



Question

- What is the economic impact of the timber industry in Louisiana?
- How does the timber industry contribute to job creation and economic growth?
- This research aims to explore the economic significance of the timber industry in Louisiana, focusing on its contributions to job creation, economic growth, and multiplier effects.
- By examining the industry's impacts on employment, labor income, value-added production, and total economic output, the study seeks to understand how the timber industry influences the broader Louisiana economy.
- A contribution analysis is a method used to understand and analyze the contribution of various factors or inputs to a particular outcome or result. It is commonly employed in fields such as business, economics, social sciences, and project management to identify the relative importance of different elements in achieving a desired outcome.

Methods

- I used a heat map the compares location quotients by parish.
- Location quotients are ratios of industry employment to total employment for a region relative to broader area.

$$\text{Location Quotient} = \frac{\frac{\text{Parish Timber Employment}}{\text{Parish Total Employment}}}{\frac{\text{State Timber Employment}}{\text{State Total Employment}}}$$

- Each value is color coded on a map of Louisiana
- The location quotient serves as a valuable tool to evaluate the significance of the timber industry within each parish relative to total employment
- Values of 1 indicate parity between the parish and the state
- The location quotient serves as a variable tool to evaluate the significance of the timber industry within each parish

Data

- Data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Decennial Census are used for this study

