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**State
FOREST TAX LAW
DIGEST-1967**

**United States Department of Agriculture
Forest Service**

Miscellaneous Publication No. 1077

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FOREST TAX LAW
DIGEST #1967 *300*

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Division of Forest Economics and Marketing Research

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March 1968 *50*

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PREFACE

The summaries of the respective laws contained in this Digest were forwarded for review to State forestry and State tax officials. Their assistance is greatly appreciated; however, any errors or omissions should not be ascribed to such officials. Acknowledgment is due also to Jack Dean Evans, summer trainee from the University of Washington, for assistance with the research underlying the present revision.

Published current as of December 31, 1967.

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INTRODUCTION

This Digest summarizes in nontechnical language the essential features of 56 special forest tax laws effective in the various States as of December 31, 1967. The last previous edition of the Digest was issued in 1957.

A brief summary cannot cover complex laws in full detail. Only those provisions of chief interest to forest landowners and to tax authorities of other States have been included. The Digest does not serve as an official interpretation of any law. Administrative guides relating to the assessment

of forest land and timber that is subject, like real property in general, to the property tax are not included in the Digest. Such material is contained in a recent Forest Service publication, "State Guides for Assessing Forest Land and Timber—1966."

A classification of special forest tax laws by State and type of law is shown in table 1, and the geographical distribution of such laws is shown in figures 1, 2, and 3.

Table 1.—Classification of Forest Tax Laws by State and Type of Law
December 31, 1967

State	Exemption or rebate	Modified property tax			Yield tax	Severance tax	Total
		Modified assessment	Modified rate	Deferred payment			
Alabama.....	X				X	X	3
Arkansas.....						X	1
California.....	X						1
Colorado.....	X						1
Connecticut.....		X			X		2
Delaware.....	X						1
Florida.....		X					1
Hawaii.....	X	X			X		3
Idaho.....	X				X		2
Indiana.....		X					1
Iowa.....	X	X					2
Kansas.....	X						1
Louisiana.....					XX	X	3
Maine.....	X	X					2
Maryland.....		X					1
Massachusetts.....					X		1
Michigan.....					XX		2
Minnesota.....			X		X		2
Mississippi.....					X		1
Missouri.....					X		1
New Hampshire.....	X				X		2
New Jersey.....	X	X					2
New Mexico.....		X				X	2
New York.....					X		1
North Carolina.....	X						1
North Dakota.....			X				1
Ohio.....			X				1
Oregon.....		XX			XX	X	5
Pennsylvania.....		X					1
Puerto Rico.....	X	X					2
Rhode Island.....	X						1
Virginia.....						X	1
Washington.....				X	X		2
Wisconsin.....			X		X		2
Total.....	14	13	4	1	18	6	56

EXEMPTION AND REBATE LAWS

DECEMBER 31, 1967

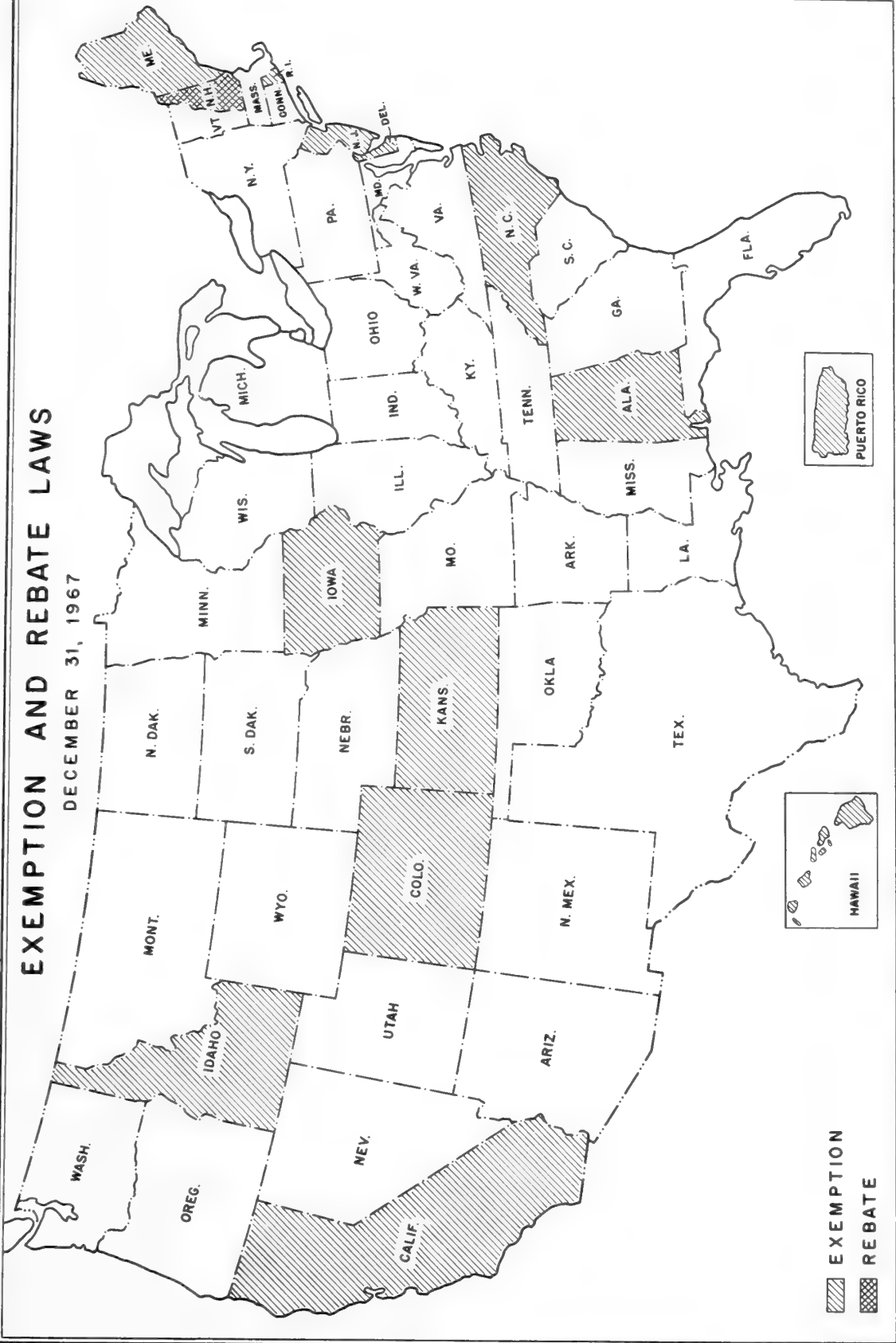


Figure 1

Plan of arrangement

Special forest tax laws are grouped under four headings: (1) exemption and rebate laws, (2) modified property tax laws, (3) yield tax laws, and (4) severance tax laws. Modified property tax laws in turn fall under three subheadings: (a) modified assessment, (b) modified rate, and (c) deferred payment. The arrangement is similar to that used in the 1957 Digest except that the bounty and rebate group (of which only one rebate law remains in effect) has been merged with the exemption group.

Individual tax law summaries are arranged under uniform headings within each of the major groups. Citations indicate where the laws may be found in the compiled statutes of the respective States or, in the case of more recent enactments, in the session laws.

Explanation of terms

Exemptions, as the term indicates, remove forest land and timber or the timber alone from the property tax roller either for a term of years or, in some cases, indefinitely. To qualify for exemption, forest tracts may need to comply with certain forest management requirements. Moreover, with respect to timber, the exemption may apply to all that standing on the tract or only to immature timber, planted trees, trees of particular species, trees planted for a specific purpose such as wind-breaks, etc. A *rebate* law permits the landowner to apply for abatement of taxes levied. Of the 14 laws in the exemption-rebate group (table 1, fig. 1), 6 are optional, leaving it to the landowner to

claim the benefits provided; the remaining 8 are mandatory laws.

Modified property tax laws of the *modified assessment* type total 13 in number (table 1, fig. 2). A fixed assessment per acre may be provided or, in the case of more recent legislation, assessment of forest land and timber at a "forest value" irrespective of a higher value in some other use. The four *modified rate* laws are varied but have in common the use of a tax rate that differs from the millage rate applicable to real property in general. The single *deferred payment* law would postpone a portion of annual ad valorem taxes until timber harvest. Of the 18 laws that make up the modified property tax group, all but 4 are optional in application.

Yield taxes (table 1, fig. 3) are designed to aid forestry by relieving timber from payment of annual property taxes and imposing instead a tax at time of timber harvest. The forest land itself usually remains subject to the property tax, sometimes in modified form. Of the 18 laws in the yield tax group, 14 are optional and 4 are mandatory.

Severance taxes, similar in some respects to yield taxes but imposed solely for revenue purposes, are effective in six States (table 1, fig. 3). Three of these (Alabama, Louisiana, and Oregon) have also enacted yield taxes. Terminology is not consistent from State to State, and laws classified in this Digest as yield taxes are at times referred to in practice as severance taxes. Criteria used in classifying forest yield and timber severance taxes are listed in the tabulation that follows.

	<i>Yield tax</i>	<i>Severance tax</i>
Primary purpose of tax	To aid forestry by eliminating the annual tax on timber and substituting a tax at time of harvest.	To obtain additional revenue (proceeds may be devoted to State forest program).
Relation to the property tax	Imposed in place of the property tax.	Imposed in addition to the property tax (or to the yield tax if latter has been substituted).
Basis of payment: Timber	Usually ad valorem, e.g., 10 percent of stumpage value.	Usually specific, e.g., 50 cents per 1,000 board feet.
Bare land	Remains subject to property tax, sometimes in modified form.	Not affected.
Responsibility for payment	Rests upon the timber owner.	Rests primarily upon the timber operator.
Application of tax	Usually optional although mandatory in some instances.	Always mandatory.
Nature of tax	Gross income tax.	Occupation or privilege tax.

