

EXECUTIVE OVERVIEW
TIMBER AND
FOREST PRODUCTS INDUSTRY

ARKANSAS
INC





^The Anthony Timberlands Center for Design and Materials Innovation will be a center of excellence for innovation in wood design and product development to expand the use of wood in architectural design, construction techniques and product design.

•The University of Arkansas at Monticello Forestry Research Center is an interdisciplinary collaboration of the University of Arkansas Division of Agriculture (Ag Exp Station) and the Monticello campus engineers and researchers. Their resources and technologies address the state's forestry issues. Recent projects were related to biomass, habitat restoration and bird migration.



TIMBER INDUSTRY AT A GLANCE

UNIQUE ATTRIBUTES

3rd

Arkansas is the third most timber-dependent economy in the nation with a cash farm receipts value of \$405M

1.8

Average growth rate of hardwood trees grown for each tree harvested (Hardwoods make up 58% of total tree volume)

1.5

Average growth rate of 1.5 pine trees grown for each tree harvested (Pines make up 38% of total tree volume)

OVER HALF

of Arkansas is forestland (54.8% of state's total land area)

1,400

Acres of forestland owned by the University of Arkansas of Monticello for teaching and learning

12%

of the 80.44% of private timberland owned by Forest Companies

WORKFORCE

3rd

highest percentage of manufacturing employment in the south. -BLS

1.36M

skilled and trained workforce

12.7%

of Arkansas' workforce is employed in manufacturing

28,057

Skilled workers employed in timber, paper products and related industries

EDUCATION

45

colleges, universities & 2-year colleges throughout Arkansas

2,100

Engineering-related certificates and degrees awarded each year

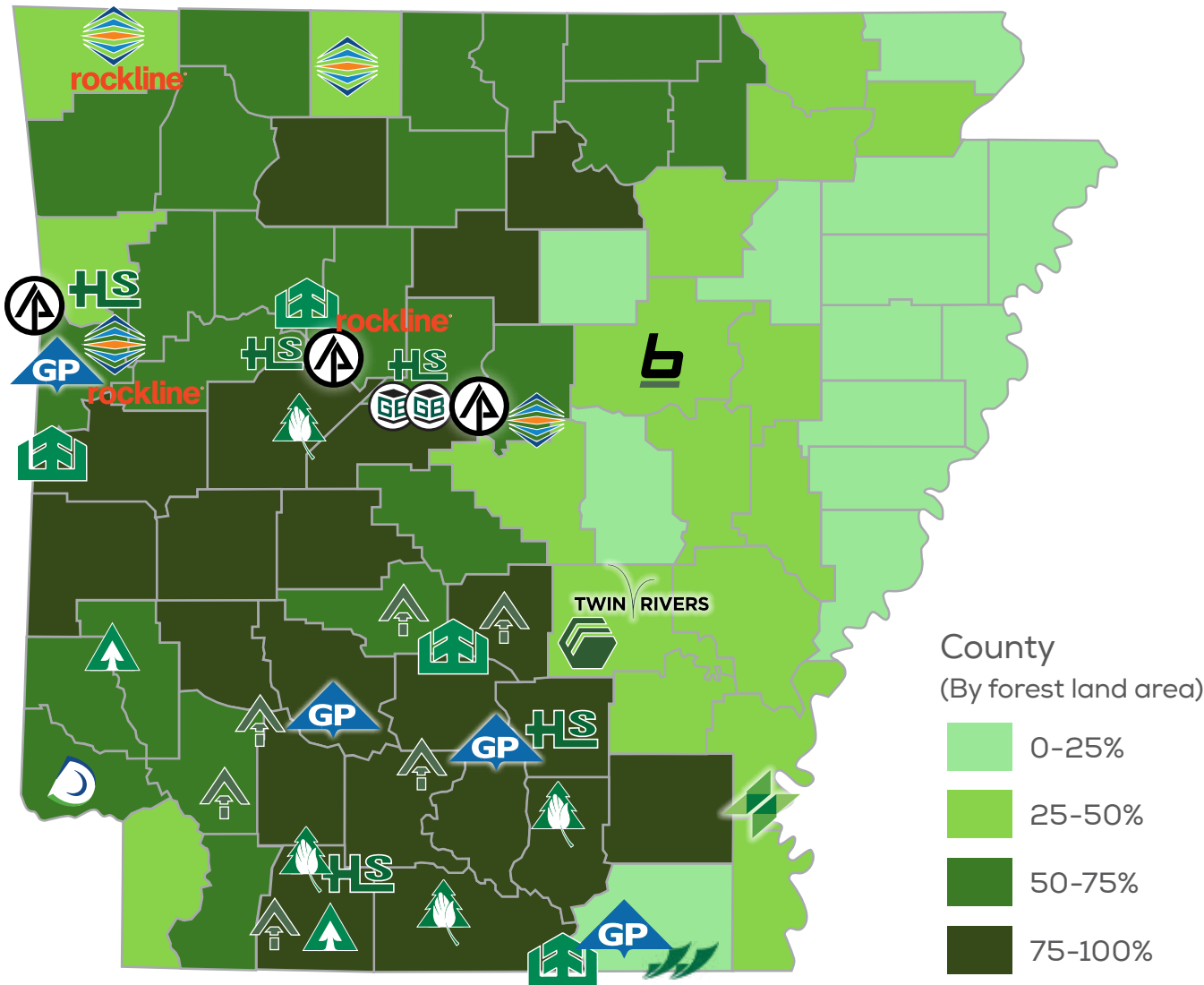
160k+

students enrolled at an Arkansas institution of higher learning

















14

Different degree programs offered by Arkansas colleges and universities in the Timber & Forest Products industry

MAJOR FOREST PRODUCT PRODUCTION LOCATIONS IN ARKANSAS



COMPANIES WITH 300+ EMPLOYEES IN ARKANSAS

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



IN THE U.S.
FOR RELATIVE
VALUE OF \$100



BALANCED
BUDGET SINCE
1945



INCOME TAX CUTS
SIGNED IN 2015,
2017, 2019



LOWEST
COST OF DOING
BUSINESS



ARKANSAS' HOME-GROWN FORTUNE 500s



Dillard's



TOP STATE FOR SMALL BUSINESS FRIENDLINESS

Source: Thumbtack, 2019



LOWEST IN UNION MEMBERSHIP RATES IN THE U.S

Source: Bureau of Labor Statistics



LOWEST INDUSTRIAL ELECTRICITY RATES

Source: Business Facilities Magazine 2020, 16th Annual State Ranking Report



ON THE COST OF LIVING INDEX (FIRST QTR 2020, SOURCE: C2ER)

