

# **Financial Condition of Loggers in Arkansas**

**SmallWood 2010: Bridges, Business, and Biomass  
April 20-22, 2010, Hot Springs, Arkansas**

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# Roadmap

- Disturbing trends
- Survey methodology and response demographics
- Financial status of loggers
- Potential solutions



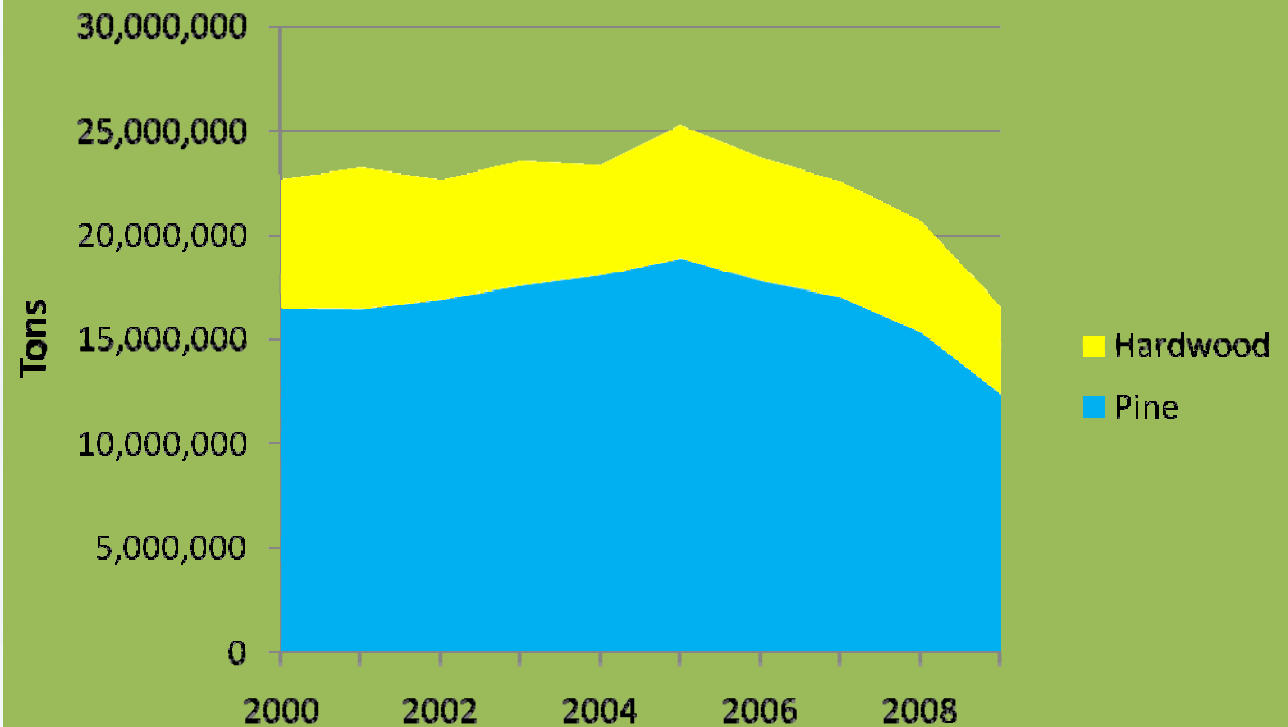
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# **DISTURBING TRENDS IN ARKANSAS'S LOGGING SECTOR**

# Timber production in Arkansas

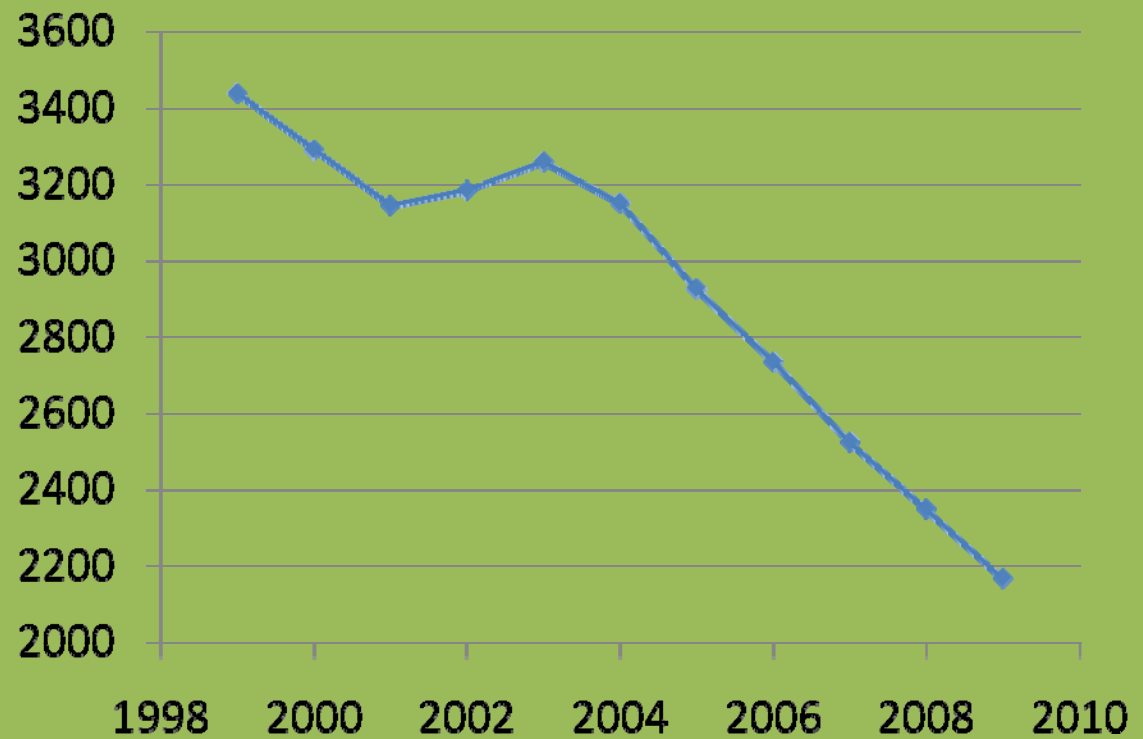
**Arkansas Timber Severance Tonnage  
2000-2009**



