

C I N T R A F O R

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Lewis County Economic Assessment

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Executive Summary

Lewis County Economic Assessment

Lewis County, historically a resource-based economy, is struggling to maintain past levels of resource-based employment and net earnings in light of increasingly stringent environmental regulations and changing demographics. A growing tourism and retail trade sector has offset some of the regulatory impacts on these resource based sectors and has allowed the economy as a whole to continue to grow. However, retail trade revenues are low profit margin, and regionally centered along Interstate 5 (I-5), the cross-state transportation artery. The future of the resource-based industries [forestry, mining, and agriculture] is still critically important to the County's economy.

The goal of this analysis was to better understand the role of the natural resource-based industries on the region's economy, recognizing that over the last decade the changing regulatory framework has had a major impact on the sector and will continue to be a dominant force in the future. The objectives included determining the impacts of natural resource revenues on Lewis County's economic stability, defining the contribution of Lewis County's natural resource sector relative to the burgeoning tourism industry, and determining the socioeconomic impacts of the decline of natural resource revenues in Lewis County.

Historical data was collected for forestry, agriculture, mining, and retail trade including tourism. An analysis of employment, net earnings, tax revenues, and production (where applicable) has been conducted for each of these four sectors. Additionally, for each of these sectors, intra-county, adjacent county, and state economic comparisons have been provided. Overall, with 73% of the land base in forestland and regulatory changes that have substantially impacted the acceptable management alternatives over the last decade, a more detailed analysis of future trends has been provided for the forest sector than other sectors. These results have been integrated to assess how Lewis County's natural resource based business fits into the total economic outlook for the county.

Since the majority of the natural resource revenues in Lewis County are generated from the forest sector, a range of future alternatives was developed for the forest sector. The impacts of the costs and revenues associated with current and potential future forest practice regulations on the forest industry have been analyzed using a model to simulate the impact of various regulations and forest management alternatives. A number of economic and environmental measures were analyzed.

Forest Sector Projections

Both economic and habitat measures were linked to a forest harvest model to characterize changing futures under different regulatory and management strategies. Harvest flows and Net Present Value (NPV) for each landowner group, employment and taxes along with several environmental measures such as late seral forest structures, were simulated for a range of regulatory and management alternatives:

Base Case: Pre-1990 harvest practices

Case 2: New minimum regulations

Case 5: Expected practices

Case 6: Wider Riparian Buffers

Case 3: Biodiversity Management State and Private

Case 4: Biodiversity Management all Owners

Timber Harvest

Net Present Value of Forestland

Wood Products vs. Retail Trade Employment

Tax Receipts from Economic Activity Associated with Timber Harvests

Environmental Restoration of Late Seral Structures for Protected Habitats

Cost of Late Seral Habitat Restoration

Tourism and Retail Trade

Mining and Agriculture

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