Source: U.S. News and World Report, Best States Rankings Report 2019



TOP MANUFACTURING STATE BY PERCENTAGE OF WORKFORCE, THIRD IN THE SOUTH

Source: BLS Employment & Earnings, Annual 2019



FOREIGN OWNED OPERATIONS IN THE STATE

ADVANTAGE ARKANSAS PROGRAM

- Income tax credit
- 1-4% of new payroll
- 5 year accrual; 9 year carry forward

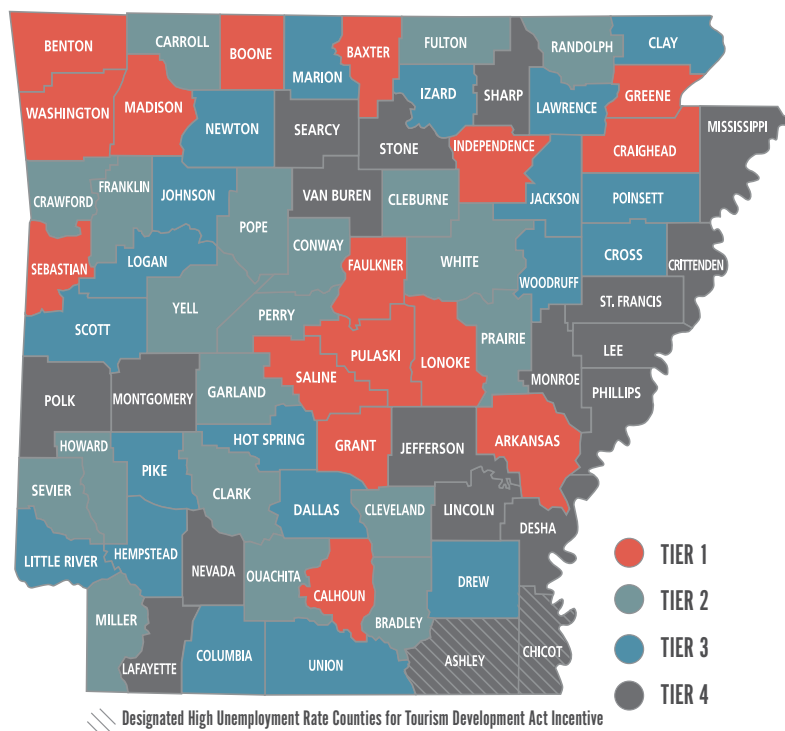
ARKPLUS PROGRAM

- Income tax credit
- 10% of initial investment
- 9 year carry forward

CREATE REBATE PROGRAM

- Cash payment
- 3.9-5% of new payroll
- 1-10 year accrual

ARKANSAS INCENTIVE TIER MAP - EFFECTIVE JULY 1, 2021



| | ADVANTAGE ARKANSAS | | TAX BACK | CREATE REBATE | | ARKPLUS | |
|--------|--------------------|-------------------------|----------------------|-------------------|------------------------|--|-------------------|
| | PAYROLL THRESHOLD | BENEFIT* (% OF PAYROLL) | INVESTMENT THRESHOLD | PAYROLL THRESHOLD | BENEFIT (% OF PAYROLL) | INVESTMENT THRESHOLD (BENEFIT = 10% OF INVESTMENT) | PAYROLL THRESHOLD |
| TIER 1 | \$125,000 | 1% | \$500,000 | \$2,000,000 | 3.9% | \$5,000,000 | \$2,000,000 |
| TIER 2 | \$100,000 | 2% | \$400,000 | \$1,750,000 | 4.25% | \$3,750,000 | \$1,500,000 |
| TIER 3 | \$75,000 | 3% | \$300,000 | \$1,500,000 | 4.5% | \$3,000,000 | \$1,200,000 |
| TIER 4 | \$50,000 | 4% | \$200,000 | \$1,250,000 | 5% | \$2,000,000 | \$800,000 |

Minimum average hourly wage to qualify for an incentive program is \$14.11.

*Qualified businesses shall receive an additional tax credit of 1% of payroll if the new employees average hourly wage exceeds 125% of the lesser of the state or county average wage

INFRASTRUCTURE ASSISTANCE

- Offset infrastructure costs
- State and Federal funds
- Based on need and due diligence

TAX BACK PROGRAM

- Sales and use tax refund
- Full refund less 1% on eligible expenditures
- 4 year accrual

CUSTOMIZED TRAINING PROGRAM

- Reimbursement of eligible costs
- On and Off-site training
- Customized based on need

EQUITY INVESTMENT TAX CREDIT

- Transferable income tax credit given to investor
- 33% of amount invested
- Used to attract investment in new, tech-based, high-wage businesses

RESEARCH & DEVELOPMENT TAX CREDITS

- In-house R&D = 20% of eligible costs
- University-based R&D = 33% of eligible costs
- Must qualify for federal R&D tax credit