MODIFIED PROPERTY TAX LAWS

DECEMBER 31, 1967

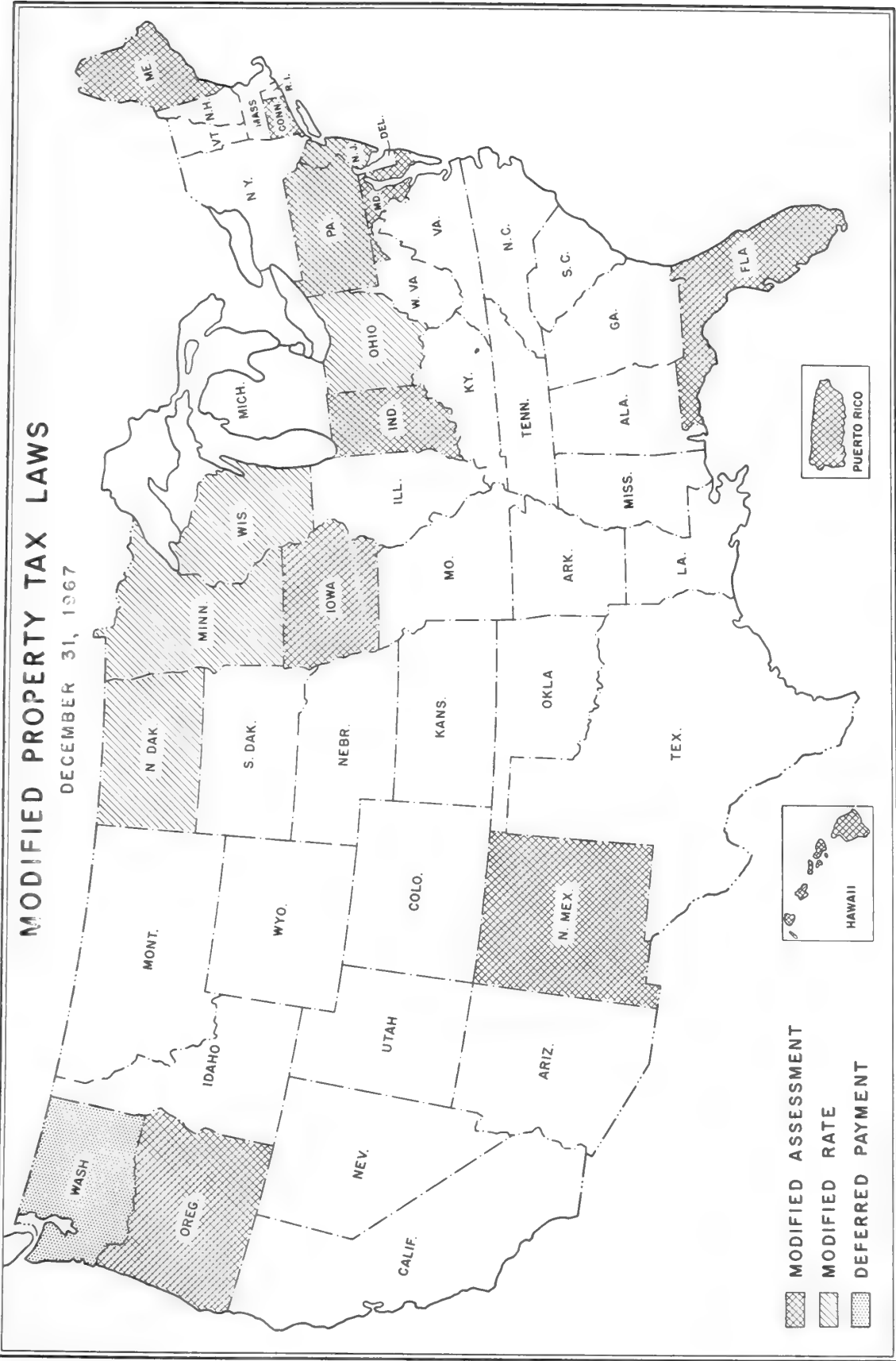


Figure 2

YIELD AND SEVERANCE TAX LAWS

DECEMBER 31, 1967

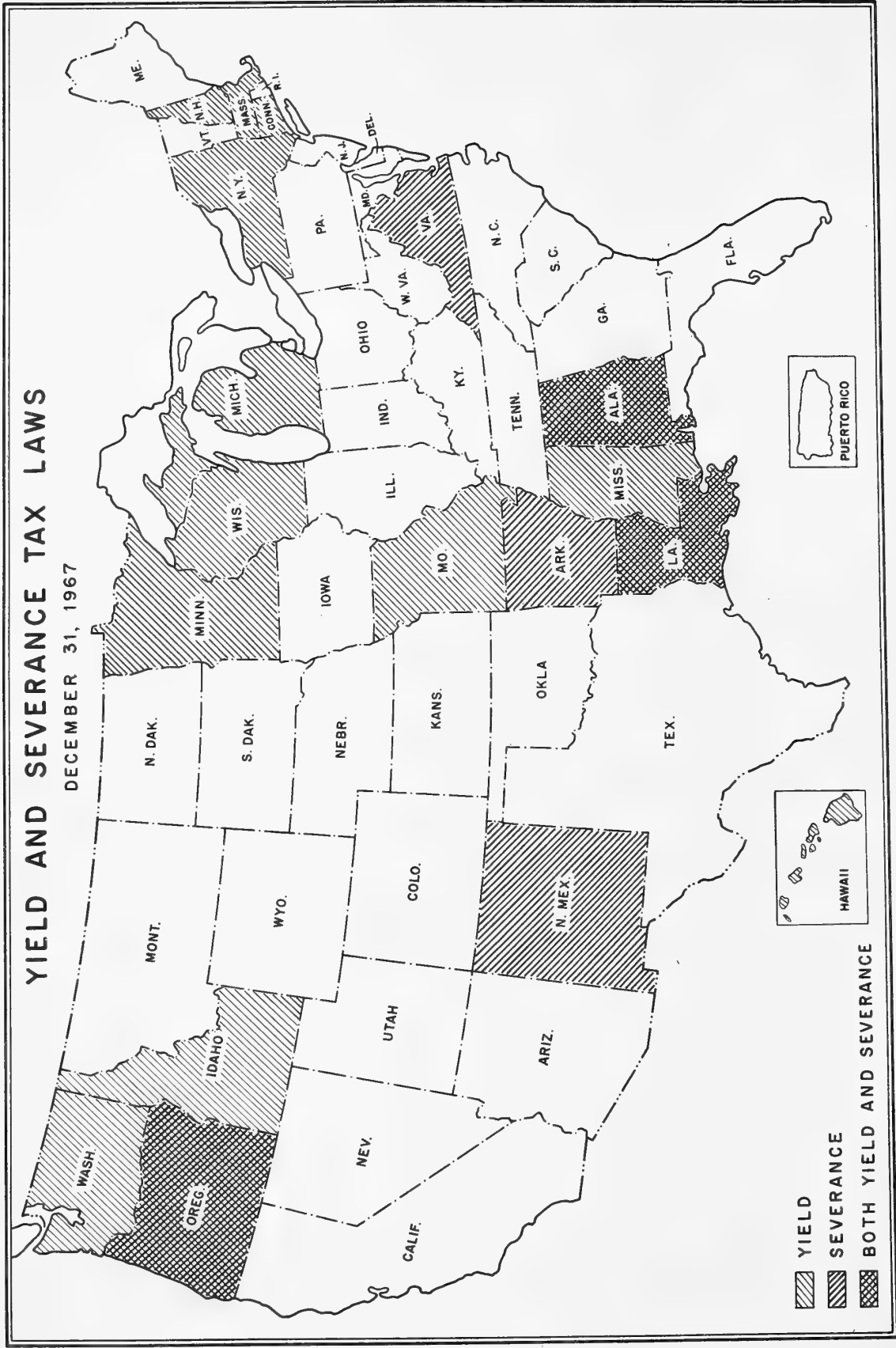


Figure 3

Principal changes since the 1957 edition of the Digest

The 56 forest tax laws summarized in the current Digest compare with 44 laws in the previous edition. Fourteen forest tax provisions were enacted during the period 1957-1967 and 4 older laws were repealed, a net gain of 10. In addition, 2 laws omitted from the earlier edition are now included; they are referred to below in the discussion of modified property taxes and yield taxes respectively.

In the *exemption and rebate* group, 4 laws were repealed or expired:

Connecticut exemption (1929) repealed by Chapter 490, Laws of 1963.

Hawaii exemption (1892) repealed by Chapter 234, Laws of 1957.

Hawaii exemption (1955) expired.

South Dakota bounty (1890) repealed by Chapter 5, Laws of 1961.

One law was enacted:

Alabama exemption (1967)

There was little evidence of increased classification under the optional exemption-rebate provisions (table 2). The few amendments to this group of laws were administrative in nature.

Taken as a whole, the exemption-rebate group lost ground over the review period with the important exception, however, of the new timber exemption in Alabama. This was adopted so recently that there has been little opportunity to observe its impact.

Table 2.—Application of Optional State Forest Tax Laws

State	Enacted	Area to which law applied ¹		Area of commercial	Commercial forest area
		1956	1967	forest land in private ownership, 1963	in private ownership classified under optional laws, 1967
		(Acres)	(Acres)	(Acres)	(Percent)
<i>Exemption and Rebate</i>					
Delaware.....	1931	0	0	382,000	—
Hawaii.....	1903	(²)	27,285	593,000	4.6
Maine.....	1872	(²)	2,300	16,964,000	(⁴)
New Hampshire.....	1903	(³)	(²)	4,210,000	—
Puerto Rico.....	1930	670	670	500,000	0.1
Rhode Island.....	1878	(²)	300	404,000	0.1
<i>Modified Property Tax</i>					
<i>Modified Assessment</i>					
Connecticut.....	1963	—	48,363	1,818,000	2.7
Hawaii.....	1961	—	0	593,000	—
Indiana.....	1921	172,950	257,250	3,666,000	7.0
Iowa.....	1906	85,864	93,155	2,558,000	3.6
Maryland.....	1963	—	242	2,683,000	(⁴)
New Jersey.....	1964	—	(²)	1,866,000	—
Oregon					
Western Oregon Small Tract					
Optional Tax.....	1961	—	50,000	10,311,000	0.5
Pennsylvania.....	1965	—	(²)	11,789,000	—
Puerto Rico.....	1925	0	0	500,000	—
<i>Modified Rate</i>					
Minnesota					
Tree Growth Tax Law.....	1957	—	287,977	7,523,000	3.8
North Dakota.....	1967	—	⁵ 0	296,000	—
Ohio.....	1925	98,939	235,753	4,761,000	5.0
Wisconsin.....	1953	29,547	133,809	10,330,000	1.3
<i>Deferred Payment</i>					
Washington.....	1941	0	0	9,151,000	—
<i>Yield Tax</i>					
Alabama.....	1923	44,680	5,000	20,741,000	(⁴)
Connecticut.....	1913	1,093	24,745	1,818,000	1.4
Hawaii.....	1963	—	0	593,000	—
Idaho.....	1929	156,958	144,001	3,066,000	4.7
Louisiana.....	1910	380,979	⁶ 451,000	15,627,000	2.9
Massachusetts.....	1914	⁷ 56,530	(²)	2,860,000	—
Michigan					
Commercial forests.....	1925	301,212	630,000	12,801,000	4.9
Woodlots.....	1917	(³)	(³)	—	—
Minnesota.....	1927	220,196	269,544	7,523,000	3.6
Missouri.....	1946	301,075	517,637	13,392,000	3.9
New York.....	1926	38,867	265,292	11,107,000	2.4
Oregon					
Forest Fee & Yield Tax.....	1929	968,716	995,346	10,311,000	9.7
Washington.....	1931	479,310	541,014	9,151,000	5.9
Wisconsin.....	1927	333,536	576,673	10,330,000	5.6

¹ Source: State Foresters and State Tax Commissions

² Not available

³ "Very small"

⁴ Less than 0.1

⁵ Contracts not effective until January 1, 1968

⁶ 1965

⁷ 139 of 355 towns (1950)

In the *modified property tax* group, 11 laws were enacted during the review period. Of particular interest were "present use" assessment provisions adopted by Connecticut, Florida, Hawaii, and Pennsylvania in which land use planning or zoning aspects were introduced. Also breaking new ground were the Western Oregon Small Tract Optional Tax, the Minnesota Tree Growth Tax Law, and the North Dakota Native Woodland Tax. The first makes use of a statutory cash value per acre based upon site class, the second utilizes as a tax base estimated average annual growth rates per acre by species, and the third permits use of a tax rate negotiated between the State Forester and County Commissioners. The full list of new laws follows:

*Modified assessment*¹

Connecticut (1963)	New Jersey (1964)
Florida (1959)	New Mexico (1967)
Hawaii (1961)	Oregon-2 laws (1961)
Maryland (1963)	Pennsylvania (1965)

Modified rate

Minnesota (1957)
North Dakota (1967)

In addition to the new provisions listed, the Digest contains a summary of the 1954 Chase Law in Maine. Originally regarded primarily as an assessment guide, the law is now seen to have been a forerunner of the growing number of modified property tax provisions seeking to relate the tax burden more closely to productivity in timber growing use.

Since 1957 additional acreage has been entered under several of the older optional laws and growing interest is indicated in a number of the newer provisions for which data are available (table 2). In three States the acreage classified approaches or exceeds a quarter of a million acres although the total area classified is not, with one exception, more than 5 percent of the total commercial forest land in private ownership.

Amendments during the period to the older laws were of minor character. Among the more recent laws need for amendment has stemmed from the experimental character of such legislation. Thus basic changes were made in the original form of the Florida Green Belt Law (substitution of a mandatory for an optional zoning requirement), and in the Western Oregon Ad Valorem Tax (introduction of optional provisions relating to

"designation" of forest lands having a higher value in nonforest use).

The modified property tax laws as a group are at this time the center of interest in the forest tax field. It is here that the greatest resourcefulness and originality are being shown. Development is continuing and the full potential of the movement for property tax modification does not yet appear to have been realized.

In the *yield tax* group two laws were enacted during the period under review:

- Hawaii—Tree Farm Law (1963)
- Eastern Oregon Severance Tax² (1961)

In addition to the above, the 1910 Louisiana Reforestation Contract Severance Tax², omitted from the previous edition, has again been included in the Digest. The yield tax portion of the law was suspended in 1954 as to new entries, although substantial acreage classified before that time remains under contract. More recent entries under the Louisiana law have utilized the fixed assessment provisions relating to bare land value. The law has thus become, in effect, a modified assessment provision.

As indicated in table 2, 9 out of 14 optional yield tax laws showed an increase of area classified. In a number of instances the gain was appreciable, and in 5 States the area classified now approximates 5 percent or more of the private commercial forest area of the State.

