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**APPENDIX B. LIST OF FOREST ECONOMIC DEVELOPMENT ISSUES
GENERATED BY INDIVIDUAL INTERVIEWS.**

1. BIOLOGICAL CAPACITY

Question 1. Are there limitations, opportunities, or concerns that you have regarding the biological capacity of Arkansas' forest ecosystems to support additional economic development.

1. A Management concerns or limitations or opportunities that affect biological capacity
 - 1.A.1 Loss of management tools (prescribed fire, chemicals)
 - 1.A.2 Variety of management practices an advantage (even- and uneven-aged)
 - 1.A.3 Concern over loss of hardwoods
 - 1.A.4 Intensity/productivity of non-industrial private forests lower
- 1.B. Forest health concerns
 - 1.B.1 Droughts/insects/disease/forest decline complex
 - 1.B.2 Wet weather impacts on logging – timber supply
 - 1.B.3 Wet weather logging equipment limitations to silviculture (selection management)
 - 1.B.4 Forest health issues on National Forests impacting lands outside of NFs
- 1.C. Forest area
 - 1.C.1 Suburban sprawl in NW Arkansas and West Little Rock
 - 1.C.2 Forest fragmentation into smaller ownerships
 - 1.C.3 Reforestation of marginal agricultural lands in Delta
- 1.D. Forest productivity
 - 1.D.1 Depletion of soil nutrients
 - 1.D.2 Potential for increased productivity on NIPF lands
- 1.E. Forest uses that may conflict with timber production
 - 1.E.1 Water demands and the creation of reservoirs and watersheds
 - 1.E.2 Recreation/amenity demands growing
 - 1.E.3 Conservation/preservation of threatened and endangered species and habitats

2. FINANCIAL/ECONOMIC ISSUES

Question 2. Can you identify economic issues (i.e. availability of financial resources, capital costs, trade issues, or global competition) that restrict or promote forest development in Arkansas?

- 2.A. Access to capital
 - 2.A.1 Access to capital through regional banks slow, complicated
 - 2.A.2 Local banks don't have enough capital to start up forestry businesses
 - 2.A.3 Perceived risk in forestry business (esp. logging) high
 - 2.A.4 Lack of knowledge of forest businesses in lending institutions
 - 2.A.5 Start-up loans more difficult than loans for existing businesses
- 2.B. Markets and Supply
 - 2.B.1. Long distance to either East or West Coast Markets
 - 2.B.2 Arkansas port facilities
 - 2.B.3 Arkansas' proximity to strong domestic markets

- 2.B.4 Need for low quality hardwood market (chip market)
- 2.B.5 Need to increase quality of oak supply
- 2.B.6 Demand for lower quality, fast grown plantation pine
- 2.B.7 Hardwood pulpwood supply in SE Arkansas
- 2.B.8 Loss of markets for large diameter trees in Arkansas
- 2.C. Financial assistance
 - 2.C.1 Payroll assistance for logging firms during wet weather
 - 2.C.2 Financial planning assistance for smaller forest products businesses
 - 2.C.3 2007 Farm Bill and forestry incentives
 - 2.C.4 Assistance with small business insurance/health care costs
- 2.D. Business practices
 - 2.D.1 Lack of long-term contracts, inconsistent cash flows for logging businesses
 - 2.D.2 Lack of standardization on mill and logging product specifications
- 2.E. Trade and Global Competition
 - 2.E.1 Canadian lumber imports
 - 2.E.2 Quality and price of foreign products
 - 2.E.3 Strength of U.S. dollar
 - 2.E.4 Global inequities in level of environmental regulations
 - 2.E.5 Foreign subsidies of wood industry (raw material, labor, energy)
 - 2.E.6 Not foreign competition, but global partnerships in manufacturing, take advantage of other countries advantages in a partnership.

3. INFRASTRUCTURE

Question 3. Are there opportunities or constraints with the physical infrastructure (transportation network, research facilities, etc.) in the state of Arkansas?

