

LVT—Friend of the Forests?

by HENRY I. BALDWIN

LAWRANCE W. RATHBUN of Concord, New Hampshire, mentioned in the February HGN, succeeded in getting an act passed by the legislature about 1947 that provided for taxing forest land and standing timber separately. This was the necessary preliminary basis for New Hampshire's "Act for Forest Conservation and Taxation" of 1949, sponsored and promoted by Governor Sherman Adams, but largely the work of this same Larry Rathbun. The act relieved standing timber of all annual taxes, retaining a tax on the land.

It has proved beneficial for years, but now there is growing concern that the increasing taxes on forest land alone will discourage anyone from holding land for timber production.

Is forest land being taxed at its full rental value? Ask any farmer or "tree farmer," and he will claim it is often taxed at many times its rental value—and 87 per cent or more of the land area of the state is in forests.

One of the arguments for a land tax only is that improvements are not penalized and investment and business are encouraged. Improvements in forestry *are* investments in stand care, pruning and thinning. It was hoped that the 1949 act would encourage investment in forestry because these "improvements" would not be taxed, and trees could be grown until they were economically mature. It is true that some of these hopes have been realized, but cases are also known where the land taxes were raised in 1949 to equal the land and timber assessments before. Far more serious is the tendency for the town Selectmen

to jump assessment of forest land without any regard to its productive capacity or location. Under these conditions trying to develop the productive capacity of the land becomes an expensive hobby rather than a business.

It is small wonder that few if any wood-using industries own the land on which their raw materials are grown, or that forest-based industries have been declining in New Hampshire during the period when a favorable climate should have prevailed because of land only being taxed. Other factors, too, have influenced the decline. Nevertheless the specter of an unlimited increase in forest land assessments can appear as formidable as mounting taxes on improvements once were.

This does not mean that the principles of Henry George should be rejected. We owe much to devoted Georgists in New Hampshire like the late George Duncan, and to the leadership of unselfish citizens like Lawrence Rathbun and Heman Chase. When 87 per cent of the land is supposed to be taxed on land value alone, what is holding back development of forestry? Obviously the tax burden must be correlated with the returns from timber-growing. A subcommittee on taxation of the 1964 Governor's Forest Policy Committee concluded that the top limit for both land and yield taxes should be 30 per cent of net returns. Since many successful corporations operate under even higher taxes, it seems unlikely that taxes alone are responsible for the failure to make the most of New Hampshire forest resources.

●
The booklet entitled *Human Rights*, with excerpts from Winston Churchill's speeches on the land question, is now available at 10 cents a copy, from the Henry George News, 50 East 68th Street, New York, N. Y. 10021.