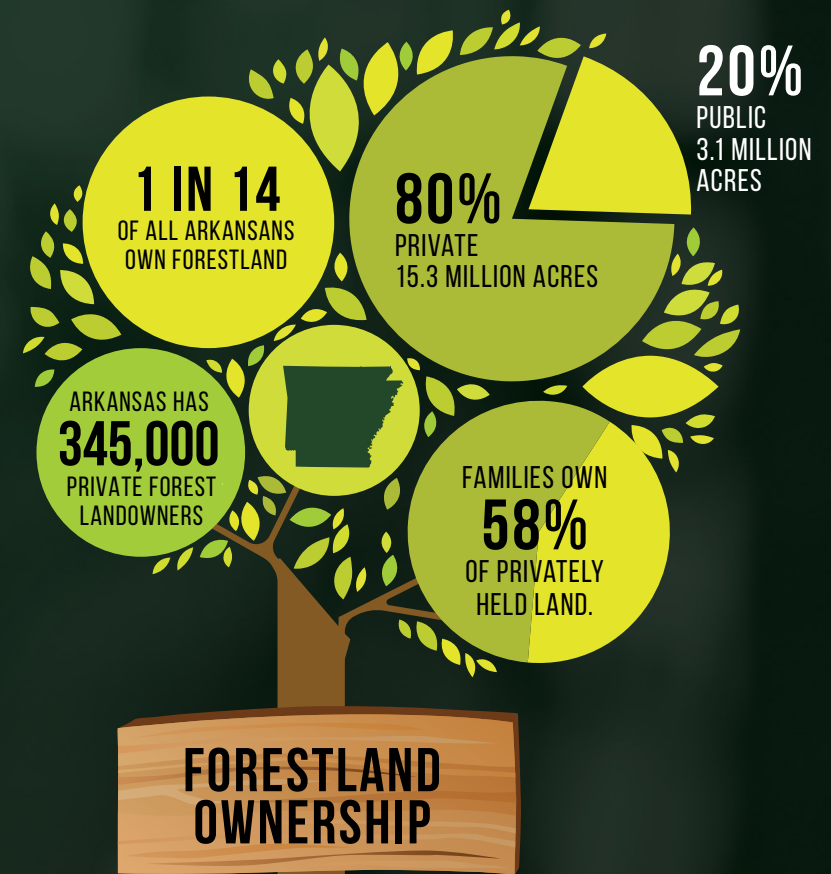
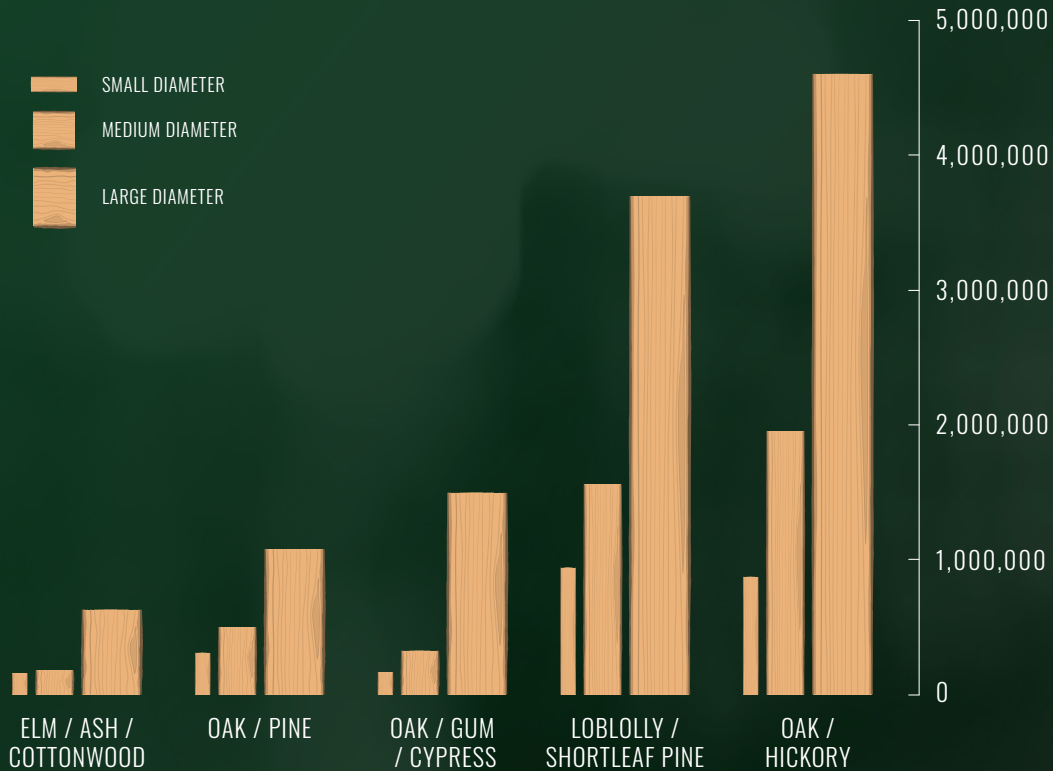