Over half the yield tax laws were amended during the review period. Changes were for the most part of an administrative nature, although eligibility requirements were revised in one State (Connecticut) and the tax on bare land was increased in two States (Minnesota and Washington). More basic changes were proposed in the Wisconsin Forest Crop Law but these have not as yet been adopted.

The yield tax group as a whole changed but little over the review period. The chief development was the enactment of the mandatory Eastern Oregon Law. This has been attributed to the interest of timber operators who had migrated from the South where the harvest tax principle is often used. The other new enactment, the optional Tree Farm Law in Hawaii, has had no acreage classified under it.

In the *severance tax* group no laws were repealed or enacted during the period 1957-1967. Tax rates were increased in a few cases, but aside from this changes were minor. With no new provisions of this type since adoption of the Virginia severance tax in 1948, the situation, at least for the present, has stabilized.

¹ Modified assessment provisions relating to farmlands apply in some cases to farm woodlands; such laws are included in the Digest only if forest land is specifically mentioned. See Hady, Thomas F., and Thomas F. Stinson, *Taxation of Farmland on the Rural-Urban Fringe*, U.S. Dept. of Agriculture, Economic Research Service, Agric. Econ. Report No. 119, 80 pp. 1967.

² Classified here as a yield tax.

EXEMPTION AND REBATE LAWS

ALABAMA

Exemption. Mandatory. Enacted 1967. Ch. 240 Laws of 1967.

Eligibility

Growing crops and standing timber are exempt from ad valorem taxation.

Procedure

None specified.

Tax treatment

Land. Subject to the property tax.

Timber. Exempt from payment of property taxes.

CALIFORNIA

Exemption. Mandatory. Adopted 1926. Supplemented 1965. Constitution, Article 13, Sec. 12 $\frac{3}{4}$. Revenue and Taxation Code Secs. 211, 251, 254, and 259.6.

Eligibility

Immature forest trees which have been planted on lands not previously bearing merchantable timber or which have been planted, or are of natural growth, upon lands from which the merchantable original growth timber stand has been removed to the extent of seventy percent of all trees over sixteen inches in diameter, are exempt.

Timber is considered mature for purposes of the law at such time after forty years from the time of planting or removal of the original timber as the special board mentioned below shall determine.

Procedure

Any person claiming the immature timber exemption shall, when making his original claim, file an affidavit showing (a) the location and acreage for which exemption is claimed, (b) the

estimated average age of the timber stand, and (c) the year in which trees were planted or the year in which the merchantable timber growth was removed. The Board of Equalization shall prescribe procedures required to carry the exemption into effect.

Determinations regarding maturity are made by a special timber maturity board representing the State Board of Forestry, the State Board of Equalization, and the assessor of the county concerned. On expiration of the 40 year period provided for, the Timber Maturity Board is to inspect the property and determine the maturity of any timber previously exempt.

Tax treatment

Land. Subject to the property tax.

Timber. Exempt under the conditions noted above.

COLORADO

Exemption. Mandatory. Enacted 1911. Reenacted 1964.
Revised Statutes, 1963, Supplement 1965, Ch. 137,
Art. 2-3.

Eligibility

The increase in value of private lands caused by the planting of trees is exempt from taxation for a period of 30 years from date of planting. In the event that any of such trees become sufficiently mature as to be of economic use and value prior to the expiration of the 30-year period, then such increase in use and value shall be taken into account in determining the actual value of such lands.

Procedure

Determinations regarding exemption are made by local assessing officers.

Tax treatment

Land. Subject to the property tax.

Timber. Exempt under the conditions noted above.

DELAWARE

Exemption. Optional. Enacted 1931.
Code of 1953, Title 7, Sec. 3501-8.

Classification

Qualification. A contiguous area of not less than 5 acres which is not primarily valuable for agriculture and upon which the owner proposes to develop and maintain a forest either through planting or natural reproduction may be classified as a commercial forest plantation. The tract must have sufficient forest growth not over 5 feet in height (except for mature seed trees) to give reasonable assurance that a stand of merchantable timber will develop.

Procedure. The owner makes application to the State Forestry Commission setting forth the location, description and acreage of the tract. The Commission then directs the State Forester to examine the property. If the Commission finds that qualifications have been met, it recommends to the county assessment board that the property be classified. The property is then removed from the assessment list for a period of 30 years.

Conditions governing continued classification.

The owner must take proper precautions against damage by fire, grazing, or other cause. He may fell dead or injured trees, and cut living trees when marked for removal under the supervision of the State Forestry Department. The State Forester makes periodic inspections of the property to see that requirements of the law are being met.

Declassification

This is effected by the owner's voluntary withdrawal of the property or by action of the Commission upon recommendation of the State Forester and after the owner has had opportunity for a hearing.

A declassification tax is imposed. This is calculated by applying the yearly tax rates during the period of exemption to the average assessed value of the property.

Tax treatment

Land and timber. Commercial forest plantations are exempt from county property taxes for a period of 30 years.

HAWAII

Exemption (private lands in government custody). Optional.
Enacted 1903. Amended 1957 and 1965.
Revised Laws 1955, 1963 Supplement, Title 3 Sec. 19-5, as
amended by Act 265 Session Laws of 1965.

Classification

Qualification. Any lands, whether held under lease or in fee, may be surrendered to the government as forest or water reserve lands either for a term of not less than 20 years or forever.

Procedure. Agreement is entered into with the Board of Agriculture and Forestry; water rights may be reserved.

Conditions governing continued classification. The government may develop surrendered lands through plantings and erosion control and may construct improvements as agreed.

Declassification

At the end of the surrender period the government retains title to improvements that it has constructed, with right of removal. Such improve-

ments may, however, be left on the land upon payment of reasonable value less depreciation. The landholder shall pay the reasonable value of any timber or other crops planted during the surrender period.

If surrendered lands are withdrawn without government consent prior to expiration of the 20-year period, all taxes that would have been due during the exemption period become payable, plus penalty of 5 percent.

Tax treatment

Land and timber. Both are exempt so long as the land remains exclusively under government control as a forest reservation.

Note: See Yield Tax enacted 1963 under which classified Tree Farm lands are exempt from property taxation.

IDAHO

Exemption.¹ Mandatory. Enacted 1937. Amended 1967.
Code 1947, Secs. 38-304, 309, 310.

Eligibility

Young growth and seed trees left for conservation purposes on cutover forest lands located within cooperative sustained yield districts are exempt.

The owner is required to file with the State Forester a notice of intent to cut stating the location and approximate size of the area to be operated. The State Forester under the direction of the State Board of Land Commissioners, must inspect the property during or immediately following lumbering operations to ascertain whether

forest practice requirements of the law have been met.

Procedure

The county assessor credits the owner in an amount equal to the assessed value of the timber left uncut.

Tax treatment

Land. Taxed in the same manner as other real property.

Timber. Exempt under the conditions noted above.

¹ The exemption provision forms part of the Cooperative Sustained Yield Law.

IOWA

Exemption. Mandatory. Enacted 1906. Reenacted 1959.
Code Annotated, Sec. 441.22.

Eligibility

Trees planted for forest, fruit, shade or ornamental purposes, or for windbreaks upon any tract of land (other than "forest reservations"¹) without regard to area, are exempt from taxation.

¹ See Modified Assessment Law.

Procedure

The assessor shall not increase the valuation of the property because of such improvements.

Tax treatment

Land. Subject to the property tax.

Timber. Exempt under the conditions noted above.

KANSAS

Exemption¹. Mandatory. Enacted 1941.
Statutes Annotated 1963, Ch. 29, Art. 5.

Eligibility

A shelterbelt or windbreak is exempt from taxation if it consists of at least five rows of suitable trees or shrubs, one row of which must average 6 feet in height or more, and if it is planted in strips adjacent to a highway on the north, west, or east. The strip of land planted must be between 60 and 120 feet in width and contain at least 1 acre. The planting must not obstruct the view at public road intersections.

The planted area must be maintained in accordance with good farm forestry practice. Livestock grazing is prohibited.

¹ Known as the "Shelter Belt Snow Fence Law."

Procedure

The County Commissioners determine each year what lands are used for shelterbelt purposes as defined in the law.

Tax treatment

Land and timber. Lands occupied by shelterbelts or windbreaks are entitled to an 80 percent reduction in assessed valuation continued over as many years as the shelterbelt or windbreak effectively protects a public road from snow accumulation.

No increase in assessed valuation shall be made due to the presence of a shelterbelt or windbreak.

MAINE

Exemption. Optional. Enacted 1872. Amended 1907, 1909, and 1927.
Reenacted 1955.
Revised Statutes 1964, Title 36 Sec. 656, 1-D.

Classification

Qualification. 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 3 years, may be exempt from taxation for 20 years following expiration of the 3-year period. At time of classification there must be not less than 640 well distributed trees per acre.

Procedure. The owner applies to the assessors stating that the tract is set apart for the sole

purpose of reforestation for the benefit of the State. A plan of the property must be provided and a statement relating to the growth and cultivation of the stand. If the assessors find, upon hearing and inspection, that the purpose is as stated in the application, the exemption is granted.

Conditions governing continued classification. The trees must be kept in a thriving condition during the exemption period.

Land and timber. Both are exempt under the conditions noted above.

NEW HAMPSHIRE

Rebate.¹ Optional. Enacted 1903. Amended 1923 and 1949.
Revised Statutes Annotated 1955, Supplement 1965, Ch. 221,
Sec. 9-11.

Eligibility

An owner of land valued at not more than \$25 per acre and planted with softwood trees is entitled to a rebate of property taxes. The planted trees must number not less than 700 per acre, except that 300 or less naturally seeded softwood trees, not over 5 feet in height, may be considered part of the 700.

To remain eligible the land must be maintained in satisfactory growing condition.

¹ Known as the "Tax Abatement for Forestation Law."

Procedure

The owner makes application for rebate to the assessors at the time the annual inventory is prepared.

Amount of rebate

Rebates are allowed as follows: for the first 10 years after the land has been planted, 90 percent of the taxes levied; for the second 10 years, 80 percent; and for the third and final 10 years, 50 percent.

NEW JERSEY

Exemption. Mandatory. Enacted 1943.
Statutes Annotated, Title 54.4-3.28.

Eligibility

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

Procedure

Planted trees shall not be assessed or taxed as personal property, and real property shall be

assessed without regard to enhancement of value because of such planted trees.

Tax treatment

Land. Subject to the property tax.

Timber. Commercially planted trees are exempt under the conditions noted above.

NORTH CAROLINA

Exemption. Mandatory. Enacted 1939. Amended 1953.
General Statutes 1965, Ch. 105, Art. 15, Secs. 105-294.

Eligibility

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

Procedure

Assessors are instructed to make no increase in

the valuation of real estate by reason of such planting.

Tax treatment

Land. Subject to the property tax.

Timber. Exempt under the conditions noted above.

PUERTO RICO

Exemption. Optional. Enacted 1930. Amended 1934 and 1952.
Laws of Puerto Rico Annotated 1962. Title 12, Secs. 157-166.

Classification

Qualification. Lands not less than 50 cuerdas (approximately 50 acres) in area, devoted exclusively to the production and development of forest trees for commercial purposes and regulation of streamflow, may be classified as Auxiliary Commonwealth Forests. The trees may be planted or of natural growth.

Procedure. The owner applies to the Secretary of Agriculture and Commerce, setting forth the location, nature, and condition of the land and trees. If the Secretary, after investigation, determines that the qualifications for classification have been met, he informs the Secretary of the Treasury who in turn certifies the fact to the Collector of Internal Revenues of the district. The latter then classifies the lands as Auxiliary Commonwealth Forests provided the owner agrees to care for the trees in accordance with instructions until they are mature.

Conditions governing continued classification. The forest must be cared for in accordance with instructions of the Secretary of Agriculture and Commerce and must not be cut until merchant-

able. Before harvesting, the Secretary makes an inspection to determine the kind and number of trees to be cut. To remain eligible for exemption the owner must plant other valuable species immediately after cutting. The owner may remove at any time burned, fallen, or damaged trees or undesirable varieties and may also remove timber for use on the property.

Declassification

This may be effected by the Secretary (1) upon request of the owner, (2) upon failure to manage the property in accordance with instructions or if the land is devoted to other purposes, (3) when the trees, in the opinion of the Secretary, are suitable for commercial purposes, or (4) if the land is acquired by public authority for inclusion in an insular forest reserve.

If withdrawal is occasioned by violation of the owner's agreement, a declassification tax is imposed.

