Montana Manufacturing

Labor Income by Sector

Employment: ~23,430
Labor Income: ~$1.2 billion
Sales: ~$11.3 billion

Petroleum & Coal Products 17%
Food & Beverage 14%
Metals 12%
Wood & Furniture 16%
Chemicals & Nonmetallic Minerals 13%
Machinery 6%
Computers, Electronics & Appliances 4%
Other 18%

Sources: BEA-Dept of Commerce; and BBER estimates
Changes in Montana & U.S. Manufacturing Employment

- 12%
- 10%
- 8%
- 6%
- 4%
- 2%
- 0%
- 2%
- 4%
- 6%
- 8%
- 10%
- 12%


Montana
United States

Source: Bureau of Economic Analysis

*2015 estimated
Montana Manufacturing Output

- Real value has increased longer term
- $11.3 billion in 2014; 2015 probably lower
- Highly influenced by petroleum products

Source: U.S. Census Bureau
Montana Manufacturing Exports

Account for 8 to 10% of total output

Top export destinations:
- Canada - 45%
- Korea - 9%
- China - 8%
- Japan - 5%
- Mexico - 5%
- Taiwan - 4%
- Belgium - 2%

Sources: Census Bureau, wisetrade.org
Montana Manufacturing Exports

2014 total: $1.01 billion

Declining:
- Chemicals
- Machinery
- Petroleum prods.
- Transport equip.

Growing:
- Beverages
- Food
- Wood prods.
- Fabricated metals

Sources: Census Bureau, wisertrade.org
Pending Trade Agreements

Trans-Pacific Partnership (TPP)

- 11 countries + U.S.
- Account for about 70% of MT exports
- Largest: chemicals, fuels, consumer goods

Transatlantic Trade & Investment Partnership (T-TIP)

- European Union + U.S.
- Account for about 12% of MT exports
- Largest: chemicals, high-tech instruments
2015-2016 Montana Manufacturers Survey

- annual survey
- conducted in November
- open-ended & multi-choice questions
- current & coming year
- 184 firms participated
- cooperation rate 96%
Property Tax & Montana Manufacturers

Which property tax class impacts your business most?
- 51% Class 8: business equipment
- 29% Class 4: land & improvements
- 9% don’t know
- 5% both/same

How have property taxes impacted your business?
- 45% significant negative impact/cost
- 33% none/neural/minimal impact
- 13% just another expense/pass it on/plan for it
## Property Tax & Montana Manufacturers

### Your firm’s property tax over the past 3 years?

<table>
<thead>
<tr>
<th>Increase</th>
<th>Decrease</th>
<th>Same</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>61%</td>
<td>7%</td>
<td>19%</td>
<td>13%</td>
</tr>
</tbody>
</table>

### Property taxes for 2016?

<table>
<thead>
<tr>
<th>Increase</th>
<th>Decrease</th>
<th>Same</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>1%</td>
<td>33%</td>
<td>25%</td>
</tr>
</tbody>
</table>

### As a result of the 2015 re-appraisal?

<table>
<thead>
<tr>
<th>Increase</th>
<th>Decrease</th>
<th>Same</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>46%</td>
<td>5%</td>
<td>14%</td>
<td>35%</td>
</tr>
</tbody>
</table>
Major Issues for Montana Manufacturers

2015

• Labor, skilled workers: 36% of firms
• General economy, markets, competition, sales: 24%

2016

• Labor, skilled workers: 25% of firms.
• General economy, markets, competition, sales: 27%
Overall Outlook by Sector

- **All Manufacturing**:
  - 2016: 0.63 (Improving)
  - 2015: 0.70 (Declining)

- **Wood, paper & furniture**:
  - 2016: 0.58 (Improving)
  - 2015: 0.70 (Declining)

- **Food & beverage**:
  - 2016: 0.70 (Improving)
  - 2015: 0.70 (Declining)

- **Chemicals, petroleum & coal**:
  - 2016: 0.63 (Improving)
  - 2015: 0.70 (Declining)

- **Machinery**:
  - 2016: 0.68 (Improving)
  - 2015: 0.70 (Declining)

