Forest taxation problems and development in the United States with special emphasis on the property tax

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FOREST TAXATION PROBLEMS AND DEVELOPMENT IN THE UNITED STATES WITH SPECIAL EMPHASIS ON THE PROPERTY TAX

By

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1965

Approved By:

[Signatures]

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Dean, Graduate School

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Date
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CHAPTER I

INTRODUCTION

The important role the forest industry plays in providing employment, forest products and wood derivatives is indicated in the following statement:

... The forest products industries account for ten percent of all manufacturing employment in the United States; that the lumber industry alone is a $4 billion industry in terms of the annual value of products shipped; and that more than one-fourth of the world's lumber is produced in this country. (34)

Thus, the lumber and derived forest products industry in the United States is of major importance to the economy of the nation and the world. Supplying the raw material to maintain this forest industry has made such demands on American timber reserves that seventy percent of the original forests are gone (43). Also, the absence of forestry policies encouraging the replacing of old crops with new, the practice of intensive forest management on private lands, and the investment of capital in land for forest purposes has resulted in the virtual abandonment and depletion of large areas of forest land. At present there are over eighty million acres of cut-over land, without seed trees, not producing, and classed as waste lands. There are over one hundred
and thirty million acres of inferior second-growth timber which is not considered merchantable (43).

It would seem logical that any condition which could possibly be a primary cause of this trouble is a detriment to the national economy and contrary to the public welfare of the people. It has been demonstrated by various persons and groups that one major cause has been forest taxation techniques and especially the general property tax (18, 21, & 17).

**Purpose**

The purpose of this paper will be threefold. First, to investigate general methods of forest taxation with special emphasis on the general property tax; secondly, to discuss selected alternative solutions to the general property tax and discuss the current situation in regard to forest taxation; and thirdly, to present a supplementary appendix containing an inventory of current forest taxation laws existing in the fifty states.
CHAPTER II

FOREST TAXATION PROBLEM—GENERAL PROPERTY TAX

The general property tax refers to a taxing method used by local and state governments to gain revenue by imposing an annual tax on the value of a person's property (14). This procedure traces basically to the yearly cycle of the agricultural harvest. It was designed to accommodate farmers and allow tax payment at the time of income receipt.

**Problem**

The general property tax works an inequity when applied to commercial property which does not yield a regular annual income (40). In no other case is this injustice so extreme as in the case of lands devoted to the growing of timber. Here the owner is compelled to make a large, long term investment and pay an annual tax on the total value of land and trees for a period of years during which he receives no income.

Furthermore, this inequity encourages persons to avoid payment of annual taxes on such a long term investment by not growing timber (17). Thus, with realization of only future
income from a forest, many forest owners are encouraged to convert
the land to annual income producing crops, if this is possible,
or abandon the land.

Forest owners holding mature timber stands are especially
influenced in this respect. Annual taxation causes the forest
owner to consider depleting his mature timber stands as rapidly
as possible in order to avoid repeated payment of the annual
property tax. With rapid forest depletion and without the incentive
to invest in new timber stands, the land may be sold or abandoned
and, in some cases, allowed to revert to public ownership through
tax delinquency. The seriousness of the problem is brought out in
the following:

... As I have said on other occasions, I feel convinced
that the general practice of forestry by private individuals
or corporations as a business proposition can never come in
this country as long as our present use of the general
property tax in forest taxation continues. (40).

With this situation facing the forest owner, have any
solutions been proposed to curb this problem? Or are we destined
to reach a time when our private forest lands will be growing
only second-class timber or eliminated through tax confiscation?
No! Responsible persons have not stood by to see such a condition
develop. They have proposed alternatives to the general property
tax. Some alternatives have been accepted and put to use, while
others are still lingering on the tongues of disgusted taxation
theorists (47).
Alternatives

Many proposed alternative methods of alleviating the inequity of the general property tax have been proposed over the years, and to discuss each would be beyond the scope of this paper. Therefore, proposed alternatives have been divided into three main categories. The first category deals with the yield tax. The second deals with the modified yield tax. And, the third category contains proposals whereby the general property tax is modified in various ways.

Yield Taxation

The concept of a yield tax was first introduced in 1909 and is based on the assumption that the inequity of the general property tax is eliminated by a tax levied upon the yield of timber value at the time of cutting. The assumption is that a tax on yield would operate justly upon all kinds of income, regardless of whether the income is yielded annually, or at long and remote intervals. In brief, the yield tax avoids imposing all of the difficulties of the general property tax on the owner of deferred income property (41).

A yield tax is also ideal for growing timber, for no burden is applied during the years the forest is maturing. This enables the owner to use excess money for forest improvements rather than tax payments.

Under a yield tax program, mature timber continues to
be taxed annually according to value. The reason is that when forests reach maturity and are held for cutting at a future time by the owner, there is no reason why the owner should not now begin to pay an annual tax (47). Also, the imposition of annual taxation on mature timber prevents the property owner from avoiding the yield tax and depriving the taxing authority from its rightful revenue.

But what about lands not containing growing trees which could provide an appreciable use at maturity? What about lands not being managed for growing trees, but merely being held for speculative reasons? Also, what would governments do for revenue while the forest is maturing? Who would administer the tax? How will one decide which products shall be subject to the tax and what their value is at the time of harvest? These are all questions which detract from the desirability of the yield tax (5). The importance of these questions generated the following statement:

... There can be no doubt that the plan of the pure yield tax recommended in a report by the National Conservation Commission of 1909, has been regarded as too extreme and as involving too many practical difficulties from the standpoint of the public revenue. (41, p. 129)

Therefore, because of these difficulties, an alternative, or modification, to the yield tax was proposed in 1910. This alternative is the modified yield tax (41).

**Modified Yield Taxation**

This alternative is a compromise plan involving a combination
of an annual property tax on the land with a yield tax on gross timber income. The rate of tax applied to the land would be based upon local revenue needs, while the percentage tax applied to the yield of timber value at the time of harvest would be legally established by the state. Income from growing timber as well as mature timber would be subject to this tax. All other property values would be taxed annually.

The modified yield tax would help eliminate the practice of holding forest land for purely speculative reasons by requiring a tax on the land; it would provide at least part of the revenue needed for local government operation; the local government would still be the primary administer of the tax; and, a combination of both local and state personnel could decide which lands would qualify for the tax. Also, with relief to mature timber, there would be less incentive for the forest owner to hurriedly cut his timber to pay a high general property tax.