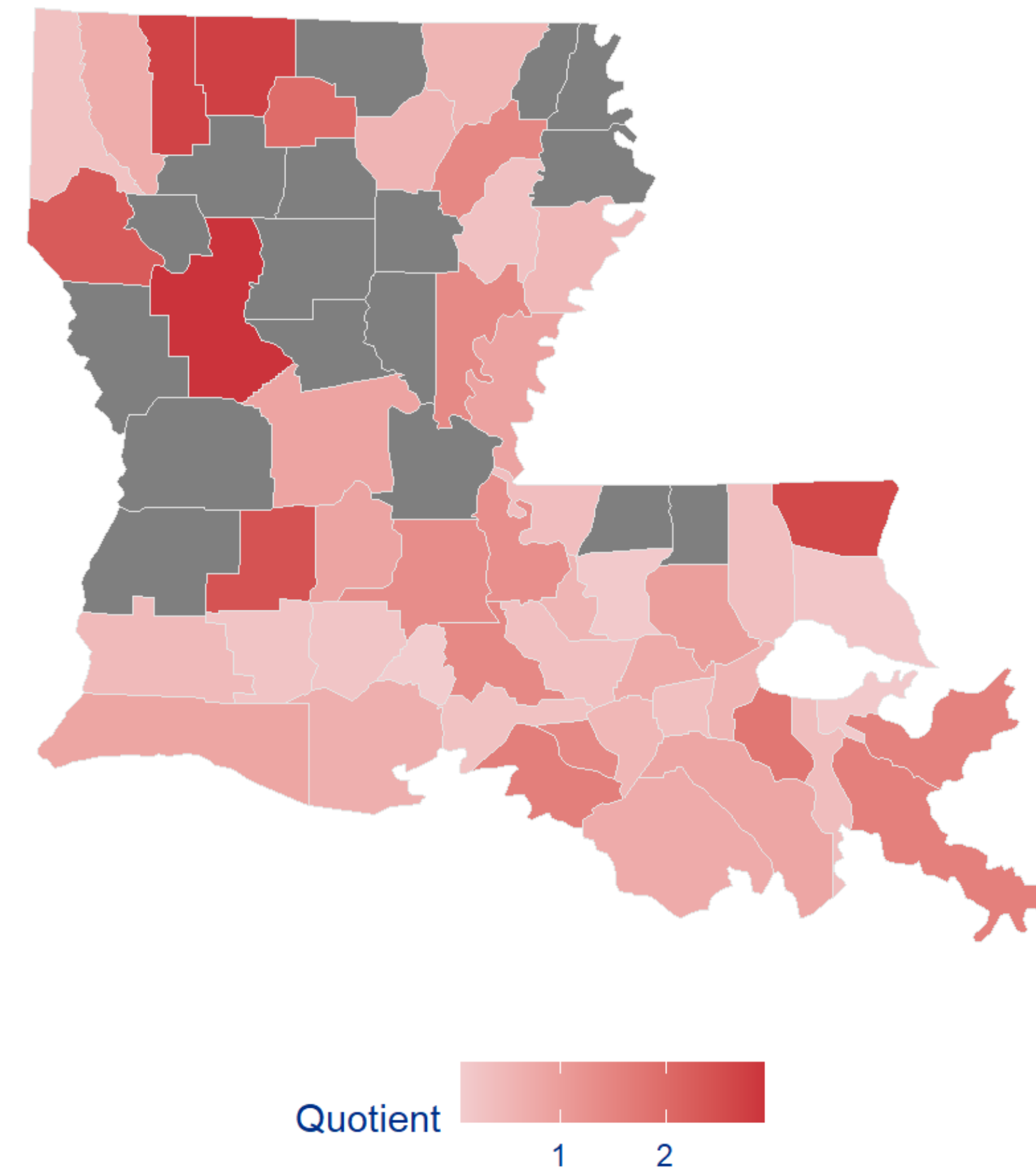


Figure 1: Timber Industry Location Quotients: Less than 3

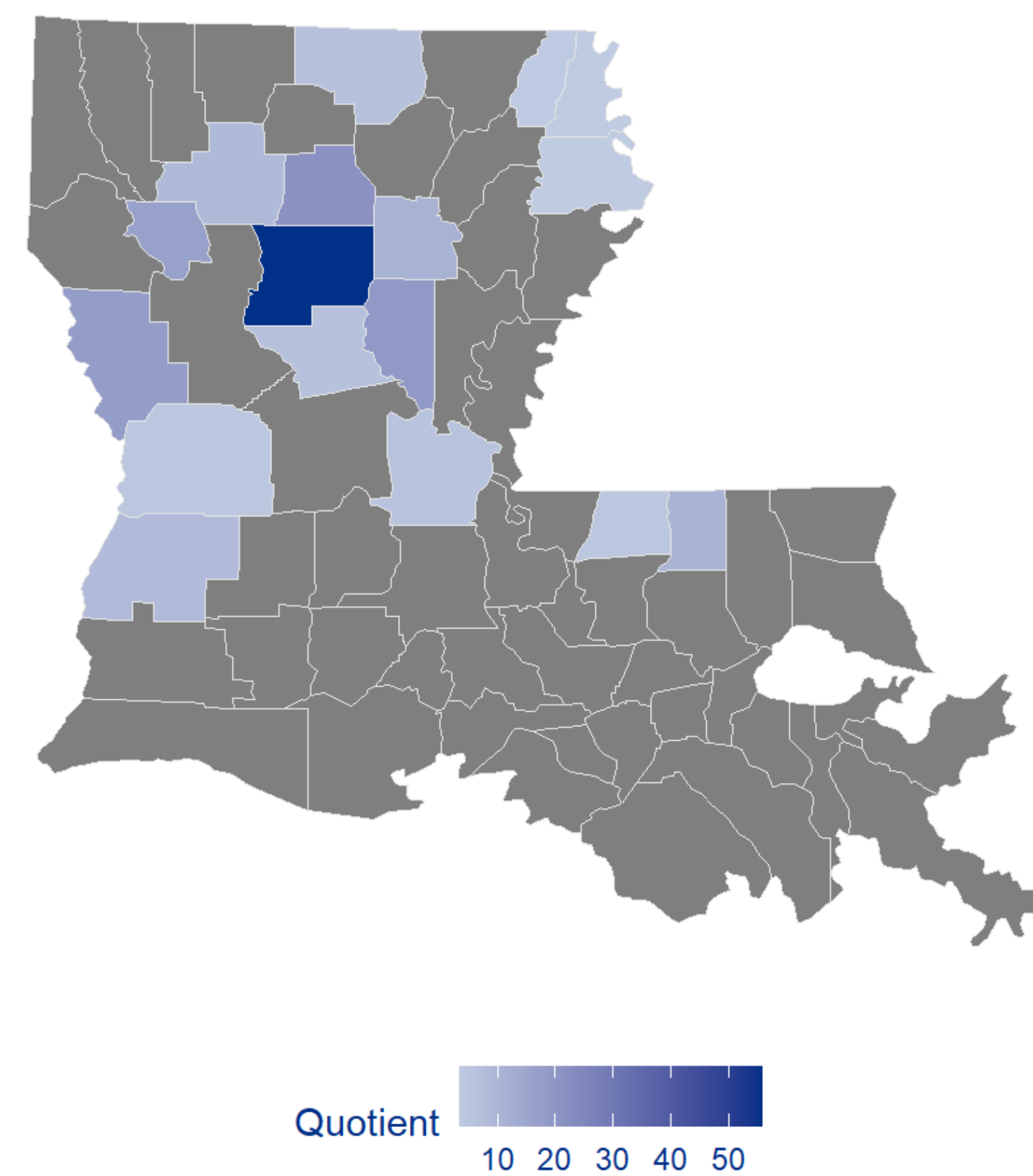


Figure 2: Timber Industry Location Quotients: Greater than 3

Results

- The timber industry directly contributes about \$342,000 in parish-level tax revenues, \$5,685,000 in state-level tax revenues, and \$69,007,000 in federal tax revenues annually. When accounting for indirect and induced effects, the overall tax revenue generation is much larger.