- **All other**:
  - 2016: 0.70 (Declining)
  - 2015: 0.70 (Declining)
Montana Forest Products 2015/2016

- U.S. homebuilding growth continues
- Strong dollar, weaker demand from China, interest rate hike, end of SLA = challenges to U.S. wood products industry
- Private & public timber availability is the major constraint for most Montana mills
  - Private land ownership changes
  - Many small, young trees in private forest inventory
  - Federal forest management issues
Montana Wood Products
Outlook

2016
2015

Declining/ Improving
Overall Outlook by City

- **Helena**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Great Falls**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Missoula**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Billings**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Bozeman**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Butte**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Kalispell**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Lewistown**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

- **Montana**
  - 2016: [0.4, 0.5, 0.6, 0.7]
  - 2015: [0.4, 0.5, 0.6, 0.7]

**Declining/Increasing**
Lewis & Clark County Manufacturing
Labor Income by Sector

Transportation Equipment 33%
Food & Beverage 12%
Other Durable Goods 16%
Other Nondurable Goods 24%
Printing 5%
Wood & Furniture 7%
Fabricated Metals 5%

Labor Income: $48.5 million - 2014
Employment: 995

Sources: BEA-REIS; Census Bureau; and BBER estimates
Lewis & Clark County Manufacturing

Million $

<table>
<thead>
<tr>
<th>Year</th>
<th>Worker Earnings</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$36</td>
<td>800</td>
</tr>
<tr>
<td>2010</td>
<td>$38</td>
<td>850</td>
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<tr>
<td>2011</td>
<td>$40</td>
<td>900</td>
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<tr>
<td>2012</td>
<td>$42</td>
<td>950</td>
</tr>
<tr>
<td>2013</td>
<td>$44</td>
<td>950</td>
</tr>
<tr>
<td>2014</td>
<td>$48</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis
Helena Area Manufacturing Outlook

Overall

Employment

Sales

Production

Profit

Declining/ Improving

2016 2015
Cascade County Manufacturing
Labor Income by Sector

- **Food & Beverages**: 42%
- **Furniture & Wood Products**: 8%
- **Other Non-durable Goods**: 29%
- **Printing**: 6%
- **Other Durable Goods**: 19%

**Labor Income**: $75.5 million - 2014

**Employment**: 1,355

Sources: BEA-REIS; Census Bureau; and BBER estimates
Cascade County Manufacturing

<table>
<thead>
<tr>
<th>Million $</th>
<th>Jobs</th>
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<tbody>
<tr>
<td>$45</td>
<td></td>
</tr>
<tr>
<td>$55</td>
<td></td>
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<tr>
<td>$60</td>
<td></td>
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<tr>
<td>$70</td>
<td></td>
</tr>
<tr>
<td>$75</td>
<td></td>
</tr>
<tr>
<td>$80</td>
<td></td>
</tr>
</tbody>
</table>

2009 2010 2011 2012 2013 2014

Worker Earnings
Employment

Source: Bureau of Economic Analysis
Great Falls & Havre Area Manufacturing Outlook

- Overall
- Employment
- Sales
- Production
- Profit

Comparing 2015 and 2016, the overall trend shows slight improvement in most areas.
Missoula County Manufacturing
Labor Income by Sector

- Wood & Furniture: 18%
- Food & Beverage: 19%
- Other Durable Goods: 41%
- Chemicals: 16%
- Other Non-durable Goods: 6%

Labor Income: $108.9 million - 2014
Employment: 2,415

Sources: BEA-Dept of Commerce and BBER estimates
Missoula County Manufacturing

Year | Worker Earnings (Million $) | Employment (Jobs)
-----|------------------------------|------------------
2009 | $130                         | 2,600
2010 | $120                         | 2,500
2011 | $90                          | 2,400
2012 | $80                          | 2,300
2013 | $110                         | 2,200
2014 | $120                         | 2,100

Source: Bureau of Economic Analysis
Ravalli County Manufacturing

Source: Bureau of Economic Analysis
Missoula Area Manufacturing Outlook

- Overall: Declining/Improving
- Employment: Declining/Improving
- Sales: Declining/Improving
- Production: Declining/Improving
- Profit: Declining/Improving
Yellowstone County Manufacturing
Labor Income by Sector