*Source: Arkansas Forestry Commission, April 2010*

# Employment

## Logging Employment in Arkansas 1999-2009



*Source: Arkansas Department of Workforce Services*

# Logging sector contribution to GSP

**Logging Sector Contribution to Arkansas GSP 2003-2008**





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# **SURVEY METHODOLOGY AND RESPONSE DEMOGRAPHICS**

# Survey Methods

- 4 page mail survey using Dillman's TSD methodology
- 14 questions
- Mailed to 216 members of Arkansas Timber Producer's Association in January 2010
- Follow-up postcards
- Non-ATPA member bias survey of 40 logging firms
- Survey completed by March 2010





# Response demographics

- 127 respondents – 59%!
  - 110 in South Arkansas
  - 17 in North Arkansas
- Production total of 9,126,197 tons in 2009, or 55% of Arkansas's harvest
- 15/40 in non-ATPA survey, no “non-member bias” found.






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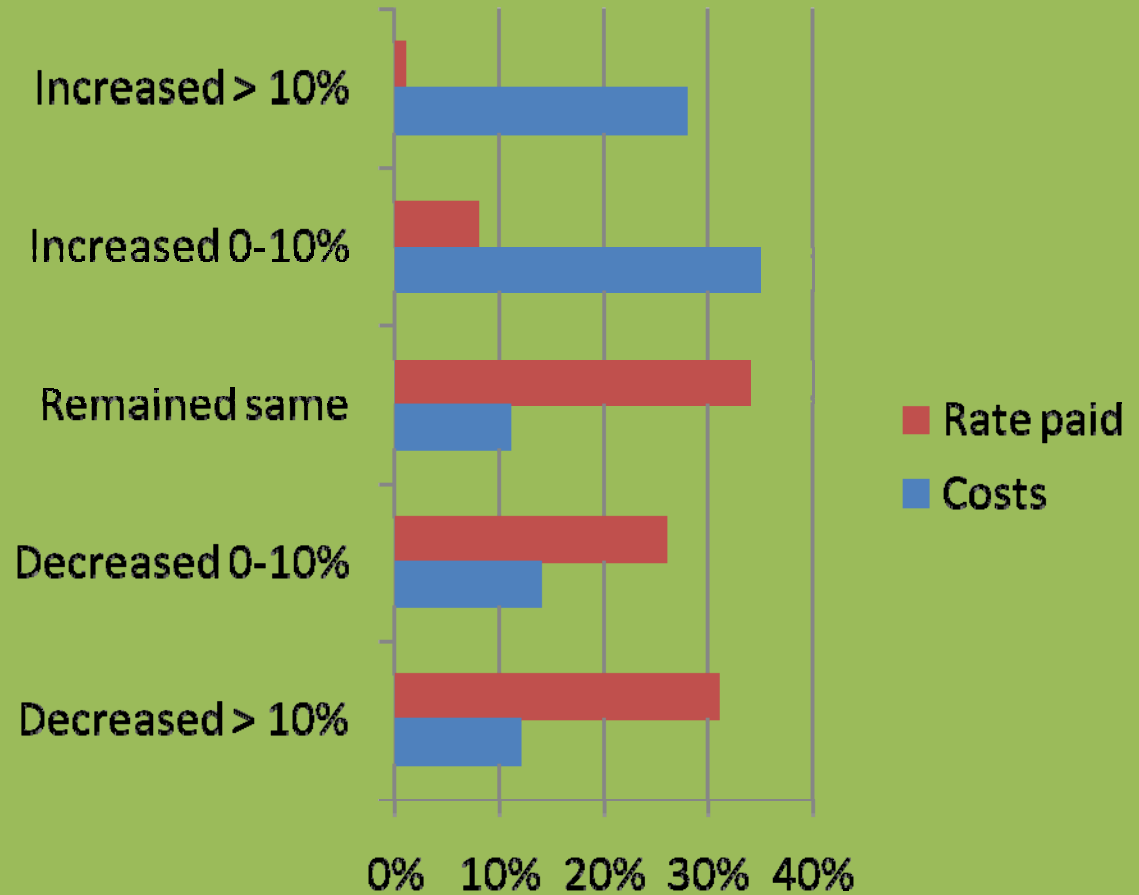
# **FINANCIAL STATUS OF ARKANSAS'S LOGGERS**