PROPERTY TAX ABATEMENT

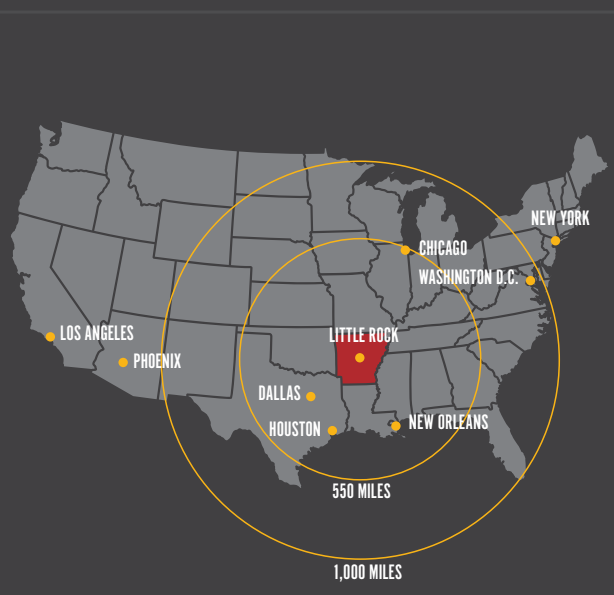
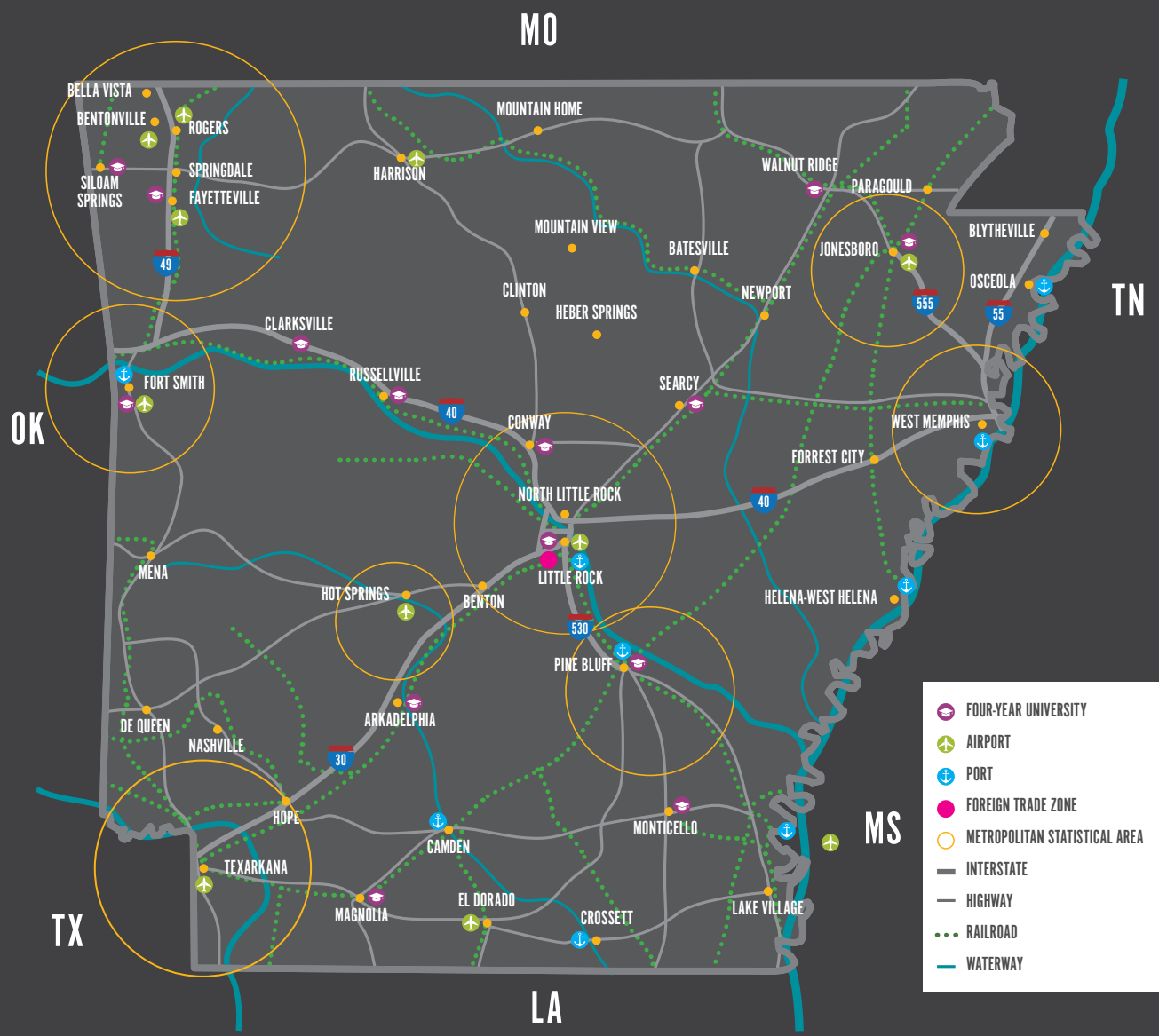
- Authorized and offered by city or county
- Up to 65% abatement
- Length of abatement = length of bond issuance

OTHER INCENTIVES:

- Recycling Tax Credit
- Tourism
- Early Stage-Knowledge Based Programs
- Tuition Reimbursement Tax Credits



6 | INFRASTRUCTURE AND TRANSPORTATION



-  **NAVIGABLE WATERWAYS**
1,000 miles
-  **CLASS I RAILROAD**
1,670 miles
-  **STATE AND U.S. HIGHWAYS**
16,418 miles
-  **PUBLIC AIRPORTS**
approximately 100



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