Labor Income: $319 million - 2014

Employment: 3,955

Sources: BEA-REIS; Census Bureau; and BBER estimates
Yellowstone County Manufacturing

Worker Earnings and Employment from 2009 to 2014

Source: Bureau of Economic Analysis
Gallatin County Manufacturing
Labor Income by Sector

- **Labor Income:** $152 million - 2014
- **Employment:** 3,436

**Sources:** BEA-REIS; Census Bureau; and BBER estimates

- Fabricated Metals 15%
- Computers, Electronics & Appliances 13%
- Non-Metallic Minerals 10%
- Wood & Furniture 6%
- Other Non-Durable Goods 9%
- Food & Beverages 11%
- Plastics & Rubber 4%
- Other Durable Goods 33%
- Wood & Furniture 6%
- Non-Metallic Minerals 10%
Gallatin County Manufacturing

<table>
<thead>
<tr>
<th>Year</th>
<th>Worker Earnings (Million $)</th>
<th>Employment (Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$120</td>
<td>1,500</td>
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<tr>
<td>2010</td>
<td>$120</td>
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<td>2012</td>
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<td>3,000</td>
</tr>
<tr>
<td>2013</td>
<td>$120</td>
<td>3,500</td>
</tr>
<tr>
<td>2014</td>
<td>$120</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis
Silver Bow County Manufacturing
Labor Income by Sector

Labor Income:
$44.1 million - 2014

Employment:
724

Sources: BEA-REIS; Census Bureau; and BBER estimates

- Wood Products: 1%
- Other Non-durable Goods: 4%
- Beverages: 13%
- Food: 3%
- Fabricated Metals: 3%
- Fabricated Metals: 3%
- Durable Goods: 75%
- Other: 1%
Silver Bow County Manufacturing

Source: Bureau of Economic Analysis
Butte Area Manufacturing Outlook

Overall: 2015 is improving, 2016 is declining.

Employment: 2015 is declining, 2016 is declining.

Sales: 2015 is declining, 2016 is improving.

Production: 2015 is improving, 2016 is improving.

Profit: 2015 is improving, 2016 is improving.
Flathead County Manufacturing
Labor Income by Sector

- Wood & Furniture: 45%
- Other Durable Goods: 30%
- Food & Beverages: 4%
- Other Non-durable Goods: 7%
- Fabricated Metals: 10%
- Computers & Electronics: 6%

Labor Income: $176 million - 2014
Employment: 3,277

Sources: BEA-REIS; Census Bureau
Kalispell Area Manufactures Outlook

- Overall
- Employment
- Sales
- Production
- Profit

2016 vs. 2015

Declining/Improving
Fergus County Manufacturing

Source: Bureau of Economic Analysis

Million $

<table>
<thead>
<tr>
<th>Year</th>
<th>Worker Earnings</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$13</td>
<td>375</td>
</tr>
<tr>
<td>2010</td>
<td>$13</td>
<td>370</td>
</tr>
<tr>
<td>2011</td>
<td>$13</td>
<td>365</td>
</tr>
<tr>
<td>2012</td>
<td>$13</td>
<td>360</td>
</tr>
<tr>
<td>2013</td>
<td>$13</td>
<td>355</td>
</tr>
<tr>
<td>2014</td>
<td>$13</td>
<td>350</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis
Lewistown Area Manufacturing Outlook

- Overall
- Employment
- Sales
- Production
- Profit

Declining/Improving Scale: 0.4 to 0.9
Hill County Manufacturing

Million $

2009|2010|2011|2012|2013|2014

Source: Bureau of Economic Analysis
Havre & Great Falls Area Manufacturing Outlook

- **Overall**: 2016 (Declining), 2015 (Improving)
- **Employment**: 2016 (Declining), 2015 (Improving)
- **Sales**: 2016 (Declining), 2015 (Improving)
- **Production**: 2016 (Improving), 2015 (Improving)
- **Profit**: 2016 (Declining), 2015 (Improving)
Thank you!

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