Tax treatment

Land and timber. Both are exempt from taxation under the conditions noted above.

RHODE ISLAND

Exemption. Optional. Enacted 1878. Amended 1908, 1965.
General Laws 1956, Title 42, Sec. 42-17.1-3.
Title 44, Sec. 44-3-8.

Classification

Qualification. Areas up to 300 acres in one ownership, worth not more than \$25 per acre, and planted with at least 500 trees per acre of species named in the Act, may be exempt for 15 years from date of planting.

Procedure. The owner files an affidavit with the assessors showing that he has complied with the law.

Conditions governing continued classification. The forest must be maintained in good growing condition and must be managed in accordance with a working plan approved by the Director of the Department of Natural Resources.

In event of destruction by fire, the plantation remains eligible for exemption if replanted within 1 year.

Tax treatment

Land and timber. Both are exempt under the conditions noted above.

MODIFIED PROPERTY TAX LAWS

Modified Assessment

CONNECTICUT

Modified Assessment Law¹. Optional. Enacted 1963.
General Statutes 1958, Ch. 203,
Secs. 12-107a to e; 12-63.

Classification

Qualification. To be eligible for classification as "forest land", tracts must aggregate 25 acres or more, must bear tree growth in such quantities and so spaced as to constitute in the opinion of the State Forester a forest area, and must be maintained in a state of proper forest condition.

Provision is made for the classification also of "farmland" and "open space land" as defined by the Act.

Procedure. The owner applies to the State Forester setting forth a description of the land and such other information as may be required. If, upon examination, the tract is designated by the State Forester as "forest land", such finding is certified to the landowner with notification to the assessor. The former then applies to the assessor to have the tract classified for assessment as "forest land".

The municipality within which designated land is situated, or the owner of land which the State

Forester has refused to designate, may appeal to the courts. Provision is also made for appeal in case of denial of classification by the assessor.

Conditions governing continued classification. The tract must continue to qualify for designation as "forest land". Each year within a specified 60-day period, the owner must reapply to the assessor for classification of the tract. Failure to file application within the prescribed time limit is considered a waiver of the right to such classification on the assessment list for that year

Declassification

When requested to do so by the assessor or whenever he deems it necessary, the State Forester shall re-examine designated tracts and shall cancel such designation if the land is no longer eligible.

Tax treatment

Land and timber. The present true and actual value of a tract classified as "forest land" is based upon its current use without regard to neighborhood land use of a more intensive nature.

¹ Known as the Open Space Law, Public Act 490.

FLORIDA

Modified Assessment Law.¹ Mandatory. Enacted 1959. Amended 1967.
Statutes Annotated Sec. 193.201.

Eligibility

All lands zoned by County Agricultural Zoning Boards as "agricultural lands" are eligible for modified assessment. Such Boards are to zone lands within the county on an annual basis, as either "agricultural" or "nonagricultural". "Agricultural lands" as defined by the Act include those devoted to forestry.

No lands shall be zoned "agricultural" unless a return is made stating that such lands were used on January 1 primarily for "agricultural" purposes. The taxpayer may be required to establish that such lands were actually used for a bona fide "agricultural" purpose.

When property which is zoned "agricultural" is diverted to another use, or when it ceases to be used for agricultural purposes, it shall be reclassified "nonagricultural". Lands may also be reclassified "nonagricultural" when there is a contiguous urban or metropolitan development on two or more sides and when the Board finds that continued use of such lands for agricultural purposes would act as a deterrent to the timely and orderly expansion of the community.

¹ Known as the "Green Belt Law."

Tax treatment

Land and timber. In assessing "agricultural lands", the assessor is to consider no factors other than those relative to such use. Only the following use factors are to be taken into consideration: the present depreciated value of improvements, the quantity and size of the property, the condition of the property, its present value as agricultural land, the income produced by the property, the character of the area in which the property is located and such other agricultural factors as may become applicable².

NOTE: The 1957 Assessment Law as amended in 1963, Statutes Annotated Sec. 193.11(3), under which modified assessment for forest land was formerly authorized, was suspended effective January 1, 1968 for such period as the 1967 amendment to the Green Belt Law remains in effect (Laws of Florida, Chap. 67-593).

² For advisory forest land values see Timber Section of Real Estate Guide for Assessors, Office of Comptroller, Jacksonville. Reproduced in part in State Guides for Assessing Forest Land and Timber—1966. U.S. Dept. of Agriculture, Forest Service, 1967.

HAWAII

Modified Assessment Law. Optional. Enacted 1961. Amended 1963.
Revised Laws 1955, 1963 Supplement
Sec. 98H; 128-9.2.

Classification

Qualification. Land located within a Conservation District may be dedicated by the owner to a conservation use for a minimum period of 10 years, automatically renewable indefinitely. The term "owner" includes lessees whose leases have at least 10 years to run.

Conservation Districts are one of four major land use districts into which all lands in the State are zoned. As defined by the Act, Conservation Districts include areas necessary for forestry, for protecting watersheds, preserving scenic areas, providing parklands, and for other related activities not detrimental to a multiple use conservation concept. Conservation Districts include the Forest and Water Reserve Zones established under 1957 legislation and are governed by the Department of Land and Natural Resources.

Procedure. The owner petitions the Director of Taxation undertaking to use his land for a designated conservation purpose. The Director requests the Land Study Bureau to determine whether the

land is reasonably well suited to the intended use; among factors to be considered are land productivity, ownership, size of operating unit and present use of surrounding lands. In addition, the Director of Planning and Research determines whether the intended use is in conflict with the overall development plan of the State. If both findings are favorable, the Director of Taxation approves the petition and declares the tract to be dedicated land.

The owner may appeal any disapproved petition as in the case of an appeal from an assessment.

Conditions governing continued classification. The land must be continued in the dedicated use.

Declassification

This may be effected at any time after five years by either the owner or the Director of Taxation, upon five years notice; it is provided, however, that if rezoning results in the land being located within an Urban District, dedication may be cancelled within 60 days by mutual consent.

Failure by the owner to observe land use restrictions results in cancellation of modified assessment privileges retroactively to the date of dedication. In such case, taxes are payable equal to the difference between taxes actually paid and those that would have been due from assessment in the higher use, plus a penalty of 5 percent per year. Failure to observe land use restrictions is defined as (1) failure for a period of more than one calendar

year to use the land as outlined in the petition, or (2) overt change of use for any period.

Tax treatment

Land and timber. Dedicated land is to be assessed at its value in the dedicated use.

In the absence of dedication, land within a Conservation District is to be assessed with consideration given to the use or uses that may be made thereof as well as to the uses to which it is then devoted.

INDIANA

Modified Assessment Law¹. Optional. Enacted 1921. Amended 1945, 1947, and 1967.
Annotated Statutes 1949. Secs. 32-301 to 319.

Classification

Qualification. Forest tracts comprising at least 10 acres may be classified if they qualify as "forest plantations" or as "native forest lands".

The term "forest plantation" refers to cleared land which has growing thereon a good stand of timber-producing trees as that concept is understood by competent foresters; the State Forester determines whether the tract meets this standard.

The term "native forest land" refers to land never plowed or cultivated, which contains native timber-producing trees aggregating at least 40 square feet of basal area per acre or 1,000 timber-producing trees of any size per acre.

For purposes of the Act the following are not considered to be timber-producing trees: dogwoods, water-beech, ironwood, red bud, sassafras, persimmon, pawpaw, black haw, willows, pomaceous trees or Christmas trees grown for commercial purposes.

No land shall be classified which has dwellings or other buildings situated thereon except that operation of sugar-camps or sawmills to utilize trees or timber grown on classified lands is permitted.

Procedure. The owner makes application to the State Forester attaching a survey or aerial photograph locating the property. The tract must be appraised by the county assessor and the appraisal forms part of the application. Upon acceptance of land or classification, the State Forester notifies the county recorder, the county auditor, and the applicant.

Lands proposed for classification are assessed at fair market value (exclusive of timber but including any mineral wealth); such assessed value is made a matter of record for use in future determination of declassification taxes as outlined below.

Sale of classified land does not release the purchaser from obligations under the Act.

¹ Known as the "Classified Forest Law."

Conditions governing continued classification. Persons owning or controlling classified lands must follow minimum standards of good timber management as prescribed by the Department of Natural Resources. Classified lands may not be grazed by domestic animals but this provision does not apply to domestic fowl that have no detrimental effect on timber production.

No open areas are permitted except those under special permit from the State Forester for the establishment of small lake areas, wildlife food plots or other purposes not inconsistent with the purposes of the Act. Such areas shall not exceed 1 acre for any single practice.

Classified lands are inspected at least once every five years by the office of the State Forester and recommendations are submitted to the owner for any needed improvements.

Classified lands must be marked by boundary signs as required by the Department.

Declassification

This may be effected at any time upon request of the owner or by the State Forester if he finds that provisions of the Act are not being carried out. In addition, after January 1, 1970 classified land devoted primarily to the growth of commercial Christmas trees is to be declassified by the State Forester.

Upon declassification the owner must pay a tax calculated as the lesser of the following amounts.

1. An "increment tax" equal to the excess of the appraised value of the land as determined at time of withdrawal over the appraised value as determined at time of classification, less any increase in the final appraisal occasioned solely by the construction of any ditch or levee affecting the land.
2. The real property taxes which would have been assessed on the land during the period of classification had it not been so classified, plus interest at the rate of 5 percent per year.

In no case is the owner liable for real property taxes in excess of the taxes which would have been assessed on the land during the 10 years immediately preceding withdrawal.

Declassification taxes are paid into the county general fund.

Tax treatment

Land and timber. Classified lands are taxed on a fixed assessment of \$1 per acre.

If any oil, gas, stone, coal or other mineral is obtained from classified lands, such mineral wealth is subject to assessment in the usual manner.

Tax administration

Reports. The owner must report annually to the State Forester, providing such information relative to classified lands as may be required.

IOWA

Modified Assessment Law.¹ Optional. Enacted 1906. Amended 1933, 1935, and 1953.
Statutes Annotated Secs. 161.1 to 13; 441.22.

Classification

Qualification. Continuous tracts of not less than 2 acres may be classified as "forest reservations." The tract must contain not less than 200 growing forest trees of designated species per acre, or, in the case of groves or areas to be planted to trees, this number must be reached within 2 years following classification. Trees must be in groves not less than 4 rods wide except those growing or planted along gullies or ditches to control erosion in which case any width will qualify.

Certain species of trees qualify only when such trees are used as protecting borders not more than 2 rows in width around forest reservations, or when used as nurse trees numbering not more than 100 per acre.

No ground upon which any farm buildings stand is eligible for classification.

Procedure. The owner makes application to the

¹ Known as the "Forest Reserve Law."

assessor. The latter reports all reservations to the country auditor who maintains a record of classified lands and reports these annually to the Conservation Commission.

Conditions governing continued classification. Upon the removal or death of any trees the owner must plant other forest trees within one year so as to maintain the number required by law. No grazing by cattle or other domestic animals is permitted.

Declassification

If the owner has violated any of the provisions of the law within 2 years preceding the making of an assessment, the assessor does not list the property as a forest reservation for the ensuing 2 years.

Tax treatment

Land and timber. "Forest reservations" are assessed on a taxable valuation of \$4 per acre.

MAINE

Modified Assessment Law.¹ Mandatory. Enacted 1954. Amended 1965.
Revised Statutes, 1964, Title 36, Secs. 563-565; 843-A, 843-B.

Eligibility

The Act declares it to be the public policy of the State to encourage sustained yield operation of all forest lands and to maintain uniformity in methods of assessment according to land productivity, giving due weight to location and public facilities as factors contributing to advantage in operation.

A tract of land under one ownership is eligible for modified assessment if it exceeds 25 acres and is devoted to the growing of trees for commercial use.

Tax treatment

Land and timber. "An assessment of forest land for purposes of taxation shall be held to be in excess of just value . . . upon proof by the owner that the tax burden . . . creates an incentive to

¹ Known as the "Chase Law."

abandon the land, or to strip the land, or otherwise operate contrary to the public policy declared . . ."

In support of his contention, the owner must show that by reason of the tax burden he is unable, by efficient operation on a sustained yield basis, to obtain an adequate annual net return commensurate with the risks involved.

Tax administration

A Forestry Appeal Board has been established to further implement the Act. The Board is composed of three members, one selected by the forest landowner, one by the assessors, and one by the Forest Commissioner. Technical rules of evidence are not to apply at hearings held by the Board; there is provision for appeal from the Board to the Courts.