- 3.A. Road transportation
 - 3.A.1 Interstate highway access (I-30 to I-20, I-530 to I-20, I-69, North Central Ark.)
 - 3.A.2 Local road improvements (widening, better bridges, higher weight capacities)
 - 3.A.3 Forest road infrastructure - NIPF and REIT landowners not maintaining roads
 - 3.A.4 Logging truck safety issues regarding overhang and lights need to be addressed
- 3.B. Water transportation
 - 3.B.1 Need barge service on White River to extend to Newport / Batesville
 - 3.B.2 Better capacity at Yellow Bend and other intermodal facilities
 - 3.B.3 Ouachita River dam systems need repair
- 3.C. Rail transportation
 - 3.C.1 Short-haul, branch (class III) lines disappearing
 - 3.C.2 Need for sidings, switching services are poor
 - 3.C.3 Rail bridges need repair, upgrading
 - 3.C.4 Rail system is at capacity – cannot use for intrastate or even some interstate, shipping priority is for coast to coast.
 - 3.C.5 Availability of cars low
 - 3.C.6 Multiple ownership and routing of rail lines increases complexity and costs

- 3.D. Forest protection
 - 3.D.1 State needs more firefighting capacity
- 3.E. Energy production
 - 3.E.1 Wood or biomass energy plants could meet rural energy needs
 - 3.E.2 Adoption of existing coal plants to burn bio-fuels
- 3.F. Research/education capacity
 - 3.F.1 Need new forestry building at UAM to increase capacity in research/teaching/outreach
 - 3.F.2 Need forest products laboratory at UAM
 - 3.F.3 Need small wood business incubator at UAM
 - 3.F.4 Cooperative Extension Service not suited for forestry support
- 3.G. Other issues
 - 3.G.1 Restrictions on use of Federal highway money
 - 3.G.2 Fewer mills (markets) meaning larger procurement zones, longer haul distances
 - 3.G.3 Higher fuel costs – surcharges for haul distance don't keep pace
 - 3.G.4 Few logging support businesses in North Arkansas, distribution points for equipment and parts
 - 3.G.5 Communications capacity needs upgrades (T1 lines, cellular towers)

4. POLICY AND REGULATION

Question 4. Are there laws, regulations, policies, or cultural issues that must be addressed in order to successfully expand the economic role of Arkansas' forests?

- 4.A. Taxes
 - 4.A.1 Tax laws complicated for forest landowner and small businesses
 - 4.A.2 Sales taxes on raw materials, energy, manufacturing/logging equipment
 - 4.A.3 Forest property taxes are low (keep timber value off property tax rolls)
 - 4.A.4 Death (inheritance) taxes
 - 4.A.5 Severance tax support to the AFC / UAM
 - 4.A.6 Tax credits for reforestation (Mississippi offers \$10,000 lifetime tax credit)
 - 4.A.7 Create "tax free zones" for period of time to encourage development
- 4.B. Laws / legal reforms
 - 4.B.1 Tort reform – excessive litigation accelerating health care and insurance costs
 - 4.B.2 NEPA requirements for public timber sales are excessive burden
 - 4.B.3 Limit liability attached to prescribed fire
 - 4.B.4 Trespass laws that are more landowner friendly
 - 4.B.5 Need a "right to practice forestry" act to protect against unfair zoning
- 4.C. Forest regulatory environment
 - 4.C.1 Ark. regulatory environment good, advantage over other states (BMPs voluntary)
 - 4.C.2 Limit use of clean air laws to restrict prescribed burning
 - 4.C.3 Regulations of fertilizer (NW Arkansas)/herbicide/pesticide use
 - 4.C.4 Environmental permitting costs are too high, complex, too many agencies
 - 4.C.5 Permitting of bio- or green fuels needs to be simpler, lower cost
 - 4.C.6 Concerns about Endangered Species Act

- 4.C.7 Water quality laws (TMDLs)
- 4.C.8 Real Estate Commission – licensing classes need to be pertinent to forests
- 4.D. Forest policy – incentive programs
 - 4.D.1 More focus on broad conservation goals rather than intensive forest production
 - 4.D.2 Create salable tax credits for forestry activities (carbon credits)
 - 4.D.3 Green energy production incentives/tax credits needed
 - 4.D.4 Natural resource tags – lower vehicle tax costs for logging trucks
 - 4.D.5 Simplify or relax CRP qualifications
- 4.E. Local government regulations
 - 4.E.1 Consistent road weight limits in all counties
 - 4.E.2 Need higher weight limits for forest products (100,000 to 125,000 lbs)
 - 4.E.3 County road “improvements” may actually lead to lower weight limits/restrictions
- 4.F. Public policy
 - 4.F.1 National Forest timber sale budgets need to be increased
 - 4.F.2 Forest certification systems and standards
 - 4.F.3 Perceptions that Federal forest lands are not a reliable timber source
 - 4.F.4 Adoption of green building standard (LEED, Green globes, NAHB)
 - 4.F.5 Economic development agencies unaware of importance of forest industry

5. HUMAN DIMENSIONS

Question 5. Can you identify human resource limitations or opportunities, or educational needs (ranging from workforce training to graduate studies)?