But again, tax officials have questioned the effectiveness of this alternative because the complexity of this plan would make administration very difficult (40).

Other tax officials have opposed the plan on the grounds that it only provides partial relief, for one is still confronted with an annual tax on land value. Also, the irregularity of income to local governments presents a serious problem in districts heavily dependent on timber tax revenue. Because of this, most experts recommend administration by the state with tax revenues
being allocated to the political subdivisions by some mutually
agreed upon method. Also, annual taxation under the general
property tax is a tradition in the United States and taxing
authorities are reluctant to relinquish this prerogative. For
these reasons, the modified yield tax has not been widely
accepted and modified general property tax programs have come to
the fore.

Modified General Property Taxation

The most recent trend in timber taxation, introduced in
1935, has gained renewed interest in the last decade and
proposes to modify the general property tax. The theory states
that there is no use in trying to eliminate the property tax, it is
traditional, and should be accepted as a necessary tax to raise
local revenue. However, one can try to modify the tax to more
equitably fit the needs of both the local government and the
forest owner (31).

The modified general property tax may be identified in at
least one of the following three ways: (1) an adjusted property
tax, (2) a deferred timber tax, and (3) a differential timber
tax (17).

An adjusted property tax relieves the forests from
taxation upon the increase in value which comes with the payment
of taxes and the accumulation of interest in advance of receipt
of income from the forest. In practice it would adjust the current
tax base by deducting from the current assessed (present value of the future harvest cut) value of the forest the amount of interest and taxes accumulated to the end of the preceding year. As income is realized, this deduction would be gradually eliminated. Accordingly the deduction in any given year would be equal to: (1) the "pure" interest (approximately the rate paid on long-term, tax-free government bonds) on the assessed value of the beginning of the previous year, (2) plus taxes paid during the previous year, (3) minus income (from stumpage, etc.) received during the previous year, (4) plus the accumulated deduction made in computing the previous year's tax. When the income exceeds the sum of the other three items no deduction is required. The tax on this reduced tax base is to be paid at the same rate as that applied to other real estate in the taxing district (18). An illustration of this plan follows:

Assessed value, January 1, 1965 .......... $1,000.00

Deduction:

(1) Interest on assessed value of 1964 ($800) ...... 24.00
(2) Taxes in 1964 .......................... 13.00
   Total ...................................... 37.00
(3) Minus gross income in 1964 ................. 60.00
   Total ....................................... -23.00
(4) Adjusted value increment accumulated to January 1, 1964 .................. 150.00
   Total: Adjusted value increment accumulated to January 1, 1965 ............... 127.00
   Adjusted Tax base in 1965 ................. 873.00
   Property tax in 1965 at 2 percent ............ 17.46
Secondly, the deferred timber tax plan is one designed to tax the land and timber separately. The plan calls for segregating the assessed value of the forest property into land value and timber value. Annual property taxes determined in the ordinary manner would be paid on the land value. While the annual taxes on the timber value would be deferred until the owner received his income through the cutting or sale of his timber.

The annual taxes on the timber value would be paid by the State to the local units of government which levied them. In this way disturbance to local government revenue would be avoided.

Once the forest owner obtains his income he repays the State the deferred timber taxes, accumulated without interest on his property plus the taxes of the current year.

Lastly, the differential timber tax, also allows for the timber and land to be assessed separately. The land is left subject to the ordinary property tax, while the timber is assessed at differential rates according to whether it is second growth or old timber.

Second-growth timber is assessed at a reduced value. The percentage reduction would be uniform throughout the State and would be so calculated as to give forest properties a tax burden equivalent to that of a net yield tax. The amount of reduction would be prescribed by law. Except for reduced timber assessments, the plan follows the standard procedure of the general property tax.
On old-growth forests, a transition period of twenty years or longer would elapse before the general differential would apply to such timber. During this transition period, old-growth timber properties, as long as they were completely withheld from commercial operation, would be granted the benefit of a reduction factor applicable to the assessed value of the timber.

Although these three plans reduce the inequity of the general property tax, their complexity and difficulty of administration greatly limits their use (47).

**Taxation Based on Productivity**

A final tax system designed to alleviate the inequity of the general property tax is based upon the productivity of the soil (29).

Under one proposed system (introduced in 1962), productivity would be based on the physical factors of soil depth, the degree of slope, position on the slope, site aspect, and on the economic factors of distance to market and accessibility. Each of these factors would be subdivided into classes and the classes assigned numbers in such a way that the lower the number, the more favorable the situation. The sum of the numbers of the factor-classes for any given site would yield the tax classification. This tax classification would be excellent, good, fair, or poor depending on the range within which the total of the factor-class numbers fell.
The tax classification is then correlated with average growth rates so that each tax class is given an annual growth by timber type. The tax assessor can then multiply the growth by the going price of stumpage to obtain a representative annual income. This annual income is then divided by the going rate of return on county bonds to yield the present value of the expected annual income. It represents the amount a prudent man would pay for such an income if his desired rate of return is equal to the rate on county bonds.

For smaller forest land holdings which cannot yield annual return, a similar present value may be determined for a periodic income. This income should be based on the return from the first marketable product as the small landowner cannot be expected to hold his timber very long beyond this point.

The main problems in the plan are arriving at a mechanical procedure for determining soil productivity, the complexity of the plan, and the requirement of the land owner to designate the future crop he expects to grow as well as the intensity and efficiency of the management he intends to apply over the tax period.
Developments in forest taxation in the United States may be divided into two eras. The first era, that of the modified yield tax, gained much attention and support starting around 1910 and continuing until 1960. The second, the modified property tax era extends from 1960 to the present time.

Although the following eras have developed over the last fifty years, the general property tax on a national basis, has always applied to at least 90 percent of our commercial timber stand and to virtually all of our private commercial forest land area (47). Thus, the eras have been marked by widespread interest and very little legislative action. However, the alternatives discussed below have gradually increased in application, they presently apply to about ten percent of the commercial forest land in the United States.

Modified-Yield Tax Era

With the introduction of the yield tax theory, forest officials believed the long sought answer to the general property tax had been found. Enthusiasm for the yield tax theory gained much
interest, but for reasons pointed out in the form of questions in
Chapter II, it was immediately regarded as inadequate. But this
enthusiasm did not die, it merely stimulated the thinking needed to
develop the idea of a modified-yield tax. Immediately after its
introduction, the modified-yield tax gained acceptance by some
tax experts.