# Income vs. operating costs

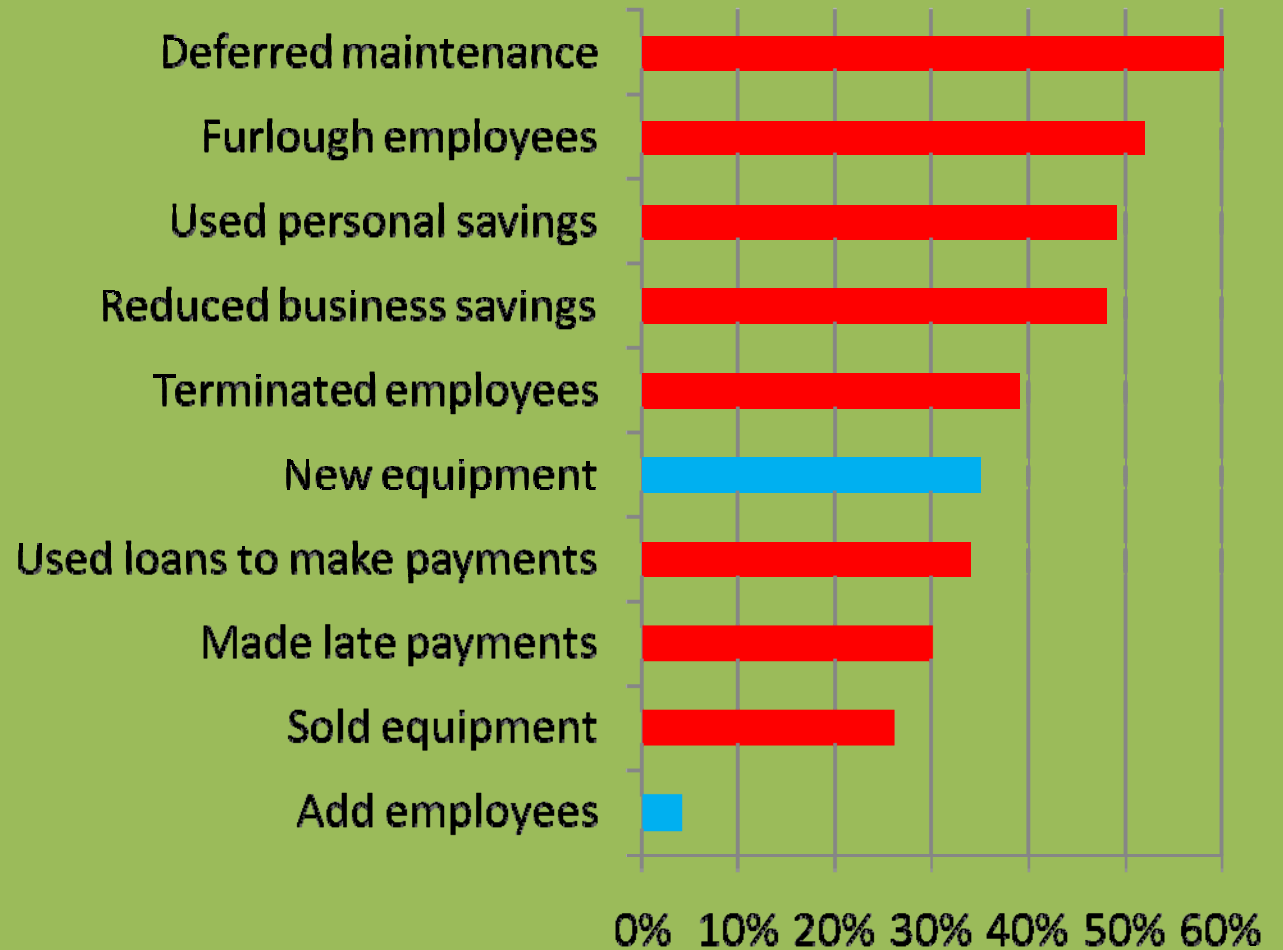
	Last 3 months of 2009	Last 6 months of 2009	All of 2009
No income	17.3%	0%	0%
Income < costs	46.9%	47.9%	46.9%
Income = costs	24.7%	32.9%	28.7%
Income > costs	11.1%	19.2%	22.6%

