

The Impact of the Forestry Industry on the Maryland Economy

BEACON, the Business Economic and Community Outreach Network at Salisbury University, with the support of the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), has completed an economic impact study to measure the importance of resource-based industries (RBI) to the State of Maryland.¹ The resource-based industries represent a significant and crucial segment of the Maryland economy.

The target Resource-based industries, which include agriculture, agricultural support industries, forestry, and seafood, accounted for over \$30.2 billion in economic activity, 108,461 supported jobs, and over \$1.1 billion in State and local tax revenue. This includes only a portion of the estimated \$2.9 billion economic impact of the equine industry.

The forestry industry, a key component of the resource-based industries in Maryland, was one of the focus areas of this study. The research on the forestry sector consisted of timber tract operations/production, commercial logging, sawmills, wood preservation, veneer and plywood manufacturing, engineered wood member and truss manufacturing, reconstituted wood products manufacturing, other miscellaneous wood products, and paper products manufacturing.

Using the latest available data, it is calculated that the forestry sector contributed over \$4.2 billion to the State's economy (13.8% of RBI total), supported 14,099 jobs (13.0% of RBI total), and over \$139.5 million in State and local tax revenue (12.7% of RBI total).

Resource-based Industries	Economy Contribution (\$)	% of total	Jobs Supported	% of total	State & Local Tax Revenue (\$)	% of total
Agricultural & Support industries	\$25,708,949,083	85.1%	91,349	84.2%	\$949,712,209	86.2%
Forestry	\$4,175,576,094	13.8%	14,099	13.0%	\$139,549,148	12.7%
Seafood	\$317,416,313	1.1%	3,014	2.8%	\$11,945,973	1.1%
RBI Total	\$30,201,941,490	100.0%	108,461	100.0%	\$1,101,207,330	100.0%

Breaking these total impacts down, the forestry sector generated over \$2.7 billion in “direct” economic output in 2023. This equals the value of all of the output of the forestry sector, plus the value of the Maryland-based supply chain needed by Maryland forestry producers to produce their lumber and paper products. For example, if a timber worker requires outside machinery or repairs to said machinery to produce quality wood products, these supply-chain expenditures would be included in the “direct” output figure. However, to provide these necessary inputs, the supply-chain vendor needs to purchase additional inputs from their supply chains. Continuing with the above example, if a machinery supplier needs to provide more products, they will need to purchase more fuel, insurance services, and other items. This second-order (or ripple) effect, whereby input producers purchase more inputs, is known as

¹ Implan Report toolkit – IMPLAN - support. (n.d.-b). <https://support.implan.com/hc/en-us/articles/360044985833-IMPLAN-Report-Toolkit>.

“indirect” economic input. In 2023, the activities of the forestry sector were responsible for an “indirect” economic output of nearly \$965.7 million. Finally, the direct and indirect economic effects do not capture how the employees in the affected firms/industries spend their additional income. This household spending results in an additional “induced” economic effect. In 2023, the activities of the forestry sector were responsible for “induced” economic output totaling over \$460.4 million. Summing these economic impacts, Maryland’s forestry industry contributed over \$4.1 billion in total state economic activity.

In addition, the impact of the Forestry industry on the Maryland Economy was analyzed in the report, not only at a state level but also at the regional level: Western Maryland, Central Maryland, Southern Maryland, and the Eastern Shore of Maryland. In addition to regional levels, a further analysis was conducted at a sub-regional level for Western Maryland (Appalachian Maryland) and the Eastern Shore of Maryland (Upper, Middle and Lower Shore). Appalachian Maryland includes the Allegany, Garrett, and Washington Counties. In the Eastern Shore Region Upper includes Cecil, Kent and Queen Anne’s, Middle includes Caroline, Dorchester and Talbot, and Lower includes Somerset, Wicomico and Worcester. The following charts show impacts by region.