Although slight modifications of this plan are needed to
meet the needs of specific localities, the general nature of the
plan whereby the land and timber are taxed separately, gained wide
support. Thus, the thinking stimulated by the yield tax theorists,
had developed a modified plan which produced an era called the
modified-yield tax Era. The modified-yield tax plan has been in
continuous use since its introduction in 1910 (47). By 1933 ten
of the existing fifteen modified-yield tax laws were in effect--
the remaining five were adopted between 1940 and 1957.

Many practical examples of the modified-yield tax in
specific locations are available. However, two examples are
presented which show the tax in a simple and more complex form.
In its most simple form, the land is taxed at local rates on a
fixed assessment of say $1.00 per acre. While timber bears a
yield tax of 10 percent of the full stumpage value when cut. This
form would be useful in districts relying heavily on forest
property for tax revenue. A more complex form might require the
land to be taxed at decreasing rates with increasing amounts of
years from the time of classification. For example, in the first
year, the land may be taxed at full value, the second year at 75 percent, the third year at 50 percent and the fourth and subsequent years at 25 percent. The timber might have a similar rate imposed whereby the yield tax imposed upon the stumpage value cut increases from year to year; for example—from one percent in the first year to three percent in the fifth and following year. Also, timber may be taxed at one rate such as three percent of yield, while pulpwood is taxed at five percent of its stumpage value. A district containing large amounts of property used for purposes other than growing timber could use this form. The value reduction applied to forest property would not greatly reduce the revenue needed by the local government.

As pointed out, from 1910 to date, much interest has been centered on the modified-yield tax (21). Throughout this period the yield tax has provided the opportunity to relieve the taxpayer from the inequity of the general property tax. But looking ahead, in what direction does forest taxation seem likely to move during the coming years, will the yield tax continue to be the primary means for relief of the general property tax? It may be that the modified-yield tax era may already have passed its peak and a new period may now be emerging—one which centers about continued use of the property tax but with provisions for modification. Current tax laws seem to indicate a trend in this direction. Ellis T. Williams, Forest Service, Department of Agriculture, Washington, D.C. has stressed this trend in a pamphlet published
by the National Tax Journal. He stated that:

... the yield tax, on the basis of its record to date, has not proved itself as a solution to the forest tax problem ... Re-evaluation of the property tax is restoring it to favor as a source of local revenue ... Improvements unforeseen only a few years ago are being made in property tax administration ... Unexplored opportunities exist for modification of property tax assessments to meet the special needs of forest enterprise. (21, p. 130)

Thus, with the closing of the modified-yield tax era (1960) let us turn to the new era of the modified property tax.

**Modified Property Tax Era**

Modified property tax laws used today are of three general types. The first is a modified assessment; the second is a modified rate; and the third is a deferred payment form of the general property tax.

Modified assessment laws provide for fixed assessment values; for example—$4.00 per acre including both land and timber to which the prevailing property tax rate is then applied (11). In return for this differential status, the property owner agrees to manage his forest property in accordance with specified standards. Such standards may require the forest owner to plant other forest trees within one year upon the removal or death of any trees. Or the tract must contain so many trees; for example, 200 growing forest trees per acre of a certain species and not be allowed to remove more than one-fifth of the total number of trees in any one year.
A gradual increase in the amount of land subject to this tax is taking place but as yet very little forest land area is affected (47). The three existing modified assessment laws were adopted in 1947, 1953 and 1964.

Another law, the modified rate law, permits classified tracts, including both land and timber values, to be taxed at one-half the prevailing millage rate as long as the owner complies with certain regulations of the State Division of Forestry (45). Regulations are of a nature similar to those noted above for modified assessment laws, but usually require a more strict supervision by the State Division of Forestry because a lower tax is levied.

A typical law would be one which permits forest tracts of specified sizes to be taxed annually at a specific rate of say 20 cents per acre. The owner in turn agrees to promote timber growth on the tract as specified in the State Act and regulations.

At present this law has gained its greatest success when applied to small forest holdings because the regulations require rather intensive management practices; thus, it is difficult for large land owners to comply with all regulations and still retain his management perspectives (11). It does provide, however, a means of encouraging good forest management upon smaller holdings by allowing the owner to reduce his taxes substantially below those required by the general property tax or other annual taxes. Two states contain this type of tax law today, one introducing it in
1951 and the other in 1953.

Lastly, the modified property tax group is represented by the deferred payment law. Under this law the value of the forest land itself would be assessed and taxed as usual, but a portion of the merchantable timber value is granted a tax deferment (32, p. 38). The portion deferred may increase annually for a specified period of time after which three-quarters of the tax on timber is deferred and only one-quarter is payable currently. Accumulated taxes plus interest at a prescribed rate are then repayable when the timber is harvested. One state adopted this type of law in 1941 and amended its statute similar to the deferment cited above in 1951.

Of the three types of modified property tax plans, that providing for deferred payment seems least promising. Forest owners, like taxpayers in general, seem to prefer to pay as they go rather than face an accumulating tax obligation (47).

Although the amount of area affected by these three modified taxes appears to be very small, at most only about five percent in one state (47), it seems that, with the increased interest afforded, this new approach will produce results. At least it is a significant development and displays a current trend. It seems desirable to regard 1960 as the beginning of this new trend, for it was at this time that strong advocates, like Ellis T. Williams, began making strenuous appeals for this approach.

The important point to remember, however, is the acceptance
of the inequity of the general property tax, and an effort to alleviate this inequity through changes in forest taxation rather than changes in forest management practices. In essence, the modified property tax has been presented as a means of attaining a given social end (i.e. growing timber) rather than a means of attaining an equitable distribution of the tax burden. This may be the most important point of all.
CHAPTER IV

SUMMARY AND CURRENT SITUATION

SUMMARY

We have noted the importance of the forest industry to our national economy and the diminution of the raw material which supplies this industry. We have become aware that the general property tax has an effect on the forests and land supplying this raw material. We have noted what alternatives have been proposed, and the two major eras of development which have taken place in forest taxation as a consequence of these proposed alternatives. Finally, we have noted the current trend in forest taxation; but where do we stand today? Is the forest tax system still considered inequitable? And although we have noted that developments have taken place to alleviate the inequity, what is the current situation as to laws being used today.