FOREST VOLUME INCREASE



US Forest Service
AR Forest Inventory & Analysis, AR Department of Agriculture
*Value rounded up to 19 Million. Actual value is 18.926 Million

FORESTLAND ACREAGE BY SPECIAL AND DIAMETER



US Forest Service
 2018 AR Forest Inventory & Analysis / State and Private Forest Fact Sheet Arkansas 2021
 Arkansas Farm Bureau
 University of Arkansas Cooperative Extension Economic Contributions of Forestry in Arkansas, 2017

A HISTORY OF GROWTH & SUSTAINABILITY

Arkansas has an impressive track record when it comes to maintaining its timber resources, and it isn't showing any signs of slowing down.



LARGE-SCALE INVESTMENT IN TREE PLANTING TOTALED APPROXIMATELY **99,600 ACRES** FOR THE 2017-2018 PLANTING SEASON, in addition to other professional forest management measures to improve timber productivity, wildlife habitat and population balance, watershed protection and overall forest health.

(US Forest Service, 2018)



Arkansas is **#4** in the South for the total number of seedlings grown

and **#1** in the South for the number of hardwood seedlings grown

(Scott Enebak, Southern Forestry Nursery Management Cooperative, Auburn University)



AVERAGE ANNUAL LOSS TO WILDFIRES IN 2020 WAS
12,552 ACRES, OR ROUGHLY 0.07% OF THE STATE'S
TOTAL FORESTLAND ACREAGE

(Source: National Interagency Fire Center Historical Year-End Fire Statistics by State)



A TIMBER-READY WORKFORCE

In the wood basket of Arkansas, the forest products industry provides more than **29,095 DIRECT AND INDIRECT JOBS**, at nearly 500 locations, largely in rural areas, with average wages slightly lagging behind the national average wage index. Every forestry job creates **2.4 ADDITIONAL JOBS** in Arkansas, and forestry contributes **5.1 PERCENT** of the state's economy.

Arkansas' manufacturing workforce offers paper and timber companies access to a well-qualified and affordable workforce.

Source: University of Arkansas Cooperative Extension Economic Contributions of Forestry in Arkansas, 2017

 **12.2%** OF THE STATE'S WORKFORCE
IS EMPLOYED IN MANUFACTURING

LABOR FORCE OF
 **1.27 MILLION** STRONG

 **4TH HIGHEST** PERCENTAGE OF MANUFACTURING
EMPLOYMENT IN THE SOUTH AND **14TH HIGHEST** IN THE NATION

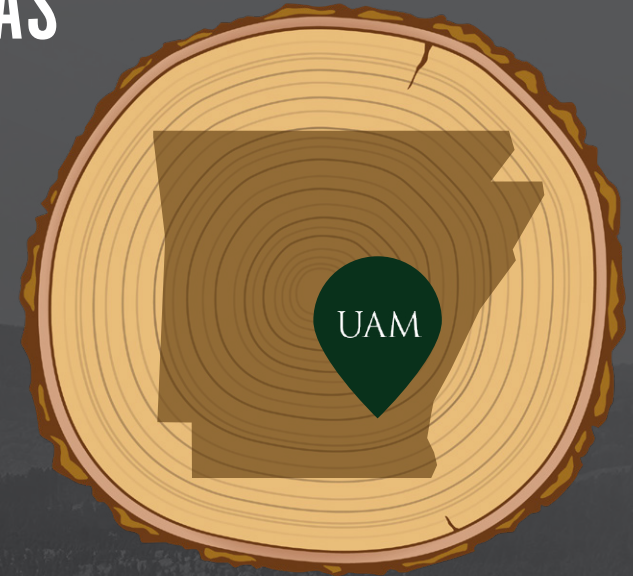
 **22ND** (5.6%) LOWEST
UNION MEMBERSHIP RATE IN THE U.S.