- 5.A. General social / human dimension issues
 - 5.A.1 Negative perception of the industry (low tech/low wages/bad for environment)
 - 5.A.2 Changing role of national forests away from timber production
 - 5.A.3 Fear of monoculture, intensive forestry
 - 5.A.4 Rural areas of Arkansas accept forestry as socially acceptable
 - 5.A.5 Forest industry independent and fragmented, needs unite in a common cause
 - 5.A.6 Arkansas needs to partner with surrounding states for regional forest development
 - 5.A.7 Social issues confronting working class (drugs, alcohol, other issues)
 - 5.A.8 Minority involvement in entry levels of forest industry (especially Hispanics)
- 5.B. General education in Arkansas
 - 5.B.1 Arkansas needs to foster a culture where education is valued
 - 5.B.2 Forest industry needs a presence in school curriculum development
 - 5.B.3 Need to inform potential workforce of opportunities in forest industries
 - 5.B.4 Workforce skills need emphasis at all levels
 - 5.B.5 Not all children will be college bound, but all need high quality technical skills
 - 5.B.6 Workplace safety needs to be stressed at all levels
- 5.C. Workforce development
 - 5.C.1 State funding for SEACBEC program in Warren
 - 5.C.2 Training for temporary workers
 - 5.C.3 Need tech education to supplement workforce training, coordinate with Vo-Techs

- 5.C.4 Need training for office staff and workers (administration skills)
- 5.D. Higher education
 - 5.D.1 Need for good forestry technicians (2-year degree)
 - 5.D.2 Need more professionals at M.S./PhD. level in technical areas of biometrics / GIS
 - 5.D.3 Technical specialists (SIS, biometrics, harvest engineering) rather than “general forester”
 - 5.D.4 Need to attract women/minorities
- 5.E. Continuing education
 - 5.E.1 All Cooperative Extension Service agents need forestry training
 - 5.E.2 More opportunities for continuing education of Arkansas Forestry Commission employees
 - 5.E.3 Education for local financial institutions in the basics of forestry business
 - 5.E.4 Better coordination of AFA/AFC/UAM/CES education
 - 5.E.5 Need better incentives to encourage continuing education
 - 5.E.6 Need better linkages between UAM and industry in developing CE programs
- 5.F. Forest representation
 - 5.F.1 Arkansas needs statewide landowner organization run by private, non-industrial landowners (like Alabama’s model)
 - 5.F.2 Agricultural CRP committee needs more than one forestry member
 - 5.F.3 More state legislators from industry ranks

6. SCIENTIFIC AND TECHNICAL NEEDS

Question 6. Are there any scientific or technical problems, needs, or opportunities? Is there a need for research and development of new technologies or products, or a need for better information to help ensure forest productivity and sustainability in Arkansas?

- 6.A. General
 - 6.A.1 University research needs to have balance between tree growing and wood products
 - 6.A.2 More research partnerships needed between UAM, government, industry, private landowners, and NGOs.
 - 6.A.3 UAM research results need to be more visible to the public
- 6.B. Forest products development
 - 6.B.1 Wood energy
 - 6.B.2 Small diameter and low quality wood (hardwoods)
 - 6.B.3 Wood preservation technologies
 - 6.B.4 Engineered wood products
 - 6.B.5 Related industries (adhesives)
 - 6.B.6 Carbon credits
 - 6.B.7 High value-added products (furniture, appearance pine)
 - 6.B.8 Promote a forest economy beyond timber (returns from conservation activities)
 - 6.B.9 Better nurseries and planting stock options (especially hardwoods)
- 6.C. Information technology
 - 6.C.1 Online remote sensing data

- 6.C.2 GIS integration into logging
- 6.C.3 Database of wood markets (improve current AFC industry database)
- 6.C.4 Statewide landowner database
- 6.C.5 Low-cost forest inventory technologies
- 6.C.6 High-tech inventory technologies (LIDAR)
- 6.D. Logging technology needs
 - 6.D.1 Better wet weather logging equipment, systems
 - 6.D.2 Small scale, small diameter logging systems for biomass and selection harvesting
 - 6.D.3 More information on new harvest systems, costs and productivity
 - 6.D.4 Multiple-use hauling platforms for logging industry to reduce “deadheading”
- 6.E. Other development needs
 - 6.E.1 Work with cities to develop wood energy plants
 - 6.E.2 Assistance in building cooperatives for landowners, loggers
- 6.F. Research needs
 - 6.F.1 REIT and NIPF management
 - 6.F.2 Forest productivity
 - 6.F.3 Forest health and protection
 - 6.F.4 Forest Products
 - 6.F.5 Forest information systems (biometrics, SIS)
 - 6.F.6 Forest operations