Current Situation

The current situation regarding forest taxation can best be brought out by quoting a few lines from one eminent forest economist, William A. Duerr, Chairman, Department of Forestry
... the national mood is changing, and new circumstances are coming to surround forest taxation... the nation at large and American forestry are prospering as never before... This is no time for wailing over forest taxation... administration of the property tax has begun to improve. It is not surprising, then, to find only here and there real distress and a sense of urgency over forest taxation. (21, p. 126)

Although it can be concluded that for the moment, a very favorable situation exists between forest taxation and the forest industry; this situation may result from the general prosperity of the economy as a whole rather than the equitability of taxing methods.

As for the current forest tax laws, many states have special forest tax laws; others still use the general property tax. The following will be a brief summary of tax laws. For a more detailed study of current tax laws one may refer to the Appendix. Twenty states still use only the general property tax as the sole means of forest taxation. Six states have modified property taxes. Fifteen states have modified-yield taxes. Twelve of the states have "optional"\(^1\) yield taxes, while three of them have "mandatory"\(^2\) yield taxes. Six states have severance (see...

\(^1\)"Optional" means initiative is required on the part of the owner to convince himself of the benefits provided—in other words he has a choice to use the law or not.

\(^2\)"Mandatory" means states containing this provision require all forest owners meeting certain conditions to be subject to the law.
Appendix, page 34 for definition) tax laws applying to forest products and a total of fourteen states contain special forest tax laws which are of a distinct nature in that they only apply to their particular states. These laws are called rebate laws, bounty laws, and exemption laws. A description of each may be found by referring to the Appendix (page 34).

Table 1 (which follows) shows the distribution of these tax laws throughout the United States by regions and states. It may be interesting to note that the distribution of special forest tax legislation is predominant in regions depending upon forest products as a primary contribution to their economy—for example the Pacific coast and lake states regions. Also, a contrast may be observed between the mountain states experiencing an abundance of forests with little concern for timber shortages as opposed to far eastern states rapidly losing forest land to an influx of overpopulation. Although some mountain states such as Montana, Idaho, and Colorado depend heavily upon the forest economy, little forest tax legislation has been enacted to encourage forest growing and intensive management. In the mid-western states forests constitute a small percentage of the land area, thus little attention has been devoted to the problems of forestry. An exception would be Indiana, Iowa, and Ohio which have enacted special modified property taxes to encourage small forest owners to practice forest management. At large the southern region has made little headway in the direction of forest tax legislation, with the exception of
Alabama, Arkansas, Louisiana, and Mississippi which have prominent forest industries in their states. In these states the modified yield tax and the severance tax have gained wide success.

Perhaps the most important point to remember in connection with forest tax law distribution, is that most legislative action has taken place in states relying heavily upon forests for its economy, or in states concerned about the rapid depletion of forests. Future years will undoubtedly see more interest in forest tax legislation with increasing depletion of forests. The mountain states in particular may experience much forest legislation, because of the rapid depletion of saw timber in this region.

Time wise, the first fifty years of active interest in forest taxation in the United States, from 1860 to 1910, is thought of as a period of exemptions, rebates, and bounties. Since 1910 very little legislative action has occurred to place land owners under one of these laws. The second fifty years, from 1910 to 1960, may be looked upon as the modified yield tax period. Legislation was enacted to establish modified yield taxes in various states during the early years of this period, but interest has rapidly died in recent years. With the progress taking place in the modification of the general property tax, and its introduction into various states over the last few years, it seems likely that the coming fifty years will be a period predominately characterized by modified property tax laws.
TABLE 1

TABLE SHOWING THE TYPE AND DISTRIBUTION OF FOREST TAX LAWS IN THE UNITED STATES BY STATES AND REGIONS

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<th>Bounty</th>
<th>Exemption</th>
<th>Modified Assessment</th>
<th>Modified Rate</th>
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| Totals         | 2 | 11 | 3 | 2 | 1 | 15 | 6 | 20 |

31 states have 40 special forest taxes.
20 states have only the general property tax.
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INTRODUCTION

The laws set forth in this Appendix are only summaries of the various state laws pertaining to forest lands. Those states containing only the general property tax are listed. Assessment procedures used for the determination of the property tax are not included. Those states containing special forest tax laws will be summarized as to the general nature of the law without reference to special details inherent to localized areas or special conditions.

The materials used to develop this Appendix were obtained by consulting the various state tax and forestry departments, State Forest Law Digest by Ellis T. Williams (45), Timber and Forest Products Law by Harry Falk (19), and from the annotated Statutes of the various states.
REBATE, BOUNTY AND EXEMPTION LAWS DEFINED

Rebate
This is a forestry provision which allows a partial reduction of a person's property taxes as an incentive for planting trees and the maintenance of this planted area in good condition.

Bounties
This is a forestry provision which refers to the practice of certain governments to encourage tree planting by providing payments, usually of small amount, and of limited duration, for tree planting and care to the forest owner.

Exemption
This forestry provision refers to the withdrawal of taxes on a specified area of forest land depending upon certain implicit or directly prescribed conditions of a state's law.

Severance Tax
A severance tax resembles a yield tax in that it is payable at the time of timber harvest. It usually consists, however, of a specific change per thousand board feet of timber removed rather than on a unit value basis. Unlike the yield tax, the severance tax does not serve as an alternative to the property tax but is imposed in addition to it. The severance tax is primarily a revenue...
measure in the nature of an occupation or privilege tax that may apply also to oil and gas and other natural resources. The revenue from the tax is generally used for fire protection on timber lands and to promote better forestry practices in the state.
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SUMMARY OF STATES WITH SPECIAL FOREST TAX LAWS

Rebate Laws

New Hampshire

Optional Law. Known as the "Tax Abatement for Reforestation Law."

Eligibility

Land valued at not more than $25.00 per acre and planted with softwood trees is entitled to a rebate of property taxes. Planted trees must number less than 700 per acre, except that 300 or less naturally seeded softwood trees, not over five (5) feet in height may be considered part of the 700.

Amount of Rebate

For the first 10 years after the land has been planted, ninety percent (90%) of the taxes levied; for the second ten (10) years, eighty percent (80%); and for the third and final ten (10) years, fifty percent (50%).

Bounty Laws

South Dakota

Optional Law.
Eligibility

At least 300 forest trees and shrubs per acre must have been planted and at least 170 must be alive and thrifty in each year for which a bounty is paid. Trees species and spacing are prescribed by law.

Amount of Payment

Five dollars ($5.00) per acre on not more than ten (10) acres may be paid for a period of five (5) years.

Exemption Laws

California

Mandatory Law.