MARYLAND

Modified Assessment Law.¹ Optional. Enacted 1963.
Annotated Code Art. 66C, Sec. 411½;
Art. 81, Sec. 19(d).

Classification

Qualification. Any contiguous tract of land comprising 5 acres or more which the Department of Forests and Parks agrees to place within its program of forest conservation and management is eligible for classification.

Procedure. The owner applies to the Department for inclusion of the tract within the program. A contract is entered into between the owner and the Department for such period and subject to such conditions as may be provided. The county supervisor of assessments is notified of lands to be assessed in accordance with this provision.

Conditions governing continued classification. The owner must observe the terms of the contract.

Contracts may be assigned to the buyer of all or a portion of the tract; if the buyer assumes the obligations of the contract, no revised assessment, referred to below, is required.

Declassification

This is effected (1) by termination of the con-

¹ Known as a part of the Forest Conservation and Management Program.

tract, (2) at the time part or all of the timber is harvested, unless under the direction of the Department, or (3) at the time part or all of the tract is conveyed to a new owner, whichever first occurs.

Upon declassification the tract is revalued; if the new value is greater than the value at time of entry, the difference between the two is computed in approximately equal annual steps covering the elapsed years. At time of conveyance of the tract or harvest of timber the seller owes a revised tax computed on such annual increases payable at the tax rates applicable to the respective years.

Tax treatment

Land and timber. The assessed value of classified land at time of entry is not to be increased for State, county, special district, or municipal taxes.

Buildings, improvements and agricultural, mineral and other nonforest values remain subject to property taxation without modification.

Tax administration

Collection. Taxes on classified lands are collected as are other property taxes.

NEW JERSEY

Modified Assessment Law.¹ Optional. Enacted 1964.
Statutes Annotated Secs. 54.4-23.1 to .23.

Classification

Qualification. Tracts of not less than 5 acres actively devoted to agricultural use (defined to include the production for sale of trees and forest products) for the two immediately preceding years are eligible for classification. Provision is made for classification also of lands devoted to horticultural use.

When contiguous land is located in more than one taxing district, compliance with the minimum area requirement is determined on the basis of the total area and not that in a particular district. Land under barns, sheds and like structures, lakes, ponds, streams, dams and similar facilities is included in the minimum but not land used in connection with the farmhouse.

Land is deemed to be actively devoted to agricultural use when the gross sales of agricultural products, including soil conservation payments, have averaged at least \$500 per year over the past two years or there is clear evidence that such receipts will reach that figure within a reasonable time.

¹ Known as the "Farmland Assessment Act of 1964."

Procedure. The owner must make application to the assessor on or before October 1st of each year.

Conditions governing continued classification. The land must continue in agricultural use and there must be compliance with the other requirements of the Act.

Change of ownership does not lead to declassification if the new owner continues the land in agricultural use under conditions prescribed in the Act.

Declassification

When land is devoted to other than agricultural use it is declassified and roll-back taxes are imposed. Such taxes are calculated as the difference between taxes payable under the Act and those which would have been payable had the land not been classified during the current and two preceding years. Assessments used in calculating roll-back taxes are subject to review under the general statutes subject, however, to relaxation of certain time limitations.

The taking of land by right of eminent domain does not lead to imposition of roll-back taxes.

Tax treatment

Land and timber. In valuing classified lands, the assessor is to consider only the value which the land has for agricultural use. Consideration is to be given to soil survey data and to recommendations of the State Farmland Evaluation Advisory Committee established by the Act. The Committee is to determine each year a range of values for each classification of agricultural land in the various areas of the State. Such values, which are advisory

only, are based upon the productive capabilities of the land when devoted to agricultural uses.

Structures located on classified land, the farmhouse and the land on which it is located, are to be valued as is property in general.

Tax administration

In equalization for State school aid and for county purposes, the true value of classified land is to be determined on the basis of its agricultural use.

NEW MEXICO

Modified Assessment Law. Mandatory, Enacted 1967.
Statutes 1953, Secs. 72-2-14.1 to .4.

Eligibility

Unsubdivided agricultural land is eligible for modified assessment if it has been used primarily and principally for agriculture during the 5 preceding years.

Agricultural use is defined to include the production for sale of plants, crops, trees or forest products provided that gross sales, including soil conservation payments, have averaged at least \$100 a year during the two preceding years or there is clear evidence that receipts will reach that figure within a reasonable period.

Tax treatment

Land and timber. Eligible land is to be valued for assessment on the basis of its capacity to produce agricultural products. Any portions of the property used for nonagricultural purposes are to be assessed separately.

Tax administration

Property values determined in connection with the State's current reappraisal program are to be used only to equalize assessments between properties of the same class and which are devoted to the same use, until such time as the Legislature has had an opportunity to evaluate the reappraisal program.

OREGON

Modified Assessment Law.¹ Mandatory.² Enacted 1961. Amended 1963, 1965, and 1967.
Revised Statutes, Secs. 321.605 to .680.

Eligibility

(1) Land situated west of the summit of the Cascade Mountains, the highest and best use of which is for growing and harvesting trees of marketable species (provided such land is not classified under the Forest Fee and Yield Tax as "Reforestation Land" and is not subject to the Western Oregon Small Tract Optional Law).

(2) Land situated west of the summit of the Cascade Mountains being used predominantly for the purpose of growing and harvesting trees of marketable species but which may be deemed to have a higher and better use, if designated as forest land as outlined below (provided such land is not classified under the Forest Fee and Yield Tax as "Reforestation Land" and is not subject to the Western Oregon Small Tract Optional Law).

Designation procedure. The owner applies to the county assessor furnishing, in part, the following information: description of the land, date of acquisition, purpose for which held or used, whether there is a forest management plan and if so how implemented, summary of experience and activity in growing and harvesting trees, whether the land has been subdivided or a plat filed, and whether grazing is permitted.

Applications are deemed to be approved unless denied within three months. Provision is made for appeal to the State Tax Commission and to the Courts.

Removal of designation. This may be effected (1) if the owner so requests, (2) if the land is sold to an owner who does not make new application within 60 days of sale or transfer, (3) in case of sale to an ownership making the land exempt from ad valorem taxation, or (4) upon discovery by the assessor that the land is no longer eligible for designation.

Upon removal of designation additional tax is payable equal to the sum of the following: (1) the amount by which taxes assessed against the land would have been increased had it not been designated under the Act during the 5 preceding years (but without any increase for years prior to the tax year 1968-1969) and (2) interest upon the amounts of increased tax at the rate of 6 percent per annum.

Tax treatment

Land. Forest land that qualifies under paragraph (1) above and forest land that has been

designated under paragraph (2) above shall be valued as forest land and not at a value in consideration of a higher and better use.

Timber.

1. *Annual property tax.*

"Reproduction" (defined as trees under 12 inches d.b.h. outside bark) is exempt. "Young growth timber" (defined as timber 12 inches or more d.b.h. outside bark and not more than 90 years old as of the effective date of the Act, August 9, 1961) is valued at 30 percent of its "immediate harvest value" (see definition of terms below).

"Old growth timber" (defined as timber more than 90 years old as of August 9, 1961) is valued at 30 percent of its immediate harvest value provided, however, that for the years 1962-1976 inclusive it is to be valued at 25 percent of immediate harvest value in the case of "tracts" (see definition of terms below) on which the average volume of old growth timber harvested annually over the preceding 3 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 tax.*

Beginning in 1963, an additional tax is levied on all timber and reproduction harvested in the preceding calendar year. In the case of timber valued at 30 percent of immediate 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 immediate harvest value and the same tax rate used as was applicable in such year. In the case of timber valued at 25 percent of immediate 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 75 percent of immediate harvest value and the same tax rate used as was applicable in such year.

In the case of reproduction, the additional tax is based upon 100 percent of immediate harvest value.

The State Tax Commission appraises taxable timber and forest land and determines immediate harvest value in counties west of the summit of the Cascade Mountains.

¹ Known as the "Western Oregon Ad Valorem Tax."

² Optional provisions relating to "designated lands" as defined, first apply to assessments for the tax year 1968-69.

Tax administration

Reports. Owners must file with the assessor a copy of the application for timber harvest permit required under the general statutes; security may be required to guarantee payment of additional property tax found to be due.

Timber harvest reports required under the general statutes relating to timber taxes serve as reports of timber and reproduction harvested for purposes of this Act.

The owner must file annually with the county assessor and with the Commission a description of the tract or tracts in which his timber and forest lands are located; this report indicates any additions or deletions or states that the tract is unchanged. Failure to file a timely report results in old growth timber being assessed at 30 percent of immediate harvest value.

Collection. Annual property taxes under the Act are payable in the same manner as property taxes in general. "Additional taxes" are payable following notification from the assessor of the amount due; provision is made for review and appeal.

Use of revenue

Annual property tax receipts under the Act are

applied as are property tax receipts in general. "Additional taxes" are allocated among the taxing districts in which the harvested timber or reproduction was located, in the proportion that the rate percent of levy for each district bears to the total rate percent of levy for all such districts.

Definition of terms

"Immediate harvest value" of timber or reproduction is the amount for which it would sell at a voluntary sale in the ordinary course of business for immediate harvest. Reasonable allowance is to be made for species, quality, volume, age, disease, defect, stand density, cost of removal, accessibility to point of conversion, topography, and other factors.

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. All forest land and timber which is in the same county and ownership but which is not part of a management unit is also considered a "tract". A tract of either type includes all forest land in the same ownership even though timber thereon, or the right to harvest it, is owned by another and may thus be included in the tract of another owner.

OREGON

Modified Assessment Law (Small Tract)¹. Optional. Enacted 1961,
Amended 1963, 1965, and 1967.
Revised Statutes Secs. 321.705 to .765.

Classification

Qualification. Land situated west of the summit of the Cascade Mountains which is not classified as "reforestation land" under the 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. 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 generally accepted forestry principles and (c) the average age of timber is not over 60 years. Once classified, lands may continue under classification until timber reaches an average age of 90 years. 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 individually or group holdings in which the applicant holds an interest of 10 percent or more. No owner may classify lands if he has a close relative (as defined) whose land is classified but exception may be granted where holdings do not reflect an attempt to circumvent the acreage limitation.

¹ Known as the Western Oregon Small Tract Optional Tax.

Owners electing to classify any of their eligible land must classify all such lands.

Procedure. Owners of forest land make application to the State Forester paying an inspection fee of \$2-\$7.50 depending upon acreage. If approved the application is certified to the county assessor indicating the average site class of the tract as a whole or by smaller areas.

Owners may apply within one year after acquisition or conversion to forest use. Owners as of August 9, 1961 had five years in which to apply.

Conditions governing continued classification. The owner must file with the State Forester an annual statement of continuing eligibility; loss of eligibility must be reported immediately.

Declassification

Lands may be declassified upon request of the owner. The State Forester may declassify land upon determination that the land is no longer eligible for classification.

Tax treatment

Land. Prevailing property tax rates apply; however, classified land shall be appraised by the county assessor at a true cash value in accordance with the site class assigned to the land as follows:

Site I —\$80 per acre
Site II —\$60 per acre
Site III—\$40 per acre
Site IV —\$15 per acre
Site V —\$ 5 per acre

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

Site I —200 feet
Site II —170 feet
Site III—140 feet
Site IV —110 feet
Site V — 80 feet

Different site classes may be adopted for other species if thought necessary by the State Forester.

The State Forester is to submit a report to each regular session of the legislature recommending the increase, decrease or retention unchanged of site values specified by the Act.

In the case of land classified more than 5 years

following the effective date of the Act, an adjustment tax is payable at time of classification. The adjustment tax represents the amount by which the tax that would have been imposed under the Act exceeds the ad valorem tax actually paid on such land. The computation of adjustment tax applies to years in which the timber was exempt from taxation under the provisions of the Western Oregon Ad Valorem Tax.

Timber. Exempt from separate ad valorem taxation.

Tax administration

Taxes are payable as are ad valorem taxes in general.

Forest owners affected by rulings of the State Forester may appeal to the State Board of Forestry and in turn to the circuit court of the county.

The State Forester is to bring to the attention of forest landowners the opportunities and effects of classification under the Act.

PENNSYLVANIA

Modified Assessment Law. Optional. Enacted 1965.
Statutes Annotated Title 16, Secs. 11941 to
47.

