

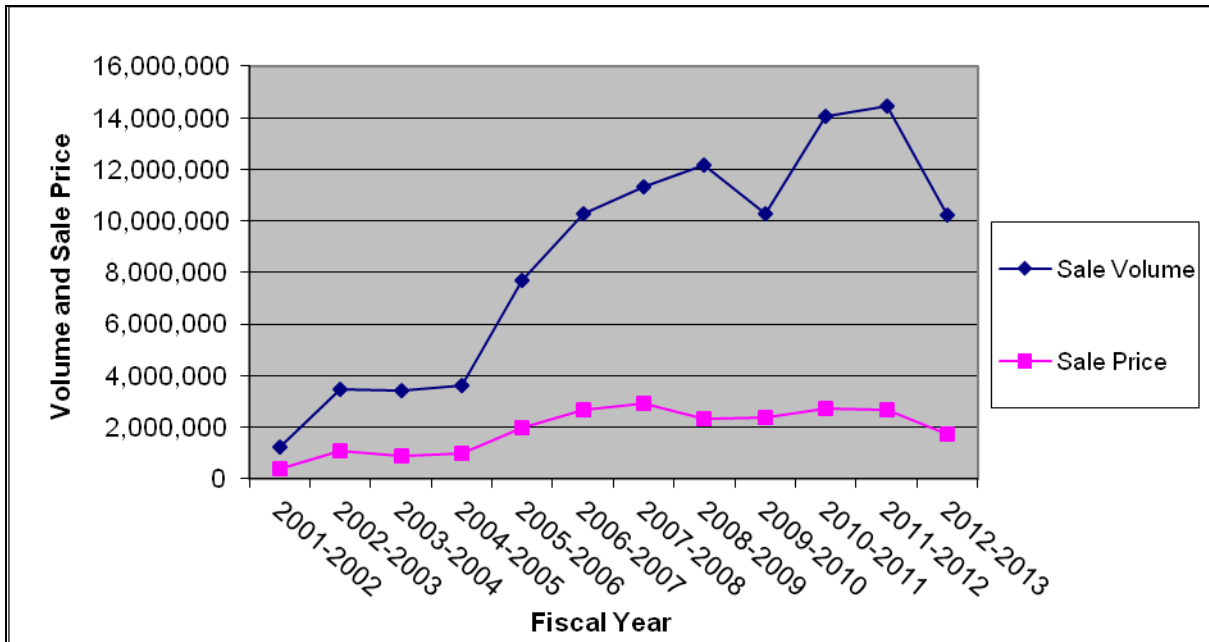
# Indiana Department of Natural Resources Division of Forestry



## Forest Management and the Economy

One of the legislated purposes for timber management on the state forests is to produce wood materials for the forest products industry, thereby helping to support industry and local economies, and to provide direct revenue to state and local governments.

The Division of Forestry receives the revenue that goes into its operating budget from several sources. The General Fund is the largest, contributing about \$3.9 million in FY 2013. State Forest timber sale revenue was the next largest with \$2.7 million in FY 2013. Nursery sales contribute the next largest share of \$1 million. State Forest recreation revenue rounds out the large source revenue sources with about \$800,000. Several smaller sources make up the remaining revenue, bringing the total to \$8.7 million. These revenues are used to fund the Division of Forestry Operating Budget, which allows it to provide a variety of services including state forest recreation, rural wildfire protection, urban forest assistance, seedlings for reforestation, private forest landowner assistance.



The chart above shows a recent twelve year history of State Forest timber sale volume sold and the total purchase prices bid. The increase in annual harvest levels from just under 4 million board feet to near 14 million board feet is quite obvious. Unfortunately the majority of the volume increase occurred during the latest economic downturn which severely depressed timber prices. Therefore there is not a corresponding sharp rise in prices bid.

The drop in timber output in 2013 is a result of deferring some of the scheduled 2013 harvests into 2014. Harvests in 2014 are anticipated to return to the 14 million board foot target range- plus an approximate 3 million board feet of deferred sales. Subsequent years expected to average 14 million board feet/year- which is less than 50% of the forests annual 40 million board growth rate.

By law, the Division of Forestry retains 85% of the net revenue from State Forest timber sales. The net revenue is determined by subtracting the expenses of putting a sale up from the purchase price. However, the remaining 15% is specified to be returned to the counties in which the sales occurred, with up to half of that 15% available to volunteer fire departments in those counties that have cooperative agreements with DNR. The table below shows the total distribution of revenue to counties in the past twelve years, and their average annual allotments. Over the past twelve years about \$2.9 million has gone to counties and the local volunteer fire departments from State Forest timber sales.

<b>Twelve Year - Sale Revenue to Counties</b>		
<b>County</b>	<b>TOTAL</b>	<b>Annual Average</b>
Brown	\$377,870	\$34,352
Clark	\$192,238	\$17,476
Crawford	\$133,378	\$12,125
Dubois	\$121,279	\$11,025
Greene	\$5,756	\$523
Harrison	\$289,141	\$26,286
Jackson	\$136,726	\$12,430
Jennings	\$42,115	\$3,829
Martin	\$270,378	\$24,580
Monroe	\$515,778	\$46,889
Morgan	\$260,201	\$23,655
Owen	\$155,948	\$14,177
Perry	\$77,906	\$7,082
Pike	\$54,566	\$4,961
Putnam	\$20,700	\$1,882
Scott	\$41,923	\$3,811
Sullivan	\$16,404	\$1,491
Wabash	\$1,298	\$118
Washington	\$174,078	\$15,825
<b>TOTAL</b>	<b>\$2,887,686</b>	<b>\$262,517</b>

The forests of Indiana, of which State Forests are a substantial part, contributes more than \$9 billion annually to the Indiana economy. About \$1 billion is in forest-based recreation and tourism. The remaining \$8 billion is in forest-based manufacturing. This includes a wide range of products including quality hardwood flooring, shavings for livestock bedding, quality furniture, pallets for shipping goods, and trim moulding for houses.

The certified and professionally managed State Forests continue to provide a reliable and sustainable source of wood product for the Indiana economy while harvesting less than half its annual growth.

It is estimated that each board foot harvested has an economic impact of \$56- for an overall impact from State Forests now averaging \$784 million to the Indiana economy.