- The total annual tax revenue generated at the parish level is approximately \$4.1 million, while the state sees a contribution of about \$21 million. Total annual federal government revenues are approximately \$104 million. This data underscores the fiscal impact of the timber industry's presence in the state.
- Figure 3 shows the top 15 occupations impacted by the timber industry. These positions are ranked according to average pay. When the timber industry grows or shrinks, these occupations will be the first affected. The shaded bars show the income for each position in real 2022 dollars.

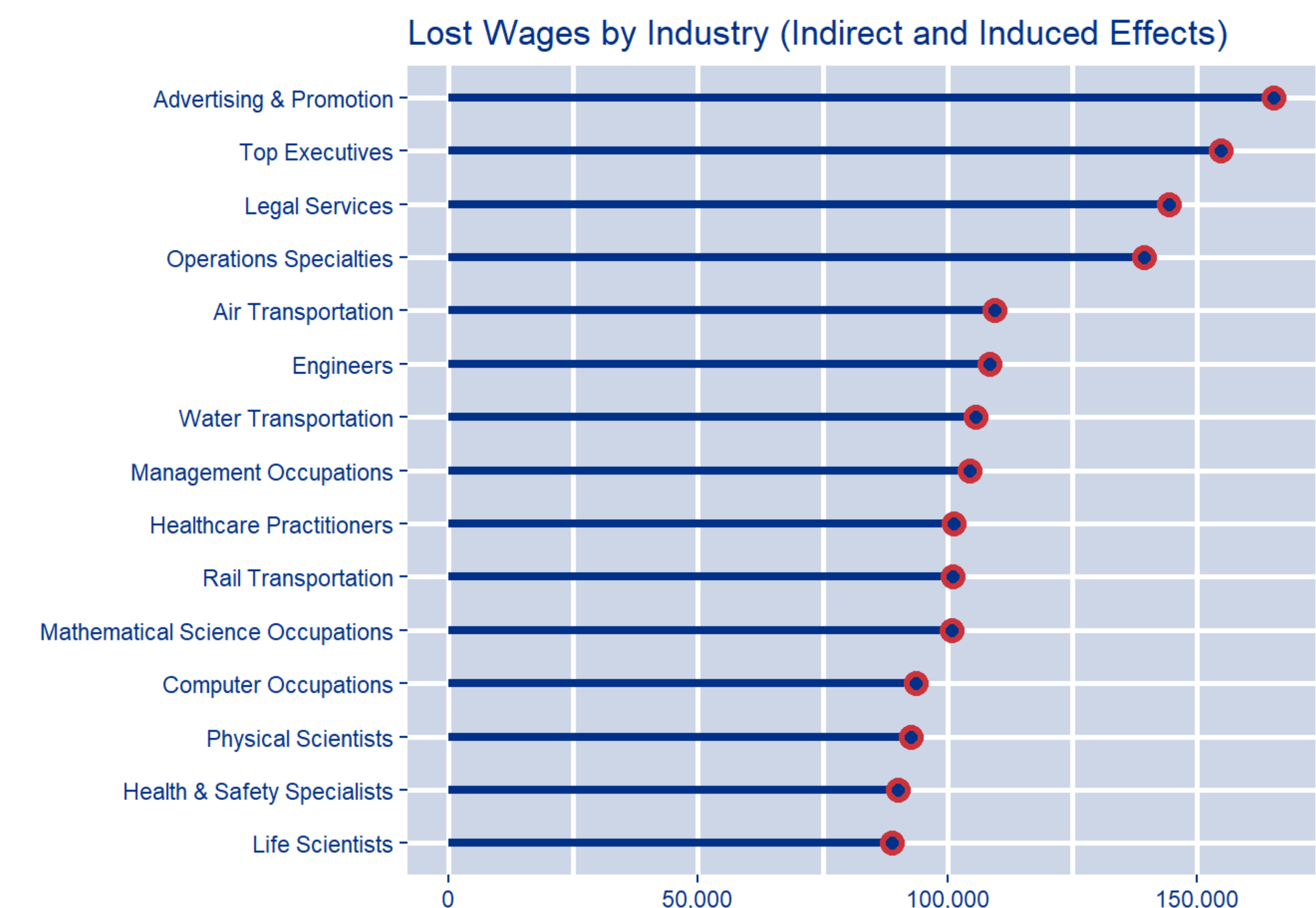


Figure 3: Estimated Adjacent Jobs by Average Pay per Worker (2022 Dollars)

Conclusion

- The timber industry plays a substantial role in driving employment, income, and economic output in Louisiana. Through direct, indirect, and induced effects, it contributes significantly to the state's economy.
- The economic activity generated by the industry has ripple effects throughout the economy, leading to further job creation, income generation, and overall economic growth beyond the direct impacts of the industry itself.
- By recognizing the contributions of the timber industry and its multiplier effects, policymakers can implement strategies that support and enhance the industry's growth while also fostering broader economic prosperity in the state.

References

<https://www.bea.gov/data/by-place-county-metro-local>