Classification

Qualification. A tract or tracts of land in common ownership, of at least 25 acres and used for the growing of timber crops, are eligible for classification as "forest land" provided such land has been so designated by the planning commission of the municipality, county, or region, and provided also that the land is within an area of concentrated population defined by the Federal government as an "urban area".

To obtain the benefits of the Act, the owner must enter into a 5-year covenant with the county that the lands will remain in the designated use. Such covenant and extensions thereof take effect upon approval by the county court.

Provision is made for the classification also of "farm land", "water supply land", and "open space land" as defined. Open space land, which may include farm land, forest land or water supply land, is that the use of which does not exceed an intensity of 3 percent site coverage including structures, roads and paved areas. Such lands include those on which restriction of use could, among other results, conserve natural resources or enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves and nature reservations.

Procedure. Counties are authorized to establish procedures governing covenants with landowners.

Conditions governing continued classification. The land use may not be altered from that designated in the covenant.

Each year, on the anniversary date, the covenant is extended by one year unless terminated as provided below.

Declassification

The owner may notify the county at least 30 days prior to any anniversary date that he wishes to terminate the covenant at the expiration of the 5-year period. The county, likewise, may notify the landowner that it wishes to terminate the covenant on the sole ground, however, that the plan designating the land use has been amended so that the designation is no longer in accord with such plan.

Alteration of designated use by the landowner constitutes a breach of covenant; the owner must pay to the county as liquidated damages the difference between the real property taxes paid and those which would have been payable in the absence of the covenant plus 5 percent interest calculated over the life of the covenant or 5 years, whichever is the shorter period.

Acquisition of classified land by lease, purchase or eminent domain and use of rights-of-way or underground storage rights by a public utility or similar entity does not constitute an alteration of use or breach of covenant.

Tax treatment

Land and timber. The county covenants that the real property tax assessment will reflect the market value of the land as restricted by the covenant.

PUERTO RICO

Modified Assessment Law. Optional. Enacted 1925. Amended 1931 and 1952.

Laws of Puerto Rico Annotated 1962.

Title 12, Secs. 151-156.

Classification

Qualification. Lands on which the original forest has been destroyed are eligible for classification for a period of 5 years. Such tracts must either be planted with at least 600 forest trees to the acre, properly spaced and of species generally used for construction, implements, fences, or fuel, or they must be devoted to the conservation of forests already planted.

Procedure. The owner applies to the Secretary of the Treasury pledging the care and cultivation of the trees. The Secretary refers the application to the Secretary of Agriculture and Commerce, who may direct the Forestry Service to make an investigation of the property. A report is made to the Secretary of the Treasury as to the advisability of classifying the property.

The owner reports to the Secretary of Agricul-

ture and Commerce the date when any planting is to begin. The latter then investigates the nature of the planting, the area of land benefited, and related matters.

Conditions governing continued classification. The Department of Agriculture and Commerce must inspect the property at least once a year to see that requirements of the law are being met.

Declassification

This may be effected by the Secretary of the Treasury when the owner has failed to comply with the law. A declassification tax is imposed equal to the accumulated taxes which would have been paid if the property had not been classified.

Tax treatment

Land and timber. Taxed on a fixed assessment of \$5 per cuerda (approximately 1 acre).

MODIFIED PROPERTY TAX LAWS

Modified Rate

MINNESOTA

Modified Rate Law¹. Optional. Enacted 1957. Amended 1959, 1963, 1965, and 1967.
Statutes 1964 Secs. 270.31 to .39.

Classification

Qualification. Privately owned forest land, consisting of a governmental subdivision (defined as a government lot or a sixteenth of a section known as a forty) or portion thereof containing 5 acres or more, generally suitable for planting, culture, and growth of continuous forest products, may be classified.

Procedure. The owner makes application to the county board. The legal description of the land must be specified together with the acreage of each forest type (see definition of terms below) and the dominant species of each type in each governmental subdivision. The application must contain a sworn statement that classified land will be used as provided by the Act, and shall include a forest type map and statement as to the owner's intentions concerning reforestation of any temporarily nonproductive land.

The county board must approve or disapprove the application within 90 days and notify the county auditor. If no action is taken by the county board, the State Commissioner of Taxation shall act upon the application with all of the powers of the county board.

The application, together with the County Board's approval, constitute an agreement deemed to be a covenant running with the land. Agreements may be amended or cancelled by mutual consent or as provided by the Act.

Conditions governing continued classification. Classified lands must be used exclusively for the growing of continuous forest crops in accordance with sustained yield practice. They must be open to the public for hunting and fishing except during periods of high fire hazard.

Declassification

The owner may apply to the county board for declassification of a governmental subdivision at any time. Payment is required of back taxes and

penalties on the basis of ad valorem taxes effective in the area with due credit for taxes paid under the Act. No penalties or ad valorem taxes are assessed in the case of lands that have been classified for more than 6 years.

The county board, subject to court review, may declassify lands if owners fail to comply with requirements of the Act. If the county board deems classified lands to be more valuable for purposes other than timber production, such lands may be declassified by joint agreement with the taxpayer. In event of disagreement, the matter is referred to a three-member committee appointed respectively by the county board, the taxpayer, and the Commissioner of Taxation.

Tax treatment

Land and timber

1. Lands growing commercial forest types (defined as forest types having 3 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 30 percent of the value of the estimated average annual growth (for "value of annual growth" see definition of terms below.)

2. Temporarily nonproductive forest lands (defined as those not at present, but capable of, meeting the standards for commercial forest lands) are taxed 5 cents per acre per year provided the owner complies with his reforestation agreement; in the event of noncompliance the lands are taxed 15 cents per acre per year

3. Permanently nonproductive lands (such as muskeg, marsh, and rock outcrops unsuitable for growing commercial forests) are taxed 5 cents per acre per year.

Note: Lands described in items 1-3 inclusive and used for administrative or management purposes such as roads, logging camps, or worksites and other harvest of timber, or for free public recreation are classified the same as adjoining lands under the Act. Camp buildings and any

¹ Known as the "Tree Growth Tax Law."

temporary buildings are taxed as personal property.

4. Plantations (if planted and maintained with at least 500 trees of commercial species per acre) may, upon application, be allowed a credit of 50 cents per acre per year against taxes on other lands of the owner within the same governmental subdivision. The credit may not, however, exceed such other taxes. At the end of 10 years the credit ceases and the plantation is classified as commercial forest land.

This provision does not apply to lands devoted to growing trees for ornamental purposes. If such trees are cut, all credits shall be repaid plus triple the tax that would otherwise have applied.

Tax administration

Reports. The owner must report to the county board each year any changes affecting the status of the property. Such changes include the species and volume of all timber cut, the acreage, species, and number of trees planted, and changes in forest types due to fire, insects, or disease.

In event of substantial change for the above or other reasons, the owner may apply for reclassification. During the sixth year of each calendar decade, lands may be reclassified upon showing of justification by the owner or upon initiative of the county board.

Determination of average annual growth rates and stumpage values. Average annual growth rates are to be determined by the county board at 10-year intervals with due regard to studies by the State Division of Forestry and by the Lake States (now North Central) Forest Experiment Station, U.S. Department of Agriculture. Determinations are subject to appeal.

Stumpage values for each species are to be determined at 2-year intervals based on average sale prices received by the county upon all its sales of sound standing timber. In the absence of such sales, or if less than 500 cords of the respective products have been sold, the county board with approval of the Commissioner of Conservation may set stumpage prices. There is provision for appeal.

Collection. Taxes are collected in the same manner as ad valorem taxes. Until paid they constitute a lien both upon the land and upon forest products growing thereon and severed therefrom.

Use of revenue

Taxes collected under the Act are distributed in the same manner as ad valorem taxes.

Definition of terms

Forest type. A stand of trees characterized by the predominance of one or more key species which make up 50 percent or more of the saw log volume in saw log stands; of cordwood in pole timber stands; or of the number of trees in seedling and sapling stands. Nine forest types are recognized: spruce-fir, swamp spruce, other swamp conifers, jack pine, white or Norway pine, aspen-birch, upland hardwood, lowland hardwood, and stagnant spruce swamp.

Value of annual growth. The average annual growth rate per acre for a particular forest type multiplied by the weighted average of the stumpage values of all species in the type. The proportions of the various species to be used in computing the weighted average are to reflect the most recent official forest survey report for the county.

NORTH DAKOTA

Modified Rate Law¹. Optional. Enacted 1967.
Century Code Secs. 57-57-01 to 10.

Classification

Qualification. Tracts of "native woodland", 10 acres or larger, are eligible for classification. "Native woodland" is defined as an area normally supporting a growth of natural forest cover.

Procedure. The owner applies to the State Forester setting forth a description of the property. If the State Forester determines that the land will produce a forest cover he enters an order approving the application and forwards copies to the owner, the assessor, the township clerk and the county auditor.

The owner, the township supervisors, or the county commissioners may petition for a public hearing on whether lands should be entered under the Act. The hearing board consists of the State Forester as chairman, the county auditor and the local assessor. Provision is made for appeal to the courts.

The application and approval constitute a contract running with the land for a 5-year period unless terminated. Contracts are subject to renewal by mutual consent.

Conditions governing continued classification. The land must not be cleared, grazed, burned, cut or otherwise handled in a manner determined by the State Forester to be destructive.

At the request of the owner, the State Forester may assist in preparing and carrying out forest

¹ Known as the "Native Woodland Tax."

management plans. The State Forester must make an annual report as to the forest practices of each owner of classified lands.

Declassification

If the State Forester determines that the owner has not complied with the law, or that the land is no longer used for forestry, the land is declassified. Provision is made for public hearing and appeal as in the case of applications for entry under the Act.

Upon declassification the land is returned to the regular tax rolls.

Tax treatment

Land and timber. Classified lands are taxed at a rate determined to be equitable by the county commissioners and the State Forester. Such rate is not to exceed that determined by the State and county levy.

Taxes under the Act are in lieu of all ad valorem taxes but not of income nor excise taxes upon the sale of forest products or services that may be derived from classified lands.

Tax administration

Collection. Taxes are collected by the county treasurer in the same manner as other real property taxes.

Use of revenue

Taxes under the Act become part of the total real property taxes on the land of the owner.

OHIO

Modified Rate Law¹. Optional. Enacted 1925. Amended 1927, 1939, and 1951.
Revised Code 1953, Secs. 5713.22 to .26.

Classification

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.

Procedure. The owner makes application to the Division of Forestry declaring that the tract is devoted exclusively to forestry or timber growing in accordance with the regulations provided. Following determination that the property is suitable for classification, the owner's declaration is certified by the Division and copies are filed with the county auditor.

Conditions governing continued classification. The owner must exercise reasonable care in the

¹ Known as the "Forest Tax Law."

protection and maintenance of the forest in accordance with regulations prepared by the Division. In case of violation, a period of six months is granted in which to make correction.

At least two approved metal signs must be prominently displayed on the borders of each classified tract.

Declassification

This may be effected upon request of the owner, or by the Division of Forestry if the owner fails to comply with regulations. Following declassification the land is again taxed at the full rate.

Tax treatment

Land and timber. Taxed annually at 50 percent of the local tax rate on its value as determined under the general tax laws.

WISCONSIN

Modified Rate Law¹ Optional. Enacted 1953. Amended 1963.
Statutes 1957. Sec. 77.16.

Classification

Qualification. Tracts of less than 40 acres which are more suitable for growing timber and other forest crops than for any other purposes are eligible for classification.

Procedure. The owner makes application to the Conservation Administrator. The Administrator examines the tract and if the application is approved, forwards copies of the order to the owner, the district supervisor of property assessments, the town clerk, the town assessor and the county clerk. If classification is not approved, the owner may petition the Conservation Commission for a public hearing.

Application and approval constitute a contract running with the land for a 10-year period unless terminated earlier; contracts may be renewed by mutual consent.

Conditions governing continued classification. The owner must promote the growth of timber and prohibit grazing and burning. At the request of the

owner, the Conservation Administrator assists in preparing and carrying out planting and forest management plans. The Administrator makes an annual report as to the forest practices of each owner of classified lands.

Declassification

If the Administrator finds that an owner has not complied with the law or if the land is no longer used for forestry purposes, he declassifies the land. A public hearing by the Commission may be requested; the order of the Commission is final.

Tax treatment

Land and timber. Taxed at a fixed rate of 20 cents per acre for the period of classification.

