

Taxation of Forest Lands and Timber

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OREGON'S present laws pertaining to taxation of forest lands and standing timber should be amended and modernized to equalize tax burdens with other classes of property and especially in comparison with lands used for production of other crops. Such revisions should give full recognition to the fact that trees are a crop. They should allow for the time required for maturity of the trees where the final harvest of the crop occurs 60 to 100 years after it is planted.

In contrast most agricultural crops provide an annual harvest from the land, whether it be used for grain, seeds, fruit, or for livestock. The basis for assessment of real and personal property is "true cash value." On agricultural crop lands and grazing lands this value is determined basically by the productivity of the land and its location with reference to market. Other factors also affect value but in the long run the ability of the land to produce crops and the cost of getting the crops to market determine what land is worth to a person who wants to grow crops on it.

The same basic considerations apply to forest land. We recognize that some forest lands are much more productive than others. Just as in agricultural crop land the most productive forest lands are worth more than less productive lands. The value of the forest crop is determined by its quality or what it will bring on the market less the cost of harvesting and transporting the forest products to the market where they are manufactured.

I have mentioned the foregoing facts because I want to point out the similarity in the basic considerations which determine the true value of forest lands as well as other agricultural lands.

Oregon's 1929 Forest Fee and Yield Tax Act was passed for the purpose of (1) to encourage the growth and protection of forest crops on lands chiefly valuable therefor and (2) to provide a fair, stable, continuous tax revenue from such lands. Many acres have been classified under this act whereby the tax in Western Oregon is 5c per acre per year plus

12½ per cent of the unit market value of any products harvested from such lands. Some people are well satisfied with this act and have classified their lands as rapidly as possible. Re-logging of some of these classified lands has brought yield taxes to the counties much sooner than was expected when the lands were classified. However, many landowners have not accepted the Forest Fee and Yield Tax Act as the answer to their problems and have not classified their lands under its provisions. It appears that some modifications of the Act are needed or there should be an alternative method of taxing forest land.

I have talked to several landowners and heard of many others who have said, "We've paid taxes on that land for many years. Foresters tell us the timber is now growing very rapidly and should not be harvested until mature. However if the assessor, or the State Tax Commission through its reappraisal programs, places an assessed value on the timber now we will have to cut it as we can't afford to hold it any longer under increasing tax costs . . ."

Exempt Immature Forest Crops From Any Taxation as Timber

If forest land is to be taxed equitably in relation to other crop land we should assess the land on the basis of its location and quality (or its actual value) and we should not tax the growing crop on that land. We should not penalize unjustly a crop which requires 80 to 100 years to mature. Our present tax laws impose such a penalty on young growing timber if the laws are strictly applied.

It would be a relatively simple program to work out a schedule of assessed values for forest land on the basis of its location and equality. It is a difficult and expensive task to equitably appraise the crop of trees growing on that land. Surely we ought to effect a great saving in our reappraisal programs and achieve more equitable taxation of our forest lands if we taxed only the land on the basis of its value and exempted all immature forest crops from taxation in addition to the tax on the land which grows them . . .