# Cut and haul costs vs. cut and haul rate



# Activities/Actions in 2009

## Percent of logging firms in 2009 that...

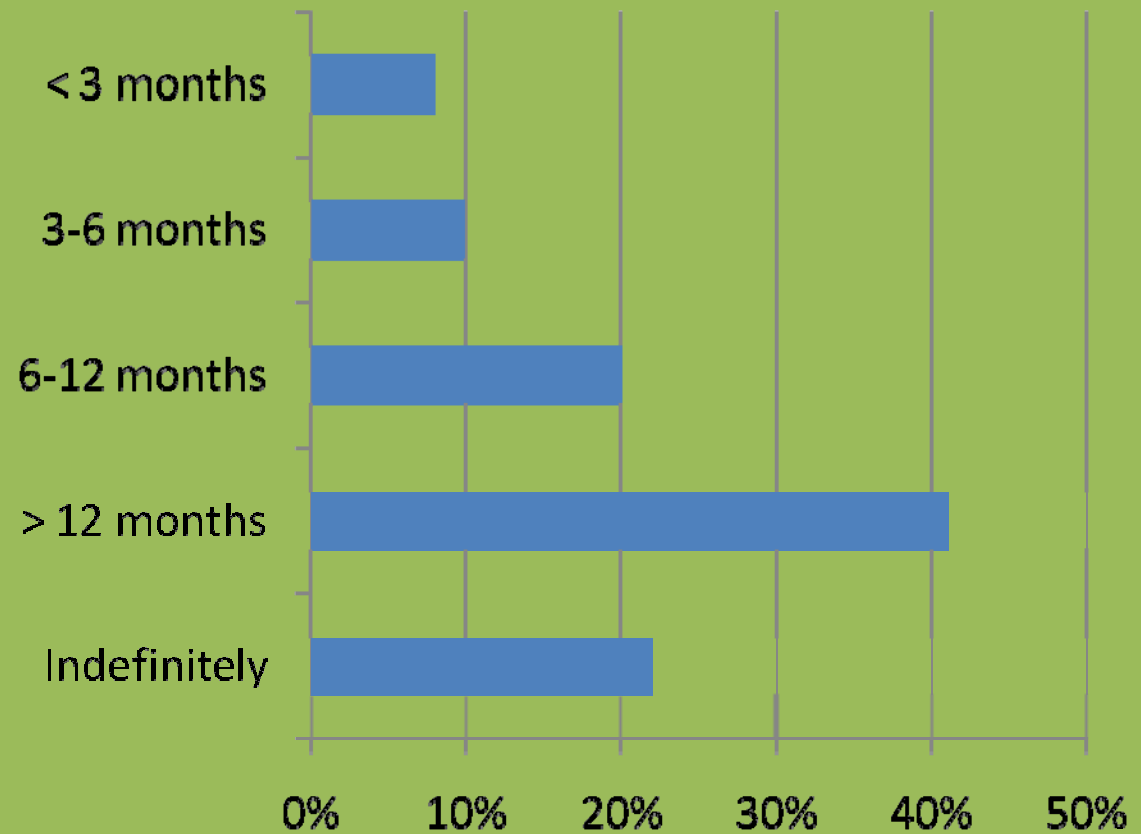




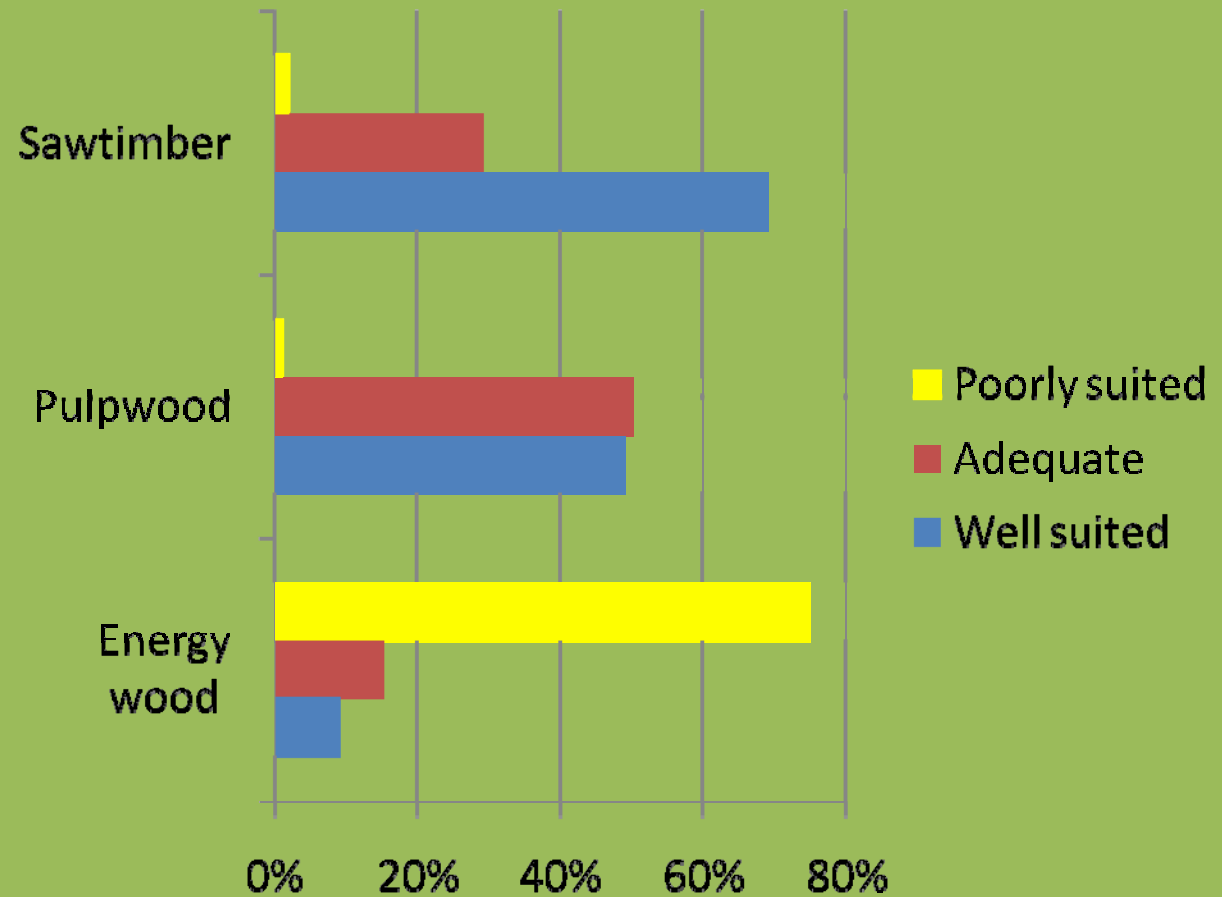
# Loans / Bankruptcy

- Loans
  - 53% had applied for loans in 2009
  - 52% were approved
- Bankruptcy
  - Less than 1% had or were in the process of filing for bankruptcy protection