Eligibility

Fruit and nut bearing trees under the age of four years from the time of planting in orchard form and grapevine under the age of three (3) years from the time of planting in vineyard form, and all immature forest trees which have been planted on lands not previously bearing merchantable timber or planted or of natural growth upon the lands from which the merchantable original growth of timber stand to the extend of seventy percent (70%) of all trees over sixteen (16) inches in diameter have been removed shall be exempt from taxation, provided that forest trees or timber shall be considered mature for forty (40) years from the time of planting or removal of the original timber.
Tax Treatment

The land is still subject to the property tax.

Colorado
Mandatory Law.

Eligibility

The increased value of private lands due to planting of timber is exempt from taxation for a period of thirty (30) years from the date of planting.

Tax Treatment

Land is subject to the property tax.

Connecticut
Optional Law.

Eligibility

The property must include a stand of trees and be of such character that in the opinion of the State Forester it would be advantageous to the community and to the owner to permit the trees to remain standing until suitable for lumber.

Tax Treatment

The land is subject to the property tax and the timber is exempt following the next general revaluation of taxable property in the taxing unit the timber is located.

Also, the 1964 legislature in Connecticut enacted a
statute permitting assessors to value land classified as farm
land, forest land or open space on its current use without regard
to neighborhood land use of a more intensive nature.

Delaware

Optional Law.

Eligibility

Any landowner who establishes a commercial forest
plantation shall be entitled to a thirty-year exemption from
county property taxes on such plantation.

A commercial forest plantation is an area of land not less
than five (5) acres which is not valuable agricultural land and
upon which the owner plans to develop and maintain a forest either
through planting or natural reproduction or both. Excluded from
classification is land carrying any stand of trees over five (5)
feet in height except mature trees that have been left for seed
dissemination and to exclude land planted as a nursery orchard or
for ornamental purposes.

Tax Treatment

Both land and timber are exempt from county property
taxes for thirty (30) years.

Hawaii (4 laws)

(a) Optional Law
Eligibility

Forest land is eligible if property is fenced to protect watershed and other forest values; all livestock must be excluded. Board of Agriculture and Forestry determines if land is necessary as watershed.

Tax Treatment

Both land and trees are exempt from property taxes.

(b) Optional Law

Eligibility

If a land owner surrenders his land to government care under a forest reservation.

Tax Treatment

Both land and timber exemption from taxes.

(c) Mandatory Law.

Eligibility

All property used in connection with the growing and processing of sandalwood is exempt from property taxes for a period of five (5) years.

(d) Optional Law (Newest law-enacted in 1963)

Eligibility

All property classified as tree farm property is exempt
from taxes until the timber is harvested. At the time of harvest
the timber is subject to a yield tax.

Tree farm property is land suited to raising commercial
species sufficient to establish a business which is not suited to
better use. Land already containing commercial species is subject
to classification. Once classified the State Board of Land and
Natural Resources designates the forestry management practices to
be followed.

Idaho

Mandatory Law.

Eligibility
Young growth and seed trees left for conservation purposes
on cut-over forest lands within cooperative sustained yield
districts are exempt.

Tax Treatment
Land is taxed under the general property tax.

Iowa

Mandatory Law.

Eligibility
Trees planted upon any tract of land except forest reserva-
tions (see Iowa's Forest Reserve law under modified property tax
laws) without regard to area, for forest fruit, shade or ornamental
purposes or for windbreaks.

**Tax Treatment**

Land is subject to property tax.

**Kansas**

Mandatory Law. Known as the Shelter Belt Snow Fence Law.

**Eligibility**

A shelterbelt or windbreak that consists of at least five rows of trees or shrubs, one row of which must average six feet in height or more, and if it is planted in strips adjacent to a highway on the north, west or east. Strip planted must be between sixty (60) and 120 feet in width and contain at least one (1) acre.

**Tax Treatment**

Lands are entitled to an 80 percent reduction in assessed valuation as long as the shelter belt or windbreak remains effective.

**Maine**

Optional Law.

**Eligibility**

Cleared land or land from which the forest has been removed and which the owner has planted or set apart for timber production and successfully cultivated for three (3) years may be exempt from
taxation for twenty (20) years following expiration of the three-year period. At the time of classification there must be 640 well distributed trees per acre.

**Tax Treatment**

Both land and timber are exempt from taxation.

**New Jersey**

**Eligibility**

Commercially planted and growing trees are exempt from taxation while in the ground.

**Tax Treatment**

Land is subject to the property tax.

Also, the 1963 legislature of New Jersey approved a constitutional amendment providing that land actively devoted to agricultural or horticultural use shall, on application of the owner, be assessed on its agricultural value or horticultural alone.

**North Carolina**

**Mandatory Law.**

**Eligibility**

Forest trees planted for reforestation purposes on vacant land are exempt for a period of ten (10) years after planting.

**Tax Treatment**

Land is subject to the property tax.
Rhode Island

Optional Law.

Eligibility

Areas up to 300 acres in one ownership worth not more than $25.00 per acre and planted with at least 500 trees per acre of species named in the Act may be exempt for fifteen (15) years from the date of planting.

The forest must be maintained in good growing conditions and managed under a plan approved by the Director of the Department of Agriculture and Conservation.

Tax Treatment

Both land and timber are exempt from property tax.

Modified Property Taxes

Indiana

Modified (Fixed) Assessment—Optional Law. Known as the Classified Forest Law.

Qualifications

Tracts containing at least three (3) acres of land, stocked with trees to the number per acre prescribed by law, may be classified as forest plantations or as native forest lands. The term forest plantation refers to cleared land which has been regularly planted with, and has growing thereon, timber producing trees. Native
forest land refers to land which has never been plowed or cultivated and which contains native timber producing trees of varying age.

Plantations must contain a good stand of trees with open spaces replanted. Native forest lands must be seeded or planted to a fully stocked stand at least 1,000 trees per acre within three (3) years from the date of entry to classification.

**Tax Treatment**

Forest plantations and native forest lands are taxed on a fixed assessment of $1.00 per acre.

**Iowa**

*Modified (Fixed) Assessment - Optional Law.* Known as the Forest Reserve Law.

**Qualification**

Continuous tracts of land not less than two (2) acres may be classified as forest reservations. The tract must have at least 200 growing forest trees of enumerated species at the time of application or in the case of groves or areas to be planted to trees, within two (2) years following classification.

Enumerated forest trees include the hardwood species, European Larch and other coniferous trees and all other forest trees introduced into the State for experimental purposes.

**Tax Treatment**

Forest reservations are taxed on a fixed assessment of
$4.00 per acre.

