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Forests define New Hampshire. According to the U.S. Forest Service's Forest Inventory Analysis, 4,714,647 acres of the state (approximately 82 percent) is covered in forest. These forests are also a prominent part of the state's economy. They produce forest products (logs for lumber, firewood for heating, and wood chips for power and paper-making). In addition to producing forest products, almost all of these acres also support a wide variety of outdoor recreations, thus making a vital contribution to one of the state's largest industries: tourism.

These economic contributions are impressive. In 2017, forest products from New Hampshire's private and public timberlands generated \$828 million in direct economic output and an estimated \$1.4 billion in total economic output (including direct, indirect, and induced impacts). That same year, forestland outdoor recreation on these lands generated another \$1.7 billion in direct economic output and \$3.0 billion in total economic output.

This data was sought by the New Hampshire Timberland Owners Association (NH TOA) in 2017 to answer two questions:

1. What is the total economic benefit (forest products and tourism) New Hampshire receives from working forests?
2. Comparatively, how do private, federal, and state/municipal forests contribute to the economy?

One reason for these questions is the perennial debate over whether forestland (public and private) is an economic engine or a drain on state and local economies.

To answer these questions, the NH TOA commissioned Innovative Natural Resources Solutions (INRS) and Plymouth State University (PSU) to conduct two studies to measure the economic value and impact of New Hampshire's forests. Using data from the N.H. Department of Revenue Administration (N.H. DRA), the N.H. Statewide Geographic Information System Clearinghouse, and the U.S. Department of Agriculture, the INRS study looks at property/timber taxes and timber values. PSU's study also relied on data from the N.H. DRA, the U.S. Bureau of Economic Analysis, and the N.H. Department of Natural and Cultural Resources to quantify the recreational economic activity. In both studies, the economic values and impacts are broken down by private and public (federal and state/municipal) lands.

#### Forest products

There are 4,569,672 acres of timberland in New Hampshire (timberland is a subset of "forest land"). Timberland is defined as forest land capable of producing in excess of 20 cubic feet of timber per acre per year and not legally withdrawn from timber production, with a minimum area classification of one acre. In a practical sense, these are working forests large enough to support a commercial timber harvest, produce forest products, provide recreational opportunities (e.g., hiking, hunting, etc.), and countless other benefits to society such as wildlife habitat, biodiversity, clean air, clean water, etc.

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Seventy-five percent of these lands are owned privately by individuals, families, non-profits, and businesses. In 2018 these private lands paid \$62,675,698 in property and timber taxes while public lands (federal, state, county, and municipally owned), through payment-in-lieu-of-taxes (PILT), revenue sharing, and timber taxes, paid \$810,654. On a per acre basis, private land paid \$18.31/acre and public land paid \$0.71/acre.

Beyond property and timber taxes, an even more substantial economic impact is derived from the timber that is harvested on timberland and the value that is added during the manufacturing of wood products and energy. In 2017, landowners (private and public) received \$35 million for their standing timber (aka “stumpage”). The direct economic output this stumpage supported (logging, milling, and power production) was \$828 million. Using previous IMPLAN (Impact Analysis for Planning – an input-output economic model) modeling runs, INRS estimated the total economic value this stumpage supported at \$1.43 billion. The majority of this economic activity originates from private land, as 92 percent of all timber harvested in New Hampshire comes from private lands.

Even more impressive is how this economic activity compares between landowner types on a per acre basis. In 2017 every acre of private timberland annually generated \$9.41 in stumpage payments and \$222.81 in direct economic output, and is estimated to produce \$384.12 in total economic output. This compares to state/county/municipal land that generated \$6.44 in stumpage payments, \$152 in direct economic output, and an estimated \$262.74 in total economic output, while federal lands generated \$1.90 in stumpage payments, \$45 in direct economic output, and an estimated \$77.57 in total economic output.

#### Forestland outdoor recreation

Tourism is a significant part of the New Hampshire’s overall economy, ranking as one of the top three industries in the state. Although “tourism” is a broad term, in a heavily forested state such as New Hampshire, forestland outdoor recreation is a significant contributor to this industry. For the purposes of this report, “forestland outdoor recreation” activities include hunting/shooting/trapping, touring in recreational vehicles (RVing), alpine skiing, snowmobiling, ATVing, climbing/hiking/tent camping, equestrian, bicycling, and Nordic skiing. All of these activities occur on private land and most of them occur on public land.

Using 2017 data, PSU calculated the direct economic output from New Hampshire forestland outdoor recreation to be \$1.7 billion, supporting 17,442 jobs. This direct economic output and employment supports another \$1.3 billion in economic output and 8,303 jobs.

With a total (direct, indirect, and induced) economic output of \$3.0 billion and 25,745 jobs, forestland outdoor recreation represents 2.9 percent of all employment in New Hampshire and 2.2 percent of the state’s gross domestic product.

Looking at landowner type reveals that private lands have the largest total economic contribution, with \$2.2 billion in total output compared to \$424 million for state and municipal lands and \$341 million for federal lands. Similar to forest products, on a per acre basis the contribution from private lands was the greatest at \$1,282 per acre in total output while the average total output attributed to public lands was \$668 per acre.

#### Conclusion

In New Hampshire, like most of northern New England, lands managed for forest products also support forestland outdoor recreation. There is a nexus between forest management and forestland recreation. Logging roads and trails become snowmobile and hiking trails, forestry activities that benefit wildlife populations support hunting and wildlife watching.

Not surprising, the data shows private lands, on a total dollar and per acre basis, make the largest forest products economic contribution when compared to public lands. What may surprise some is these same lands, on a total

dollar and per acre basis, are also the largest forestland outdoor recreation economic contributor. Much of this activity can be attributed to New Hampshire's long and enduring tradition of private landowners allowing passive recreation (i.e. not posting property to trespassing). This is unique, as in most parts of the country public access to private land is restricted.

Although virtually no New Hampshire landowners receive compensation for allowing passive recreation (i.e. hiking, hunting) on their property, the NHTOA believes three factors encourage this tradition of private landowners allowing passive recreation on their property,

1. Tax policy that is fair, reasonable, and encourages passive recreation -- New Hampshire's Current Use Taxation (Chapter 79-A of the New Hampshire Statutes);
2. Laws that limit a landowner's liability to personal injury lawsuits – New Hampshire's Duty of Care Law (Section 212:34 of the New Hampshire Statutes); and
3. A forest products industry and infrastructure capable of compensating timberland owners for their stumpage, enabling them to economically own timberland and not have to seek alternative sources of money through development or requiring lease payments (e.g., hunting leases).

This report illustrates and quantifies the value New Hampshire's citizens, economy, and communities receive from New Hampshire's forestland. It answers the common misperceptions that forestland recreation occurs mostly on public land and that public lands do not produce forest products.

Moreover, this report illustrates the importance of having tax and legal/regulatory policies that encourage forest management and public recreation and how timber markets enable private timberland owners to keep their lands open. Lastly, this report also illustrates the economic benefits that come from forest management on public lands.

Finally, I want to take this opportunity to thank all the people who helped make these reports possible. This includes the researchers Charles Levesque from Innovative Natural Resource Solutions, LLC, Daniel Lee from Plymouth State University and our donors, the Granite State Woodland Institute, French Foundation, and the Weyerhaeuser Foundation.

Sincerely,



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