# Under current market, how long will you keep operating?



# Current equipment evaluation: % of loggers





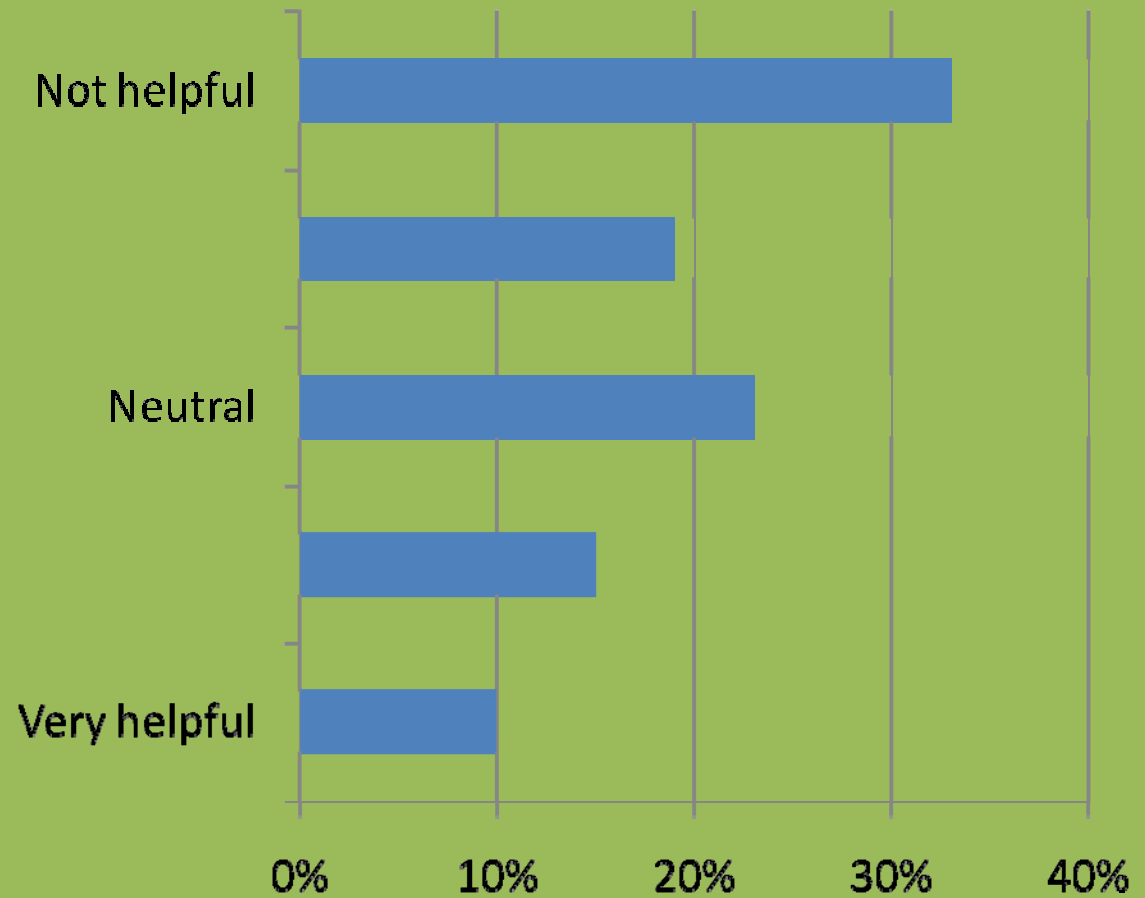


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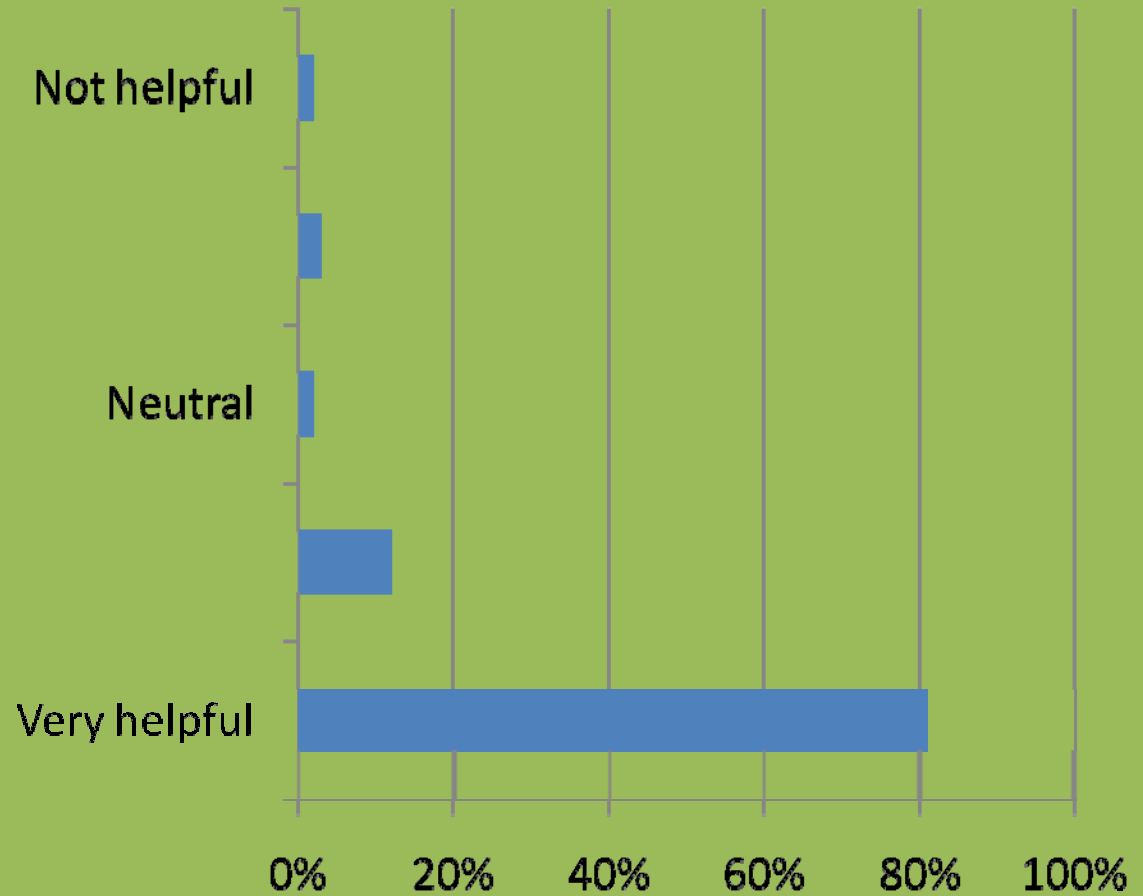
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## **POTENTIAL SOLUTIONS**