Oregon

Modified (Fixed) Assessment – Optional Law. Known as the Optional Timber Tax for Small Woodlands in Western Oregon.

Qualification

Land situated west of the summit of the Cascade Mountains which is not under the 1929 optional Forest Fee and Yield Tax and which in the judgment of the State Forester, is suitable for timber production and is being used primarily for that purpose may be classified at the discretion of the owner. Among conditions to be met are the following: (a) the land does not have a higher market value for other than forest or farm use, (b) uses are compatible with timber production under the accepted forestry principles and (c) the average age of timber is not over sixty (60) years. Once classified, lands may continue under classification until timber reaches 90 years of age. Average age may be determined for separate areas.

To be eligible, the "total ownership" of forest land must not exceed 1,000 acres. Total ownership includes forest lands owned by close relatives or group holdings in which the applicant holds an interest of ten (10) percent or more.

Tax Treatment

Land is taxed at fixed assessments as determined by the site class assigned to the land by the county assessor.
Site I $80.00 per acre
Site II 60.00 per acre
Site III 40.00 per acre
Site IV 15.00 per acre
Site V 5.00 per acre

Site class for Douglas fir sites according to the estimated total height of dominant and codominant trees on the land at 100 years of age as follows:

<table>
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<td>Site II</td>
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<tr>
<td>Site III</td>
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<tr>
<td>Site IV</td>
<td>110 ft</td>
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<tr>
<td>Site V</td>
<td>80 ft</td>
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</table>

Timber is exempt from separate and valorem taxation.

Oregon

Modified (Differentail) Assessment. Mandatory Law.

Eligibility

All forest land and timber situated west of the summit of the Cascade Mountains. It does not apply to land classified as "reforestation land" under the optional yield tax enacted 1929 (Forest Fee and Yield Tax) nor to timber on such reforestation land.

Tax Treatment

Land

Forest land continues to be determined under the general
statutes relating to the property tax except that so long as the primary use of the area involved remains forest land, it shall be valued as such.

Timber

1. Annual Property Tax.— "Reproduction" (trees under 12 inches d.b.h. outside bark) is exempt.

"Young growth timber" (12 inches or more d.b.h. and not more than ninety (90) years old as of August 9, 1961) shall be thirty percent (30%) of its "immediate harvest value" (see definition of terms below).

"Old growth timber (timber more than ninety (90) years old as of August 9, 1961) shall be thirty percent (30%) of its immediate harvest value provided; however, that for each of the years 1962-1976 inclusive the true cash value shall be 25 percent of immediate harvest value in the case of tracts on which the average volume of old growth timber harvested annually over the preceding three years is less than one-thirtieth of the total old growth timber volume on the tract as of the first of January, one year prior to the assessment date.

2. Additional Property Tax.—Beginning in 1963 an additional property tax is levied on all timber and reproduction harvested in the preceding calendar year.

In the case of timber valued at 30 percent of harvest
value, the additional tax is the amount that would have been levied against it in the preceding year if it had been valued at 70 percent of harvest value and the same tax rate used as was applicable in such year.

For reproduction, the additional tax is based upon 100 percent of harvest value.

Definition of terms

"Immediate harvest value" is the amount for which timber or reproduction would sell in the ordinary course of business at voluntary sale for immediate harvest.

A "tract" includes all forest land and timber which is managed as a unit, even though its parts are not contiguous, not in the same county and do not have the same owner.

Modified Property Tax Laws

Ohio

Modified Rate (Differential Tax). Optional Law. Known as the Forest Tax Law.

Qualification

The property must consist of land bearing a stand of trees which has been determined by the Division of Forestry to be suitable for classification.
**Tax Treatment**

Land and timber are taxed annually at fifty percent (50%) of the local tax rate on its value as determined under the general tax laws.

**Wisconsin**

Modified Rate (Fixed Tax). Optional Law. Known as the Woodland Tax Law.

**Qualification**

Tracts of less than forty (40) acres suitable for the growing of trees and which will produce a crop of merchantable wood products are eligible for classification for a period of 10 years subject to renewal by mutual consent.

**Tax Treatment**

The owner is taxed for both land and timber at a fixed rate of twenty cents (20¢) per acre for the period of classification.

**Modified Property Tax Laws**

**Deferred Payment**

**Washington**

Deferred Timber Tax. Optional Law.

**Qualification**

Forest land held chiefly for forest crop production and if not classified or eligible for classification as "reforestation land" under the yield tax law (see yield tax laws). Farm woodlots
of 40 acres or less are not included.

**Tax Treatment**

Land is assessed at fifty percent (50%) of true and fair value, the land being valued as if the forest crop were entirely harvested.

Timber is assessed at fifty percent (50%) of its true and fair value, the land being valued as if the forest crop were entirely harvested.

Timber is assessed at fifty percent (50%) of its true and fair value. The total yearly tax calculated at local millage rates, consists of two parts: the current tax and the deferred tax. For the first year following classification the current tax is the total tax less $\frac{3}{4}$ percent and the deferred tax is the amount by which the total tax is thus diminished. For each succeeding year up to and including the tenth, the total tax is diminished an additional $\frac{3}{4}$ percent in order to find the current tax and the deferred tax. Following the tenth year the current tax remains at twenty-five percent (25%) and the deferred tax at seventy-five percent of the total tax for each year. Total deferred taxes may not exceed twenty-five percent (25%) of the assessed value of the merchantable timber.

Also, the principal accredited to the deferred taxes draws simple interest at three percent. The interest charge is added to and becomes part of the taxpayers current tax.
Field Tax Laws

Alabama

Optional Law. Known as the Auxiliary Forest Law.

Qualifications

Land suited for reforestation or forest culture may qualify as auxiliary State Forest.

Tax Treatment

Land classified as auxiliary State forest of 160 acres or less are exempt from the ad valorem tax. Tracts bigger than 160 acres are assessed for taxation by the Department of Conservation.

Timber is taxed at eight percent (8%) of the value of the timber cut.

Connecticut

Optional Law.

Qualification

The land classified must contain at least five (5) acres and must consist of woodland or land suitable for forest planting, with a value not exceeding $50.00 per acre, exclusive of timber. Two types of tracts are eligible for classification: (a) land with timber over ten (10) years old with the timber having taxable value, (b) land fully or partially stocked with forest trees not
over ten (10) years old, except for scattered trees.

**Tax Treatment**

Land is taxed at the local rate but not to exceed ten mills on the value established by classification.