ARKANSAS IS HOME TO **23** FOUR-YEAR
COLLEGES AND UNIVERSITIES AND
 **22** TWO-YEAR PUBLIC COLLEGES

TRAINING THE TIMBER TRADE IN ARKANSAS

University of Arkansas at Monticello (UAM) College of Forestry, Agriculture and Natural Resources

Founded in 1945, the [College of Forestry, Agricultural and Natural Resources](#) is the only school of forestry in the state. Located in southern Arkansas, the college is housed in 45,500 square feet of teaching and laboratory facilities. UAM owns **1,400 ACRES** of forestland used for teaching and learning.



UAM Offers the Following Degrees in Forestry:

- Associate of Science in Natural Resources Management
- Associate of Applied Science in Forest Technology
- Associate of Science in Agriculture
- Associate and Bachelor of Science in Land Survey Technology
- Bachelor of Science in Natural Resources Management with options in:
 - Forestry
 - Wildlife Management and Conservation
 - Geospatial Science
 - Communications in Natural Resources
 - Environmental Science
- Bachelor of Science in Agriculture, with options in:
 - Agriculture Business
 - Animal Science
 - Plant & Soil Science
 - Site-Specific Management
 - General Agriculture
 - Pre-Vet
- Master of Science in Forest Resources, with emphasis in:
 - Forest Science
 - Wildlife Ecology & Management
 - Geospatial Science
 - Natural Resources Management

While the University of Arkansas at Monticello is home to the state's only School of Forestry and Natural Resources, there are a multitude of opportunities across the state to bring up and maintain a strong timber workforce. Plus, most colleges and universities in Arkansas offer agribusiness, biology and environmental science degrees, providing an educated labor pool in other fields related to forestry and timber.

Community Colleges that have a 2+2 arrangement with UAM CFANR for a Bachelor of Science in Forestry/Wildlife Management:

- Phillips Community College of the University of Arkansas
- University of Arkansas Community College at Hope-Texarkana
- Cossatot Community College of the University of Arkansas
- University of Arkansas Community College at Morrilton

Technical Training Programs applicable to the forest industry available at University of Arkansas at Monticello (McGehee and Crossett):

- Arkansas Heavy Equipment Operator Training Academy ([AHEO-TA](#))
- Electromechanical Maintenance Technology [technical certificate program at UAM-Crossett](#). Graduates from this program are highly desired for employment as Electronics and Instrumentation Technicians at paper mills and sawmills.
- The University of Arkansas at Monticello maintains the [Arkansas Forest Resources Center](#)
- The University of Arkansas at Monticello houses the [Arkansas Center for Forest Business](#).

ECONOMIC IMPACT (2021)

Direct Employment: **27,702**

Direct, Indirect, and Induced Employment: **61,153** (2.4 multiplier)

Annual Value Added Impact: **\$6.5B+**

Annual Payroll: **\$1.7B**

Average Compensation: **\$59,985**

Arkansas Center for Forest Business 2021, UA of Monticello College of Forestry, Agriculture, and Natural Resources

Value of Standing Timber: **\$12.6B**

(Senate.arkansas.gov)

#3 Economic Impact of Forestry

(US Forest Service)

#1 Economic Impact Among Southern States

(Senate.arkansas.gov)

Estimated Annual State and Local Taxes: **\$111M**

State Industry Economic Impact 2020, American Forest & Paper Association

27,702
SKILLED
WORKERS

EMPLOYED IN TIMBER, PAPER
PRODUCTS AND RELATED INDUSTRIES



FOREST PRODUCTION EXPORTS (2018-2020)