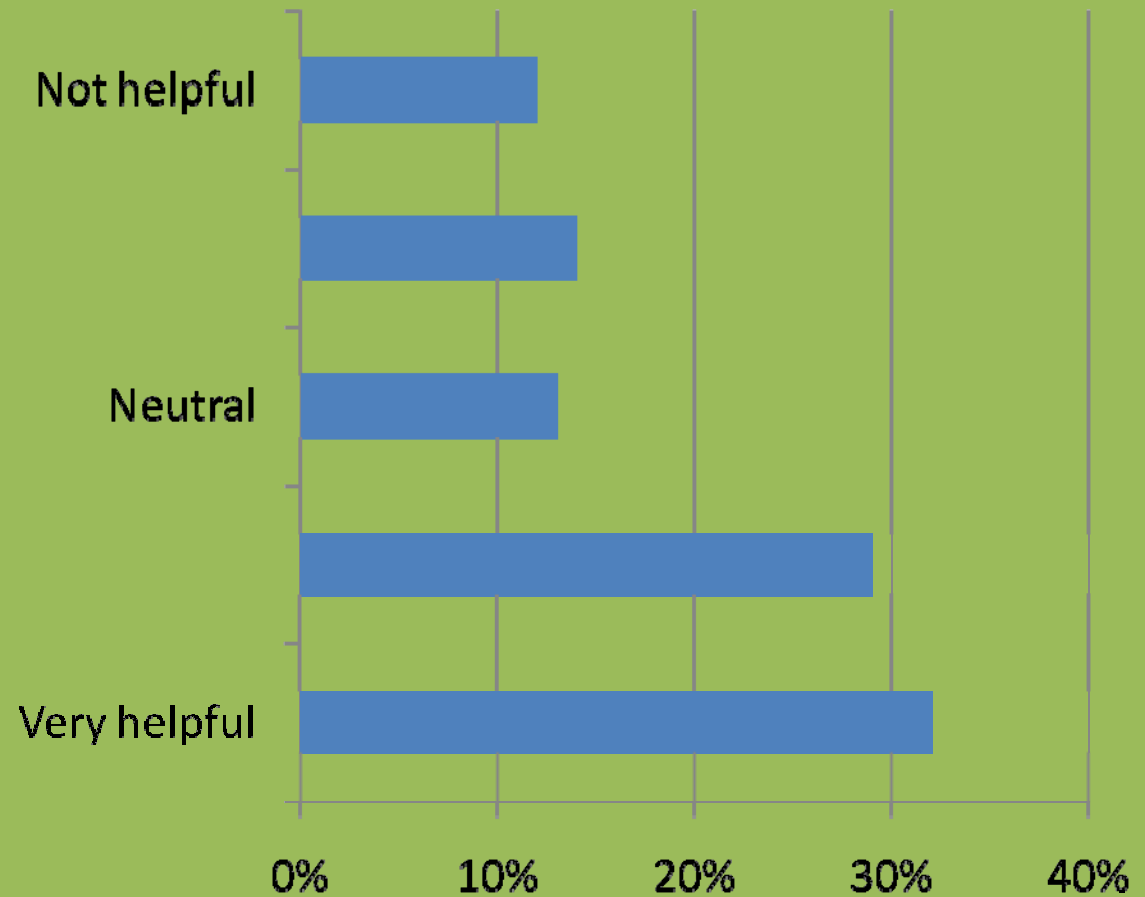
# Long-term loans



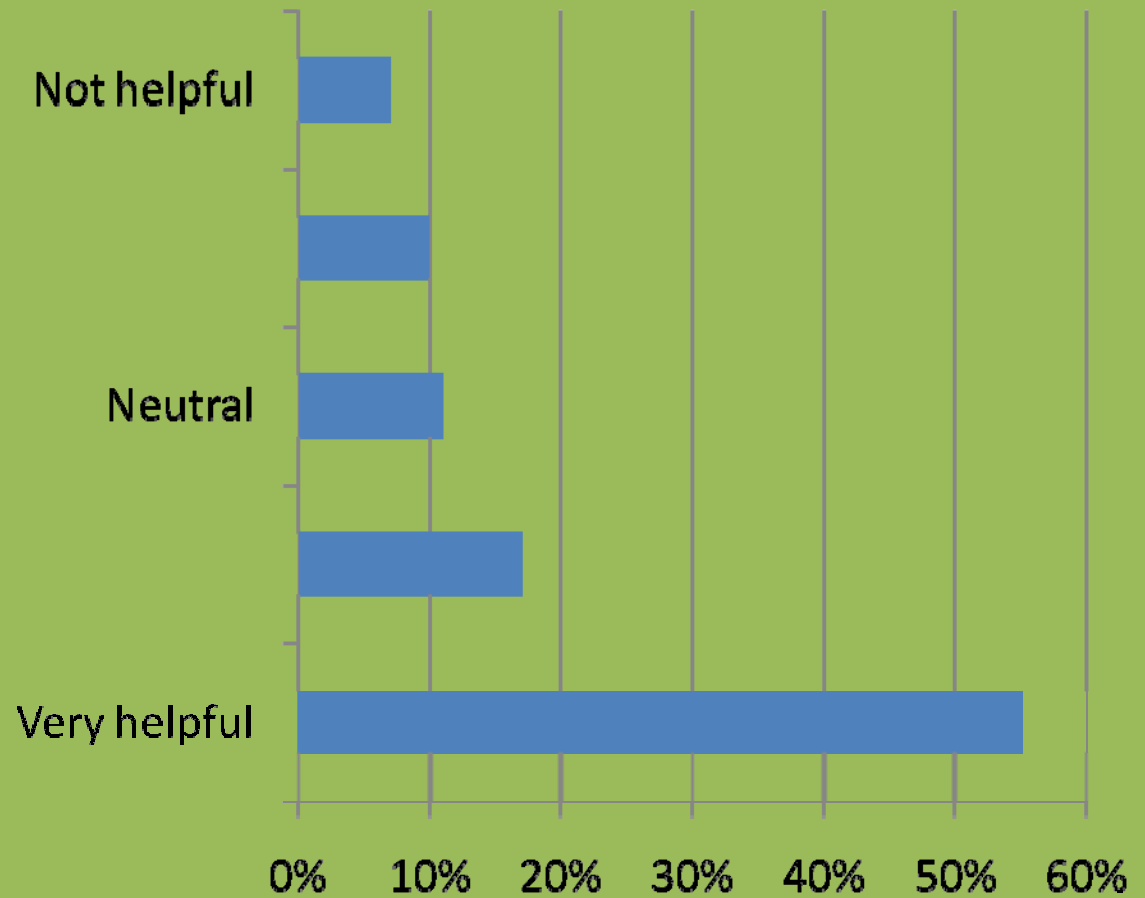
# Sales tax exemption on logging equipment