Tax administration

The tax is paid to the town treasurer as part of the total property tax on the land and is subject to the same collection provisions.

Use of revenue

Taxes are distributed in the same manner as taxes on the owner's remaining acreage.

¹ Known as the "Woodland Tax Law."

MODIFIED PROPERTY TAX LAWS

Deferred Payment

WASHINGTON

Deferred Timber Tax. Optional. Enacted 1941. Amended 1943. Re-enacted 1961.
Revised Code 1961. Secs. 84.32.010 to .120.

Classification

Qualification. Forest land is eligible for classification if held chiefly for forest crop production and if not classified, or eligible for classification, as "Reforestation Land"¹. Farm woodlots of 40 acres or less may not be included.

Procedure. The owner petitions the county assessor giving a legal description of the land, the approximate stand of timber and such other information as may be relevant. The assessor determines whether classification shall be granted. A list of lands classified is filed with the county treasurer and with the State Department of Revenue. The petitioner or anyone having a lien on, or contract for the purchase of, the property may appeal to the Department for a final ruling if dissatisfied with the determination of the assessor.

Declassification

This may be effected if the owner fails to pay within 5 years from date of delinquency either the "current tax" or the "deferred tax" (see below) plus interest and also the taxes on the forest land plus interest. Cumulative deferred taxes become due in event of declassification.

Tax treatment

Land. Assessed as is other real property at 50 percent of true and fair value, the land being valued as if the forest crop were entirely harvested.

Timber. Merchantable timber is deemed to be personal property and is assessed at 50 percent 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 7½ 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 7½ percent in order to find the current tax and the deferred tax respectively.

¹ See optional yield tax known as "Reforestation Act of 1931."

After the tenth year the current tax remains 25 percent, and the deferred tax 75 percent, respectively, of the total tax for each year. Total deferred taxes against any description may not exceed 25 percent of the assessed value of the merchantable timber thereon.

The principal of the accumulated deferred taxes draws simple interest at three percent. The interest charge is added to, and becomes part of, the taxpayer's current tax, and is subject to the same collection procedures.

Tax administration

Reports. The owner must obtain a permit from the county treasurer before merchantable timber may be harvested. Each year the permittee must report the total acreage cut and any cutting in excess of that covered by permit is subject to penalty.

Collection. The tax on forest land is collected in accordance with provisions applying to taxation of real property.

The current tax on merchantable timber, including accrued interest on deferred taxes, is collected in accordance with provisions applying to personal property taxes. Accumulated deferred taxes are payable to the county treasurer at time of application for cutting permit. An owner may, however, pay deferred taxes at time of paying the current tax.

Use of revenue

Land taxes and current timber taxes are distributed in accordance with the general revenue laws. Deferred taxes are distributed to the various funds existing at the date the taxes would have been paid in the absence of the deferment provision. If any fund has in the meantime been abolished, its proportion of the tax is credited to the county current expense fund.

Deferred taxes are considered assets against which a taxing district may borrow to the extent of 50 percent and such borrowing shall not be construed as increasing the net indebtedness of the district.

YIELD TAX LAWS

ALABAMA

Yield Tax.¹ Optional. Enacted 1923. Amended 1935, 1937, and 1945.
Code Recompiled 1958. Title 8, Secs. 189-201.

Classification

Qualification. Land suited for reforestation or forest culture generally may be classified as "auxiliary State forest."

Procedure. The owner makes application to the Department of Conservation requesting classification of the property. The Department of Revenue and the Department of Conservation jointly appraise the land, independent of the timber, with a view to its use for timber production. If the Department of Conservation is satisfied and the Governor approves, a contract with the owner is executed on behalf of the State and approved by the Attorney General. One copy is filed with the Department of Conservation, one with the Department of Revenue, one delivered to the owner of the property, and the fourth recorded, at the expense of the owner, in the probate office of the county.

Conditions governing continued classification. The property must be devoted to reforestation or timber culture and must not be used for any purpose that will militate against the growth of the timber thereon. The owner must use diligence in protecting the property from fire. Timber may be cut, turpentine, or otherwise utilized only in accordance with rules formulated by the Department of Conservation.

The property may be transferred without affecting classification since the contract is made

on behalf of the owner, his successors, and assigns and runs as a covenant with the land.

Declassification

Termination of the contract may be effected either by the owner's voluntary withdrawal, which is permissible after 5 years, or by his failure to comply with the terms of the contract. When the property is declassified in whole or in part, the value of the timber thereon is appraised jointly by the Departments of Revenue and Conservation, and the owner is then required to pay a declassification tax of 8 percent upon such appraised value.

Tax treatment

Land. Auxiliary State forests of 160 acres or less are exempt from the ad valorem tax. In the case of tracts of more than 160 acres, the assessed value of the land is based upon the joint appraisal of the Departments of Revenue and Conservation at the time of classification. This valuation may not be increased during the period of classification.

Timber. An 8 percent yield tax is imposed upon the value of the timber cut. Such value is determined by joint appraisal as in the case of declassification.

Tax administration

Collection. The tax on forest land is paid in the same manner as other ad valorem taxes. The yield tax is paid to the Department of Conservation.

Use of revenue

Revenues are distributed to the county tax collector and treated as ad valorem taxes.

¹ Known as the "Auxiliary Forest Law."

CONNECTICUT

Yield Tax. Optional. Enacted 1913. Amended 1915, 1941, 1949, 1955, and 1963.

General Statutes 1958, Title 12, Ch. 203,
Secs. 12-96 to 103.

Classification

Qualification. The tract must contain at least 25 acres and must consist of woodland, or land suitable for forest planting, with a value not exceeding \$100 per acre exclusive of timber. Two types of tract are eligible for classification: (a) land bearing timber more than 10 years old, the timber having a taxable value, and (b) land which is fully or partially stocked with forest trees not more than 10 years old, except for scattered older trees the timber value of which does not increase the assessed value of the property. Partially stocked tracts must be so planted as to assure spacing of approximately 8 by 8 feet over the entire area with not less than 700 trees per acre on open land. Planted trees must be of species named in the Act or approved by the State Forester; the latter must approve the manner in which the trees are planted.

Procedure. The owner makes application to the State Forester providing a description of the land and a sworn statement from the town assessors giving the true value of the land and timber separately. If the State Forester, after examination of the property, determines that qualifications have been met, he issues a certificate of classification in quadruplicate. The original is filed by the State Forester, and one copy each is given to the Tax Commissioner, the assessor, and the owner. The latter shall cause it to be entered on the land records of the town.

Conditions governing continued classification. Classification continues as long as proper forest conditions are maintained. Among grounds for cancellation are use of land for pasture, failure to restore growing stock following forest fire, removal of tree growth for different land use, or any changed condition which in the opinion of the State Forester indicates that requirements are not being fulfilled. The State Forester may examine the property to determine whether requirements are being met.

Declassification

This may be effected by the State Forester upon the owner's failure to comply with requirements. No provision is made for voluntary withdrawal by the owner. A declassification tax is levied upon

the difference between the value of land and timber as assessed for future taxation at time of declassification and the original valuation of both land and timber at time of classification. The tax rate is 5 mills per annum for the period that the land has been classified.

Tax treatment

Land. Taxed at the local rate but not to exceed 10 mills on the value established at classification. At the end of 50 years the land is revalued and is again taxed at the local rate but not to exceed 10 mills on such value for another period of 50 years. At the end of this period the land is again revalued and is taxed thereafter at the local rate.

Timber. On tracts of type (a) as described under the heading "Qualification" timber is taxed in the same manner as the land up to time of harvest. In addition, a graduated yield tax is imposed at the following rates when the timber is harvested:

1-10 years following classification	2%	of the yield
11-20 " " "	3%	of the yield
21-30 " " "	4%	of the yield
31-40 " " "	5%	of the yield
41-50 " " "	6%	of the yield
over 50 " " "	7%	of the yield

On tracts of type (b), a 10 percent yield tax is levied at time of harvest.

Exemption. Material cut for domestic use by owner or tenant is exempt. Domestic use is limited to fuel and construction of fences, buildings or other improvements which develop the property and increase its taxable value.

Tax administration

Reports. The owner must file a statement with the assessors and with the State Forester showing quantity and stumpage value of all timber cut before any of it has been removed from the land. Both quantity and value are subject to review by the town assessors and appeal may be taken to a special board consisting of the first selectman, the town clerk, and the State Forester. The decision of the board is final.

Collection. Taxes both upon land and timber are collectible as other town taxes.

HAWAII

Yield Tax.¹ Optional. Enacted 1963.
Revised Laws 1955, 1963 Supplement. Title 10, 87D 1-9.

Classification

Qualification. Any tract of 30 acres or more suited to the raising of trees of commercial species in quantity sufficient to establish a business in the sale thereof, and not suited for some higher and better use, is eligible for classification as tree farm property. Land on which the owner is already growing trees of commercial species under good forest management and which he agrees to manage in accordance with regulations of the Board of Land and Natural Resources may also be classified. In connection with the main acreage, additional non-contiguous property of 15 acres or more under the same ownership and in the same vicinity is eligible for classification.

No real property held by an owner under a lease having an unexpired term of less than 30 years may be classified.

Procedure. The owner applies to the Board furnishing a description of the property and such additional information as may be required; all persons having an interest in the property must join in the application. If the Board determines that the property is suited to tree farm use, it notifies the Department of Taxation which makes a finding as to the highest and best use of the property. Such finding is based upon information as to soils, climate, land use trends, watershed values, present use as to surrounding similar lands and other appropriate criteria. If the highest and best use is determined to be the raising of timber, the property is classified by the Board and by the Department of Taxation as tree farm property. Provision is made for appeal in the case of applications disapproved.

Following classification, the Board prepares an agreement with the owner under which he agrees to develop and maintain trees of commercial species either through planting or reproduction in accordance with the regulations of the Department of Land and Natural Resources. The agreement runs for a period of not less than 30 years subject to cancellation as outlined below.

The owner may apply to have additional acreage classified. If the new land is less than 500 acres and is in the vicinity of the original tree farm, it becomes part of such tree farm and is subject to the original agreement.

Conditions governing continued classification. Within one year the owner must establish trees of designated species upon not less than one-fortieth of the acreage classified or upon 5 acres,

whichever is greater. On property already adequately stocked, the owner must carry out such forestry measures as the Board requires upon a similar area.

In subsequent years additional equivalent acreage must be brought under good forest management until the entire property is so managed. Following cutting the owner is allowed three years in which to restock.

Declassification

The property may be declassified by the Board if the owner fails to manage it in accordance with the agreement. Moreover, when trees become suitable for marketing, as determined by the Department, they shall be harvested within 5 years or the property is declassified; no such determination may be made within 10 years following classification.

The owner may withdraw all or part of classified property at any time upon application to the Board. If, upon declassification of a portion of the tree farm, the remaining property is less than 30 acres, it shall also be declassified.

Upon declassification, property taxes that would have been levied but for the exemption become payable plus a penalty of 5 percent per year. A yield tax of 5 percent of the stumpage value of the commercial trees growing on the property is also payable.

Tax treatment

Land. Exempt from real property tax.

Timber. Subject to a yield tax of 5 percent of stumpage value of merchantable timber cut for commercial purposes.

Exemption. Trees cut for use in the harvesting of trees or for other use by the owner are exempt. If such trees are sold to others or are transferred onto other property, they become subject to yield tax.

Tax administration

Reports. The owner must report monthly to the Department of Taxation showing the total stumpage value of trees harvested together with such other information as may be required.

Collection. Yield taxes are paid and collected annually in the same manner as general excise taxes.

Use of revenue

Yield tax revenues are distributed in the same manner as general excise taxes.

¹ Known as the "Tree Farm Law."

IDAHO

Yield Tax.¹ Optional. Enacted 1929. Amended 1931 and 1967.
Code 1947, Secs. 38-201 to 221.

Classification

Qualification. Tracts may be classified as "Reforestation Lands" if located within a reforestation district (created by the Act to coincide with existing forest protection districts), if they bear no commercial timber, and if by reason of location, topography, and geological formation they are chiefly valuable for forest growth. In addition, the property may have value for grazing or other uses not detrimental to forestry.

Lands containing commercial timber at time of enactment are eligible for classification upon removal of merchantable timber in accordance with regulations of the State Board of Land Commissioners.

