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FOREST TAXATION AND THE SINGLE TAX.*

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◆Read at the Annual Meeting of the Society for the Protection of New Hampshire Forests.

The report of the sub-committee on taxation of the Fifth National Conservation Congress last November would lead one to believe that the adoption of the single tax would not leave a tree standing or even permit one to grow, in other words, would force the destruction of the forests and absolutely discourage anyone from attempting the practice of forestry. This conclusion has as a basis the general statement of single tax propagandists to the effect that "virgin forests are a part of land, a free gift of nature, and should consequently be taxed as land or as a land value." On the strength of such a statement their assumption follows that the value of the land and the value of the timber are to be added together and taxed on an annual basis.

But the assumption is in error in at least two fundamental particulars. The assumption first of all ignores the fact that the term "land" has an economic as well as a common meaning. It is patent that if interpreted in its economic sense the above statement is perfectly intelligible and clear; otherwise it is not. Land in the economic sense comprises all the elements of nature, the rocks and soil, the forests, the minerals and the waters. When it is understood that the above basic statement simply means, therefore, that the forest — the virgin growth — is a part of nature and that its value should consequently be taxed as a natural value, must we conclude that the only way open to us is to tax it as land surface is taxed? Herein lies the second error in the committee's assumption that it is necessary on the theory that being a single tax there can be but one way to apply it, or some single-taxer may have said so, misled, undoubtedly, by the archaic general property tax idea.

The single tax is simply a tax on the utility values in nature. There is nothing

whatever in either the spirit or the letter of the single tax doctrine requiring that timber be taxed annually.

There is, consequently, nothing in reason to prevent the tax being applied in the form of a cutting or yield tax. In fact it can be shown that such method of application is the one simple and sensible way to apply it to timber and mineral resources as well. Both of these resources have a utility value entirely different from the utility value of either the soil or a water right. The two latter may be used, so far as we know, year after year, indefinitely, and it is therefore proper that they be taxed annually. But a given group of trees in the forest or a given portion of a vein of ore once cut or mined may not be so utilized again. That value which attaches to them in their natural state, therefore, cannot justly be taxed more times than it can be taken from nature. In the case of the forest, nature may produce more trees in the same place, but their value will be a new and entirely distinct value.

And if, therefore, we tax a piece of virgin timbered land by laying an annual tax on the market value of the bare ground and a yield tax on the value of any timber that is cut, how will this force the destruction of our forests? Such a method of taxing forests, the committee tells us in the main body of its report, will not force the cutting and destruction of our forests, but will aid in their conservation and conversion into well-managed and regulated forests.

The committee's fear that the adoption of the single tax will operate to the detriment of the practice of forestry may likewise be set at rest. As a tax exclusively levied upon natural values, labor and capital values of all kinds are expressly exempted under the single tax. Now those who have attempted to practise forestry themselves or have induced others to do so know that it involves the investment of both labor and capital. So that to the extent that forestry is practised under a single tax regime there would, to that extent at least, be a decrease in taxes on the value of the forest until with the planted or regulated forest there would be no tax on the value of the forest at all. The soil would, of course, be taxed annually according to its market value as it should be. Instead, therefore, of being destructive in its effects, the single tax would be constructive so far as our forests and forestry are concerned, whether applied to the virgin forest, the planted forest or any of the transitional forms.