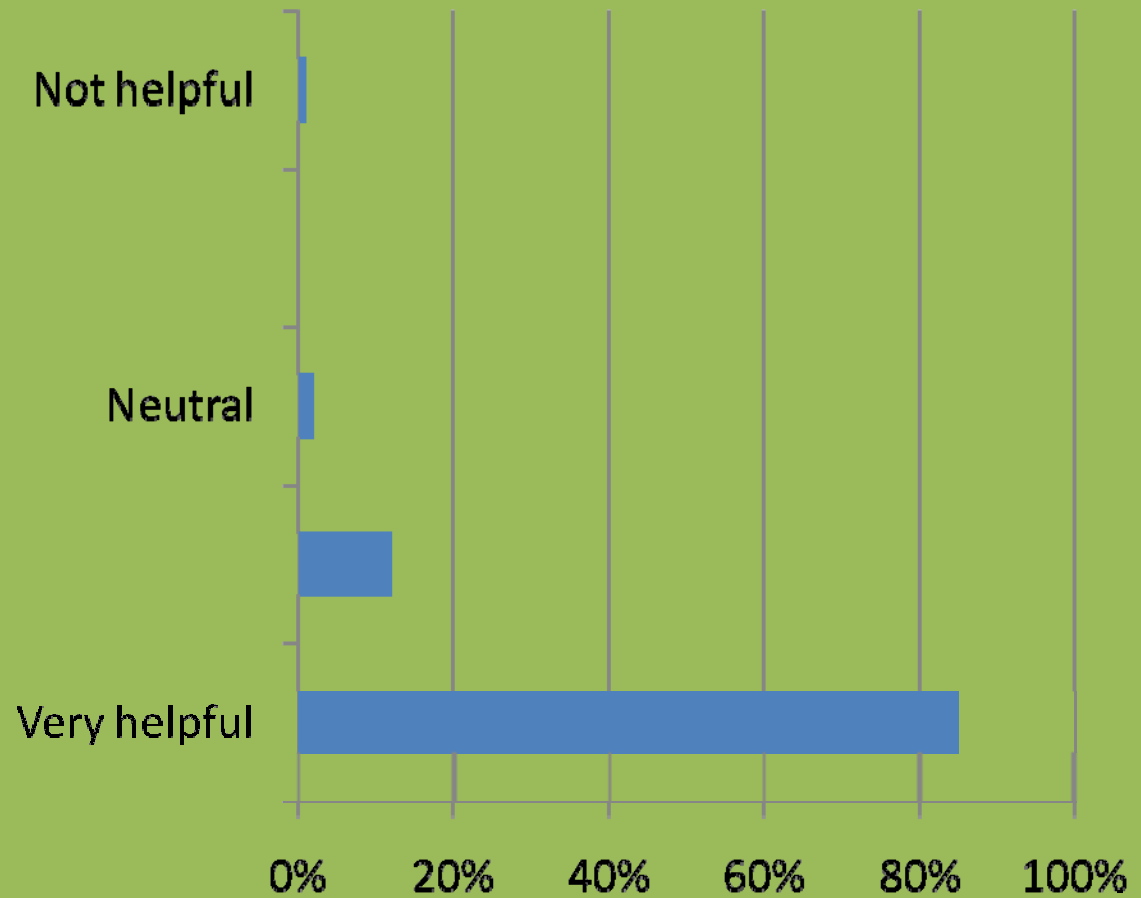
# Short-term loans allowing skips in payments