Commodity	2018	2019	2020	Top 3 Countries
Totals, All Exports	6,449,271,293	6,230,902,809	5,195,559,890	Canada, Mexico, France
Totals, All Forest Products	551,114,140	545,566,689	469,082,127	Mexico, Canada, China
Printed Books, Newspapers, Pictures, and Other Printed Products	30,919,649	24,422,271	11,260,257	Canada, Mexico, United Kingdom
Live Trees and Other Plants	3,172	3,765	10,465	Canada
Wood and Articles of Wood	20,664,064	8,530,702	8,858,157	Canada, China, Mexico
Pulp of Wood or Other Fibrous Cellulosic Material; Recovered Paper and Paperboard	204,010,881	264,569,214	240,816,615	Mexico, Spain, China
Paper and Paperboard; Articles of Paper Pulp, Paper or Paperboard	295,516,374	247,040,737	208,136,633	Canada, Mexico, Japan

Source: Global Trade Atlas

LARGEST FOREST PRODUCT EMPLOYERS IN ARKANSAS (300+ EMPLOYEES)

Company	Manufacturing Locations	Employment Code	Ownership
Anthony Timberlands, Inc.	Bearden, Beirne, Hope, Magnolia, Malvern & Sheridan	G	US
Bryce Corporation	Searcy	F	US
Clearwater Paper	Arkansas City	F	US
Domtar A. W. LLC	Ashdown	G	US
Evergreen Packaging	Pine Bluff	G	New Zealand
Green Bay Packaging	Morrilton & Plumerville	F	US
Georgia-Pacific	Crossett, Fordyce, Fort Smith, Gurdon & Hope	H	US
Graphic Packaging International	Fort Smith	F	US
Hixson Lumber Sales	Magnolia, Pine Bluff, Plumerville, Rison & Russellville	F	US
International Paper Company	Conway, Fort Smith & Russellville	F	US
Kimberly-Clark Corporation	Conway & Maumelle	G	US
Mondi Bags, USA, LLC	Pine Bluff	F	US
PotlatchDeltic	El Dorado, Ola, Waldo & Warren	G	US
West Fraser, Inc.	Huttig, Leola, Mansfield & Russellville	G	Canada
WestRock Corporation	Conway, Fort Smith, Harrison & Rogers	G	US
Weyerhaeuser	Dierks & Emerson	G	US

Employment Code: F=300-499, G=500-999, H=1,000-2,499, I=2,500+

TIMBER AND FORESTRY ANNOUNCEMENTS

DECEMBER 2021



Resolute Forest Products has added more than **160 NEW JOBS** in the state over the past two years and is investing in its two Arkansas operations through a combined capital program of over **\$28 MILLION**.

MAY 2021



Drax Group announced the construction of the first of three new “satellite” pellet plants in Arkansas, for a total investment of **\$40 MILLION**.

MARCH 2021



FiberPro announced that it is expanding its manufacturing facility in Hot Springs, investing more than **\$3.1 MILLION** and creating **69 NEW JOBS** over three years.

FEBRUARY 2021



Dansons USA announced the opening of the country's largest barbecue wood pellet mill and distribution center in Hope, Ark. The site will be responsible for creating approximately **50-100 NEW JOBS** in the next three years.

NOVEMBER 2020



Nice-Pak announced plans to expand its manufacturing capacity at the company's Jonesboro facility, increasing employment by adding more than **300 ASSOCIATES** by the end of 2021.

AUGUST 2020



Koppers announced that it plans to invest a minimum of **\$23 MILLION** and increase the number of workers at its North Little Rock facility over the next two years.

MAJOR FOREST PRODUCT PRODUCTION COMPANIES IN ARKANSAS



COMPANIES WITH 300+ EMPLOYEES IN ARKANSAS

-  Anthony Timberlands, Inc.
-  Bryce Corporation
-  Clearwater Paper Corporation
-  Domtar Corporation
-  Evergreen Packaging
-  Georgia-Pacific Corporation
-  Green Bay Packaging
-  Hixson Lumber Sales
-  Hood Packaging
-  International Paper
-  Rockline Industries
-  Twin Rivers Paper
-  PotlatchDeltic
-  West Fraser Timber Co. Ltd.
-  WestRock
-  Weyerhaeuser Co.