Timber on tracts described in (a) are taxed at the following rates:

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10 yrs. following classification</td>
<td>20% of yield</td>
</tr>
<tr>
<td>11 - 20 yrs.</td>
<td>3% of yield</td>
</tr>
<tr>
<td>21 - 30 yrs.</td>
<td>4% of yield</td>
</tr>
<tr>
<td>31 - 40 yrs.</td>
<td>5% of yield</td>
</tr>
<tr>
<td>41 - 50 yrs.</td>
<td>6% of yield</td>
</tr>
<tr>
<td>Over 50 yrs.</td>
<td>7% of yield</td>
</tr>
</tbody>
</table>

Timber on tracts described in (b) are levied at 10% yield tax at time of harvest.

**Hawaii**

Optional Tax.

**Eligibility**

All trees cut on "tree farm property" (see Hawaii under exemption taxes for definition) shall be subject to the yield tax in lieu of all real property taxes, except trees cut by the owner for use in the harvesting of trees or for other use by the owner of the tree farm property.

**Idaho**

Optional Tax. Known as the Reforestation Law.
Qualification

Land tracts may be classified as reforestation lands if located within a reforestation district, if they bear no commercial timber and are chiefly valuable for forest growth.

Tax Treatment

Land is taxed at local rates on fixed assessments of $1.00 per acre. Timber is taxed at 12½ percent of full stumpage value.

Louisiana

Mandatory Law. Known as the Forestry Taxation Law.

Tax Treatment

Land is subject to the general property tax.

Timber is taxed as follows:

All forms except pulpwood—2½% of current average stumpage value.

Pulpwood—5% of current average stumpage value.

Massachusetts

Optional Law. Known as the Forest Tax Law.

Qualification

Forest lands containing ten acres or more with a value of not more than $50.00 per acre, including forest growth. Agricultural lands with a value of $5.00 or less an acre may also be classified.
**Tax Treatment**

Land is taxed upon the adjusted valuation of classified forest land. The adjusted valuation is based upon a percentage of the full value of the land. For example, the valuation may be 75 percent the first year, 50 percent the second and 25 percent the third.

Timber is taxed at a percentage of the stumpage value increasing from one-half percent in the first year to three percent in the fifth and following years.

**Michigan**

Two Laws: (1) Optional Tax. Known as the Commercial Forest Reserve Act or Pearson Act.

**Qualification**

All lands classified as commercial forest reserve. A commercial forest reserve is a forest developed by planting or natural reproduction. The land cannot contain any other material natural resources besides forest growth.

**Tax Treatment**

Land is taxed at 5 cents (5¢) per acre annually. Timber is taxed upon stumpage value. The tax rate is increased from two percent (2%) in the first year of classification to ten percent (10%) in the ninth and following years.
(2) Optional Law. Known as the Woodlot Law.

Qualification

Areas up to forty acres forming part of tracts not exceeding 160 acres, of which at least one-half is improved and devoted to agriculture may be classified as private forest reservations.

Tax Treatment

Land is subject to a property tax but may not be valued for taxation at more than $1.00 per acre.

Timber is subject to a five percent (5%) yield tax upon the stumpage value.

Minnesota

Optional Law. Known as the Tree Growth Tax Law.

Qualification

Privately owned lands, consisting of a governmental subdivision of five acres or more, generally suitable for planting, culture, and growth of continuous forest products may be classified. No landowner may classify more than 10,000 acres in any one county.

Tax Treatment

Land and timber are taxed under one of four methods.

1. Commercial forest lands (three cords or more of standard pulpwood, or saw logs per acre or 500 stems or more of commercial tree species per acre) are taxed each year at the rate of thirty percent of the value of the estimated average annual growth for the respective forest types.
2. Temporarily nonproductive forest lands (not capable of meeting standards of commercial forest lands) are taxed five cents ($0.05) per acre per year provided the owner complies with his reforestation agreement; in the event of noncompliance the lands are taxed fifteen cents ($0.15) per acre per year.

3. Permanently nonproductive lands such as muskeg, marsh and rock outcrops unsuitable for growing commercial forests, are taxed five cents ($0.05) per acre per year.

4. Plantations (with at least 500 trees of commercial species per acre) are allowed for a ten year period, a credit of 50 cents per acre per year against taxes on other lands of the owners within the same governmental subdivision.

Mississippi

Mandatory Law. Known as the Severance Tax.

The tax provided by this law is imposed upon all persons engaged in the business of growing, severing and producing logs or any timber products from the soil or water for sale or commercialization; or purchasing, logging or selling logs or timber products for commercial purposes.

Tax Treatment

Land is subject to the general property tax. Timber is subject to taxation at the time of cutting as follows:

1. Saw logs, used for lumber, veneer or other products.
   a. Pine and other softwoods—40 cents per M.B.F. log Scale, Doyle Rule.
   b. Hardwoods—30 cents per M.B.F. log Scale, Doyle Rule.

2. Lumber, all species and kinds including crossties—30 cents per M.B.F. actual board measure.

3. Poles and Piling—1% of Market or Delivered Sale Price in white or rough form.
4. Pulpwood (except Pine)—9 cents per cord (128 cu. ft.).

5. Pine Pulpwood—12 cents per cord (128 cu. ft.).

6. Stumpwood or other distillate wood—10 cents per ton 2000 lbs.

7. Turpentine Crude Green—12 cents per barrel 400 lbs.

Missouri

Optional Law. Known as the State Forestry Law.

Qualification

Tracts of 40 acres or more may be classified as forest croplands if used for timber growing and if the land value does not exceed $10.00 per acre. Classification is good only up to 25 years.

Tax Treatment

Land is taxed at a fixed assessment of $1.00 per acre.

Timber is taxed upon the stumpage value at time of cutting as follows:

1-10 years following classification—4%
11-20 years following classification—5%
21-25 years following classification—6%

New Hampshire

Mandatory Law.

Tax Treatment

Land remains subject to the property tax.

Timber is subject to a 10 percent tax of stumpage value at
the time of cutting. In addition, a temporary bond and debt 
retirement tax of two percent of stumpage value is to be levied 
until such time as sufficient funds are established for the State 
to reimburse towns for the loss of revenue occasioned by exemption 
of timber from the property tax.

New York

Optional Law. Known as the Fisher Forest Tax Law.