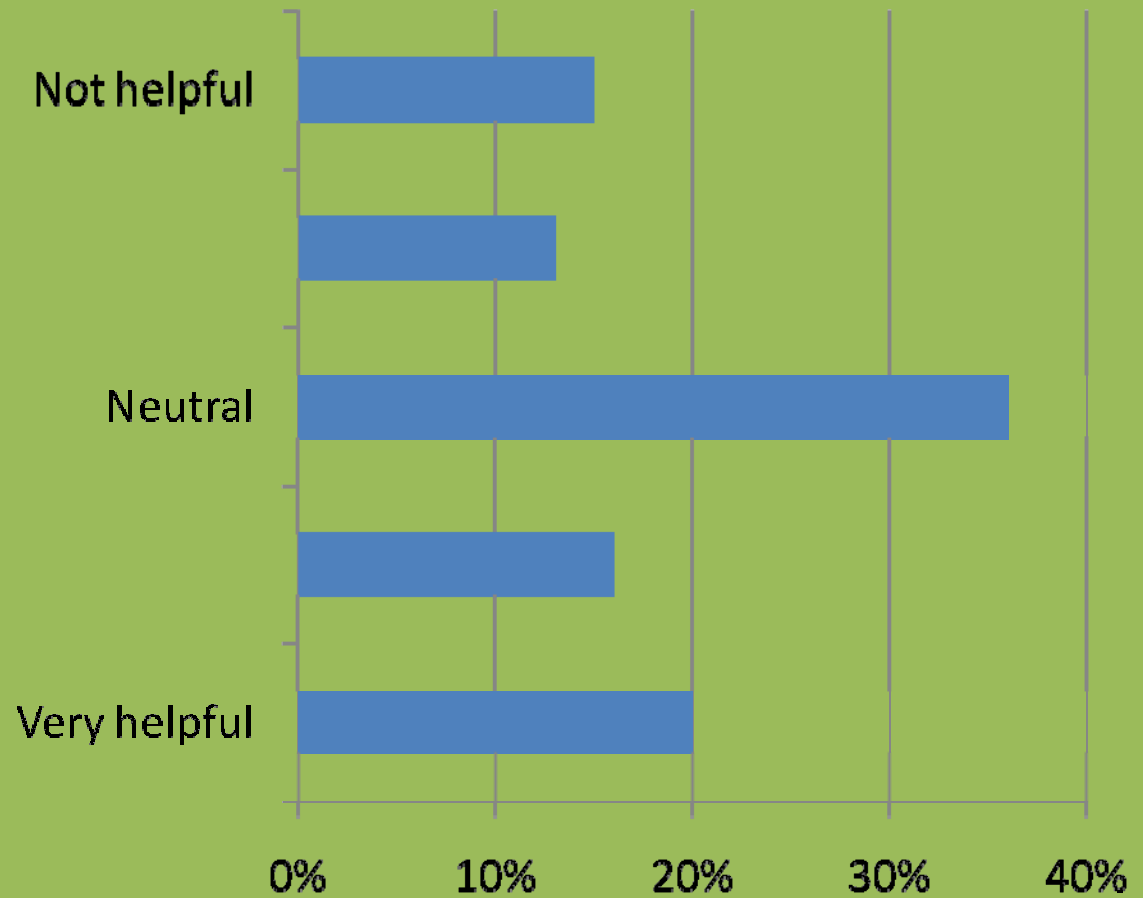
# Increased truck weight limits



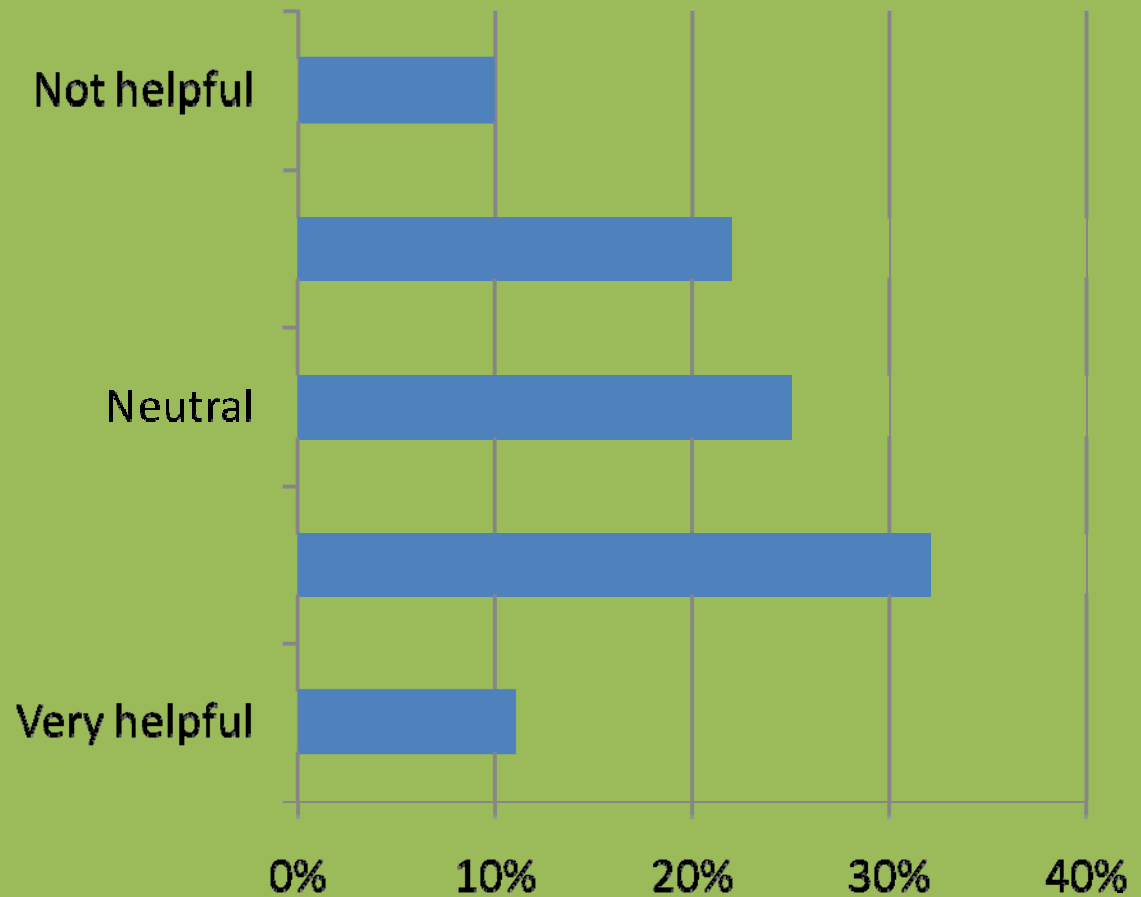
# Reduced fuel taxes



# “Fair logging practices” board



# Business management training for loggers







# Conclusions / Summary

- Recovery, but soon enough?
- More debt – the answer?
- Can we create conditions for sustained growth?



*Questions and discussion.....*