Economy Contribution	<u>Forestry Industry</u>			
	Direct	Indirect	Induced	Total
State of Maryland	\$2,749,501,360	\$965,686,839	\$460,387,896	\$4,175,576,094
Western Maryland	\$1,045,200,663	\$271,548,651	\$107,627,941	\$1,424,377,255
<i>Appalachian Maryland</i>	<i>\$543,454,005</i>	<i>\$132,759,614</i>	<i>\$44,242,608</i>	<i>\$720,456,228</i>
Central Maryland	\$783,299,585	\$275,470,657	\$86,361,369	\$1,145,131,612
Southern Maryland	\$546,188,070	\$127,516,509	\$47,365,801	\$721,070,380
Eastern Shore of Maryland	\$468,129,972	\$175,725,566	\$63,944,846	\$707,800,384
<i>Upper Eastern Shore</i>	<i>\$79,648,181</i>	<i>\$22,100,449</i>	<i>\$6,004,632</i>	<i>\$107,753,262</i>
<i>Mid Shore</i>	<i>\$216,008,918</i>	<i>\$61,281,484</i>	<i>\$20,017,284</i>	<i>\$297,307,687</i>
<i>Lower Eastern Shore</i>	<i>\$79,155,942</i>	<i>\$22,934,892</i>	<i>\$7,489,833</i>	<i>\$109,580,668</i>

Employment	<u>Forestry Industry</u>			
	Direct	Indirect	Induced	Total
State of Maryland	7,339	4,248	2,511	14,099
Western Maryland	2,858	1,185	649	4,692
<i>Appalachian Maryland</i>	<i>1,606</i>	<i>620</i>	<i>274</i>	<i>2,500</i>
Central Maryland	2,011	1,176	453	3,639
Southern Maryland	1,484	614	277	2,376
Eastern Shore of Maryland	1,118	835	376	1,952
<i>Upper Eastern Shore</i>	<i>244</i>	<i>109</i>	<i>38</i>	<i>391</i>
<i>Mid Shore</i>	<i>489</i>	<i>343</i>	<i>125</i>	<i>957</i>
<i>Lower Eastern Shore</i>	<i>252</i>	<i>120</i>	<i>44</i>	<i>416</i>

<u>Forestry Industry</u>					
State & Local Tax	Employee Compensation	Household Expenditures	Corporations	Taxes on Production & Imports	Total
State of Maryland	\$505,444	\$32,696,447	\$7,469,807	\$98,877,451	\$139,549,148
Western Maryland	\$200,927	\$12,997,697	\$2,969,445	\$39,306,386	\$55,474,455
<i>Appalachian Maryland</i>	<i>\$112,426</i>	<i>\$7,272,681</i>	<i>\$1,661,512</i>	<i>\$21,993,344</i>	<i>\$31,039,963</i>
Central Maryland	\$132,499	\$8,571,171	\$1,958,164	\$25,920,110	\$36,581,943
Southern Maryland	\$101,454	\$6,562,924	\$1,499,361	\$19,846,965	\$28,010,705
Eastern Shore of Maryland	\$70,564	\$4,564,654	\$1,042,838	\$13,803,989	\$19,482,044
<i>Upper Eastern Shore</i>	<i>\$16,578</i>	<i>\$1,072,422</i>	<i>\$245,005</i>	<i>\$3,243,116</i>	<i>\$4,577,122</i>
<i>Mid Shore</i>	<i>\$36,454</i>	<i>\$2,358,186</i>	<i>\$538,750</i>	<i>\$7,131,400</i>	<i>\$10,064,791</i>
<i>Lower Eastern Shore</i>	<i>\$17,531</i>	<i>\$1,134,046</i>	<i>\$259,083</i>	<i>\$3,429,472</i>	<i>\$4,840,132</i>

For more information on “The Impact of Resource-Based Industries on the Maryland Economy”, including the full report, please visit MARBIDCO’s website: www.marbidco.org