Qualification

Property containing at least 15 acres of forest land which 
has an average of not less than 800 trees per acre; from which 
most of the mature timber has been removed in such a manner 
as to insure a yield of merchantable timber or pulpwood; or which 
already supports a stand of immature trees sufficient to produce 
such a yield within 30 years.

Tax Treatment

Land is subject to general property tax.

Timber is subject to a yield tax of six percent (6%) on 
its stumpage value at time of harvest.

Oregon

Two Laws.

(1) Optional Law. Known as the Forest Fee and Yield Tax
Law.
Qualification

All land suitable for forest-crop production and meeting the standards set down by the Oregon Forest Conservation Act (Revised Statutes 527.010 to 527.240) may be classified as reforestation lands.

Tax Treatment

Land is exempt from the ad valorem property tax. However, an annual specific tax (forest fee) of five cents ($0.05) per acre is imposed on lands west of the summit of the Cascade Mountains and 2½ cents ($0.025) per acre on lands east of the summit.

Timber is subject to 12½ percent tax imposed upon the stumpage value when harvested.

(2) Mandatory Law. Known as the Eastern Oregon Timber Severance Tax.

The law applies to timber east of the summit of the Cascade Mountains. Land classified as reforestation land under the optional yield tax act (Forest Fee and Yield Tax) and timber thereon are not subject to the tax.

Tax Treatment

Land is subject to the general property tax.

Timber is subject to a tax, at time of harvest, imposed at the rate of five percent (5%) of immediate harvest value (see Oregon's Modified assessment Law for definition of term) merchantable timber.
Washington

Optional Law. Known as the Reforestation Ace.

Qualification

Land which qualified as reforestation lands. Reforestation lands consist of a forest crop which is not mature in merchantable quantities and because of location, topography and geological formation are chiefly valuable for developing and growing forests.

Tax Treatment

Land is taxed at a fixed assessment of $2.00 per acre for classified lands west of the Cascades and $1.00 per acre east of the Cascade Range.

Timber is subject to a yield tax at one percent (1%) for the first year that has expired since classification with a maximum rate of 12⅓ percent.

Wisconsin

Optional Law. Known as the Forest Crop Law.

Qualification

Tracts of land not less than forty (40) acres lying within the boundaries of a forest protection district are eligible for classification as forest croplands. These lands must be more useful for growing timber and other forest crops than for agricultural, mineral, recreational or other purposes. The owner must practice good forestry management. Tracts less than 40 acres
are subject to special treatment.

**Tax Treatment**

Lands are exempt from property taxes and in its place a special tax known as acreage share is imposed. The acreage share is 10 cents (10¢) per acre for forest crop lands and 20 cents (20¢) per acre for lands under special classification.

Timber is subject to a yield tax of 10 percent (10%) of stumpage value.

**Severance Tax Laws**

**Alabama**

Mandatory Law.

**Persons Subject to Tax**

Persons in the business of removing forest products from the soil for sale, profit, or commercial use whether as owner, lessee, or contractor. Persons cutting timber on their own land for their own use are exempt from the tax.

**Rate of Tax** (Not all forest products subject to tax will be covered)

Pine Timber—20 cents per M.B.F. lumber tally.

Hardwood Cypress and all other species of lumber—8 cents per M.B.F. lumber tally.

Pulpwood—6 cents per Standard Cord (128 cu. ft.).
Arkansas

Mandatory Law.

Persons Subject to Tax

Persons engaging in the business of removing natural resources including timber and timber products. Persons removing timber from their own land for their own use are exempt.

Rate of Tax (Not all forest products subject to tax will be covered)

Sawtimber
- Pine—$50 per M.B.F. log scale
- All other—$25 per M.B.F. log scale

Pulpwood
- Pine—$25 per cord (128 cu. ft.)
- Hardwood—$20 per cord (128 cu. ft.)

Gum-veneer Bolts and billets—$25 per cord (128 cu. ft.)

Fence Posts—$1.50 each

Louisiana

Mandatory Law. Known as the General Severance Law.

Persons Subject to Tax

Owners of natural resources removed from the soil or water including all forms of timber, pulpwood, turpentine and other forest products. All timber other than virgin timber is exempt.
### Rate of Tax

<table>
<thead>
<tr>
<th>Timber Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress Timber</td>
<td>$1.00 per M.B.F. log scale</td>
</tr>
<tr>
<td>Pine Timber</td>
<td>$0.50 per M.B.F. log scale</td>
</tr>
<tr>
<td>Ash and Hickory Timber</td>
<td>$0.75 per M.B.F. log scale</td>
</tr>
<tr>
<td>Red Gum Timber</td>
<td>$1.50 per M.B.F. log scale</td>
</tr>
<tr>
<td>Cow Oak Timber</td>
<td>$0.50 per M.B.F. log scale</td>
</tr>
<tr>
<td>White Oak Timber</td>
<td>$1.00 per M.B.F. log scale</td>
</tr>
<tr>
<td>Cottonwood, Magnolia, popular, sycamore and all other hardwood timbers</td>
<td>$0.25 per M.B.F. log scale</td>
</tr>
<tr>
<td>Tupelo, Black and sap gum timber</td>
<td>$0.25 per M.B.F. log scale</td>
</tr>
<tr>
<td>Pulpwood</td>
<td>$0.15 per standard cord of 4 feet by 4 feet by 8 feet</td>
</tr>
</tbody>
</table>

### New Mexico

**Mandatory Law.**

### Persons subject to tax

Owners of natural resources removed from the soil. In some cases, the purchaser of products pays the tax.

### Oregon

**Mandatory Law. Known as the Forest Products Harvest Tax.**
Persons Subject to Tax

Persons owning forest products at the time of harvesting or acquiring the title to the products by virtue of harvesting.

Rate of Tax

Class A forest lands (forest lands containing merchantable timber)—4 cents per M.B.F. log scale.

Class B forest lands (lands located west of Cascade Mountains or bisected by the range and are subject to fire patrol protection)—4 cents additional per M.B.F. log scale.

Virginia

Mandatory Law. Known as the Forest Products Tax.

Persons Subject to Tax

Persons engaged in the business of removing timber or other forest products from the soil for sale, profit or commercial use whether as owner, lessee or contractor either as producers or manufacturer.

Rate of Tax (Not all forest products subject to the tax will be covered)

Pine and Cedar Lumber—15 cents per M.B.F.

Hardwood, Cypress and all other species—7½ cents per M.B.F.

Rough lumber

300 M.B.F. or less—$30.00 flat annual tax
300 M.B.F. to 500 M.B.F.—$60 flat annual tax
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