ARKANSAS ADVANTAGES

Tax Incentives & Programs

The **TAX BACK PROGRAM** provides sales and use tax refunds on the purchase of building materials and machinery and equipment in conjunction with an approved project. Tax Back requires a minimum investment of \$100,000 for a new construction, expansion or modernization project approved by AEDC. This program also requires a job creation agreement under the Advantage Arkansas or Create Rebate programs.

ADVANTAGE ARKANSAS offers a state income tax credit for job creation based on the payroll of new, full-time, permanent employees hired as a result of the project. In order to qualify for the Advantage Arkansas program, the proposed average hourly wage of the new employees hired as a result of the project must be equal to or greater than the lowest county average hourly wage. The Advantage Arkansas income tax credit is earned each tax year for a period of five years.

CREATE REBATE provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. To qualify, the company must create a minimum of \$2 million annually in new payroll. The minimum payroll must be met within 24 months of the effective date of the financial incentive agreement.

ARKANSAS[®] FREEPORT LAW provides that raw materials and finished goods in transit or awaiting shipment to out-of-state customers are exempt from property tax.

Sales Tax Exemptions & Reductions

THE FOLLOWING MAY BE ELIGIBLE FOR SALES TAX EXEMPTIONS OR REDUCTIONS:

- Machinery and equipment used directly in manufacturing and purchased for a new manufacturing facility or to replace existing machinery or equipment
- Machinery and equipment or replacement parts purchased to modify, replace or repair manufacturing machinery and equipment
- Machinery and equipment required by Arkansas law to be purchased for air- or water- pollution control
- Property that becomes a recognizable, integral part of property manufactured, compounded, processed, or assembled for resale
- Catalysts, chemicals, re-agents and solutions consumed or used in producing, manufacturing, fabricating, processing, or furnishing articles of commerce at manufacturing or processing plants or facilities
- Machinery, new and used equipment, and related attachments that are sold to or used by a person engaged primarily in the harvesting of timber
- Electricity and natural gas used by manufacturers in the manufacturing process is subject to a reduced state sales and use tax rate of 0.625 percent

Grants/Funding

The **QUICK ACTION CLOSING FUND** is a discretionary fund that allows the Governor to provide funds for infrastructure, training, and other capital expenditures for projects creating, expanding, and retaining employment in Arkansas.

The AEDC administers the federally-funded state **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM** (CDBG) for Arkansas. CDBG funds may be loaned to eligible companies for fixed-asset financing on projects that create jobs for low- to moderate-income families. Examples of eligible activities for this set-aside loan program include acquisition of property, purchase of equipment, leasehold improvements, and construction or expansion of buildings or physical plants. Grants may be made to qualifying cities or counties for projects that will benefit persons of low to moderate income, eliminate conditions of slum and blight, or address an urgent community need such as infrastructure.

INDUSTRIAL REVENUE BONDS provide manufacturers with competitive financing. Interest on tax-exempt issues, which is normally 80 percent of prime, may vary depending on terms of the issue.

Training

AEDC's Customized Training Grants are flexible and highly customizable, providing reimbursement for both on- and off-site training for newly created positions related to an expansion or new location. Pre-employment training, new employee orientation, on-the-job training, and/or skills upgrades for new positions qualify under this program.

Other Advantages

- Arkansas has one of the most progressive **WORKERS' COMPENSATION PROGRAMS** in the nation, with more than 900 certified insurance underwriters
- **UNION MEMBERSHIP** rate of 5.2%, tied for 9th best among US states
- **COST OF LIVING INDICES** that are among the lowest in the nation

Living in Arkansas

- Arkansas has the **THIRD-LOWEST COST OF LIVING** in the country, with lower-than average housing and the third-lowest residential electricity prices
- The average commute time in Arkansas is just **21.6 MINUTES**
- From the Crystal Bridges Museum of American Art in Bentonville, to the Murphy Arts District in El Dorado, there's something exciting going on in every corner of the state
- Arkansas ranks **10TH** among the 50 states in the number of National Board Certified Teachers and is home to 45 colleges and universities
- Since 2015, Arkansas has seen a **460 PERCENT INCREASE** in high school students taking computer science courses
- Arkansas is geographically diverse, with the alluvial valleys of the Arkansas and Mississippi rivers, mountains, forests, many lakes, rivers and bayous
- Outdoor recreation is a part of life for many Arkansans; it's called **THE NATURAL STATE** for good reason



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