Procedure. The owner makes application to the Board requesting that the tract be classified. The application must include a legal description of the property, must state that all persons holding encumbrances join in the application and that the applicant will comply with laws and regulations of the Board for the protection and development of commercial forests, including those for the cutting and removal of timber. After public hearing, the Board may enter an order for classification of the property.

Conditions governing continued classification. The public shall have the right to hunt, camp and fish on the land and the property must be managed in conformity with the law and with regulations prescribed by the Board

Transfer of the property does not affect classification since the contract runs with the land. The contract provides that neither repeal of the Act nor amendments subsequent to classification shall apply to the property except by mutual consent of the owner and the Board. The contract extends for a period of 50 years and is subject to renewal.

Declassification

This is effected (1) automatically in the absence of mutually agreed renewal at the end of 50 years or subsequent renewal period or (2) by the Board if it finds that by reason of changed conditions the lands have become more valuable for other pur-

poses. The Board may declassify lands, after hearing, if it finds that the owner has not in good faith complied with the regulations, or is using the lands for any purposes detrimental to reforestation.

Declassification taxes are imposed equivalent to the difference between land and timber taxes actually paid on the property during the period of classification and the taxes that would have been payable under the general tax laws during the same period on similar lands and timber in the same county.

Tax treatment

Land. Taxed at local rates on fixed assessments of \$1 per acre.,

If lands have grazing or other values in addition to that for reforestation, such additional values are assessed for State and local taxes by the State Board of Equalization.

Timber. A yield tax of 12½ percent on full stumpage value is imposed upon all forest products cut.

Exemption. Forest products cut for domestic purposes of the owner are exempt and also materials necessarily used in harvesting the forest crop.

Tax administration

Reports. The owner must file with the Board a notice of intent to cut, 30 days before harvesting any forest products other than those for domestic use. He must provide a surety bond guaranteeing that the yield tax will be paid when due and must report annually to the Board and to the county assessor showing the amount cut during the year by species and product. Upon objection by the assessor to the amount of cut as reported by the owner, the Board arranges for a cruise of the stumpage cut and this determination shall be final.

Collection. Taxes are payable annually to the county treasurer.

Use of revenue

Yield tax revenues are placed in the general fund of the county.

¹ Known as the "Reforestation Law."

LOUISIANA

Yield Tax¹. Optional. Enacted 1910. Amended 1920. Reenacted 1922.
Amended 1924, 1926, and 1952.
Revised Statutes Secs. 56:1484-9; 56:1541-3.

Classification

Qualification. The land must be suitable for timber production and not have an average cash value, exclusive of timber, of more than \$8 nor less than \$3 per acre.

Procedure. The owner makes application to the Louisiana Forestry Commission giving a description of the land, its market value and assessed value. The owner must also furnish a comprehensive plan for planting any of the lands to seedlings. Following inspection, agreement is reached between the Commission and the parish as to the value of the lands. Such value then becomes the basis of assessment.

The owner enters into a contract with the State agreeing to grow timber according to rules of the Commission. The term of the contract may not exceed 40 years.

Conditions governing continued classification. The owner must practice forestry in accordance with the terms of the contract, and must protect the land from fire.

¹ Known as the "Reforestation Contract Severance Tax." See also the "1954 Forest Tax Law" (classified in this Digest as a mandatory yield tax) and the "General Severance Tax." The yield tax portion of the Reforestation Contract Severance Tax was repealed by the 1954 Forest Tax Law with the provision, however, that no contracts previously entered into were to be impaired. The Reforestation Contract Severance Tax is included in this Digest because substantial acreage remains under contract; moreover contracts continue to be entered into providing that classified land be assessed at the value as determined at time of entry.

Declassification

If the owner fails to observe the terms of the contract, it is subject to cancellation. The land and timber are then restored to the assessment rolls and back taxes become payable equivalent to the difference, plus 6 percent interest, between those actually paid and those which would have been due had the land not been under contract.

Tax treatment

Land. Subject to the property tax; assessed at the value as determined at time of classification.

Timber. In the case of contracts entered into after the effective date of the 1926 amendment to the Act and before repeal of the amendment as of January 1, 1955, timber is subject to tax at time of harvest amounting to 6 percent of market value.

In the case of contracts entered into after January 1, 1955, timber is subject to payment of yield taxes as provided by the 1954 Forest Tax Law.

Use of revenue

Yield tax revenues were allocated by 1952 legislation to the Louisiana Forestry Commission for reforestation and scientific forestry research. The 1954 Forest Tax Law, however, provided that all severance tax revenues be allocated three-fourths to the parishes and one-fourth to the State general fund. The 1954 legislation has been construed to apply to yield tax revenues collected under the Reforestation Contract Severance Tax.

LOUISIANA

Yield Tax.¹ Mandatory. Adopted 1954.
Constitution of Louisiana, Article 10, Section 1.

Classification

There is no provision for classification since application of the law is mandatory.

Tax treatment

Land. Subject to the general property tax. Forest lands must be classified for assessment as follows:

1. Tidewater cypress land
2. Hardwood land
3. Longleaf pine land
4. Other pine land

No timber value may be added to forest land assessments in excess of such timber value as was included at the time of the adoption of the Constitutional Amendment.

Timber. Subject to payment of yield tax at time of harvest.

¹ Known as the "1954 Forest Tax Law". See also the "Reforestation Contract Severance Tax" (classified in this Digest as an optional yield tax) and the "General Severance Tax."

All forms except pulpwood

2¼% of current average stumpage value.

Pulpwood

5% of current average stumpage value.

Current average stumpage value is determined jointly by the Louisiana Forestry Commission and the Louisiana Tax Commission in January of each year.

Exemption. The Act exempts virgin timber. Such timber remains subject to the general property tax and to the General Severance Tax (see, however, note in connection with the General Severance Tax summary in this Digest).

Tax administration

The law provides that the tax on timber shall be collected in the same manner as severance taxes on natural resources.

Use of revenue

Seventy-five percent of the tax on timber is remitted by the State Treasurer to the parish in which the timber is cut; 25 percent is credited to the State general fund.

MASSACHUSETTS

Yield Tax.¹ Optional. Originally enacted 1914, reenacted 1922 and 1941.
Amended 1943 and 1955.
Annotated Laws 1963, Ch. 61, Secs. 1 to 7.

Classification

Qualification. Forest lands are eligible for classification if they do not have a value (including forest growth) in excess of \$50 per acre. Such lands may not be used for grazing or other purposes incompatible with forest production.

If a tract consists in part of forest land and in part of other land, the forest land may be classified if it comprises at least 10 acres and otherwise meets the requirements.

Certain agricultural lands may also be classified. Those engaged exclusively in farming may take advantage of the Act as respects wild land and any land so rocky, hilly, or lacking in fertility as to be valued at \$5 or less per acre.

Procedure. Local assessors shall classify forest land subject to election by the owner not to have his land so listed. Following such election by the owner, land may not be listed for classification thereafter except upon request of the owner or until a new owner has taken title to it. If assessors fail to classify forest land, the owner may appeal

to the State Forester and the latter's determination after a hearing of the parties shall be final.

Conditions governing continued classification. The property must not be used for purposes inconsistent with forest production nor be more valuable for other use.

A new owner of classified property including those taking land by inheritance may elect not to have the property remain classified.

Declassification

This may be effected by the assessors (after the owner has been given an opportunity to be heard) when in their judgement the conditions for classification are no longer being met. A declassification tax, equal to the yield tax, is imposed upon the value of timber standing upon the tract at time of declassification.

Tax treatment

Land. The owner is subject to an annual tax at current millage rates based upon the "adjusted valuation" of classified forest land. The adjusted valuation shall be the percentage of the full value of the land, including growth thereon, set forth in the following schedule:

¹ Known as the "Forest Tax Law."

In the year of classification and the first year following.....	75%
In the second and third years following the year of classification.....	50%
In the fourth and fifth years following the year of classification.....	25%

In no year shall such adjusted valuation be less than the lesser of (a) or (b), and in the sixth year following the year of classification and thereafter the adjusted valuation shall be the lesser of (a) or (b):

- (a) five dollars per acre.
- (b) the full value of the land including the growth thereon.

Timber. A yield tax at the following rates is imposed upon the stumpage value of all forest products cut:

In the year of classification.....	1/2%
In the first year following such year.....	1%
In the second year following such year.....	1 1/2%
In the third year following such year.....	2%
In the fourth year following such year.....	2 1/2%

In the fifth year following such year and thereafter.....	3%
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Exemption. The owner may cut annually, tax-free, forest products for his own use or for the use of a tenant up to a stumpage value of \$25.

Income received from classified forest lands is exempt from State income tax (Chapter 62, Section 8 c). Classified lands remain subject to special assessments and betterment assessments.

Tax administration

Reports. The owner must report annually to the assessors of the town, setting forth the amount of forest products cut during the preceding year and such other information as may be required. On the basis of such return, the assessors assess the yield tax.

Collection. Both land tax and yield tax are paid to the collector of taxes in the same manner as other local taxes.

Use of revenue

One-tenth of the land tax and also of the yield tax is paid to the State; the balance is retained by the town.

MICHIGAN

Yield Tax (commercial forests).¹ Optional. Enacted 1925. Amended 1927, 1931, 1935, 1939, 1947, 1951, and 1958. Annotated Statutes, 1958, Title 13, Ch. 98. Secs. 13.221-13.238.

Classification

Qualification. Lands upon which the owner proposes to develop and maintain a forest by planting or natural reproduction may be classified as a "commercial forest reserve." Such lands must be capable of producing a thrifty forest growth and must actually carry sufficient growth to assure that a stand of merchantable timber will be developed within a reasonable time. The land may contain no material natural resources other than forest growth and no portion of the tract may be devoted to agricultural, mineral, grazing, industrial, recreational or resort purposes. The general public, however, must be accorded hunting and fishing privileges.

It is the intent of the Act to exclude from classification lands carrying merchantable timber in excess of that required by good forestry practice to promote optimum growth and also to exclude lands insufficiently stocked to promise a satisfactory stand. It is not the intent to exclude land selectively logged or lands carrying stands well advanced toward maturity but still requiring a

period of years in which to produce high grade forest products. Areas insufficiently stocked with young growth may be included if essential to the proper development of the property as a whole.

Procedure. The owner makes application to the Department of Conservation setting forth a legal description of the property and such additional information as may be required. The Department, after investigation and public hearing, determines whether the qualifications have been met and, if so, approves the application, records it with the county register of deeds, and notifies the township supervisor.

Conditions governing continued classification. The property must not be used for any purpose prejudicial to its development as a commercial forest reserve. Classified lands and also the records of the owner are subject to inspection by the Department.

Transfer of title does not affect classification although a new owner may request withdrawal.

Declassification

This may be effected by the owner's withdrawal or by action of the Department upon determination that requirements for classification are not being met. A declassification fee of 3 cents per

¹ Known as the "Commercial Forest Reserve Act" or "Pearson Act."

acre is imposed for each year of classification up to 20 years. In addition a fee is charged of 10 percent of the full stumpage value of the merchantable forest products then on the land.

Land may be withdrawn without payment of the above fees should withdrawal be caused by any change in the provisions of the Act which materially increase the burden of the owner. An owner wishing to take advantage of this provision must make application within one year after such changes become effective and must withdraw all his land classified under the Act.

Tax treatment

Land. An annual specific tax is imposed. This is determined from the total millage rate based on the State equalized valuation as it applies to the township, as follows:

- When total millage is less than 20 mills, 5 cents per acre
- 20 mills or more but less than 25 mills, 6 cents per acre
- 25 mills or more but less than 30 mills, 7 cents per acre
- 30 mills or more but less than 35 mills, 8 cents per acre
- 35 mills or more but less than 40 mills, 9 cents per acre
- 40 mills or more, 10 cents per acre.

Timber. A yield tax of 10 percent is imposed upon the stumpage value of all forest products cut.

Exemption. Timber cut for domestic use of the

owner or materials necessarily used in harvesting the forest crop are exempt.

Tax administration

Reports. An owner wishing to cut merchantable timber applies to the Department for a permit stating the location, volume, and unit value of products to be harvested. The Department then examines the timber and determines its value; provision is made for hearing and appeal.

Every six months owners who have cut timber under permit must report the quantity and type of products harvested. The Department has the right of entry on forest lands and access to the owners' records for the purpose of verifying such reports.

Collection. The annual specific tax is collected by the township treasurer in the same manner as property taxes. The yield tax is collected by the Department of Conservation.

Use of revenue

The annual specific tax is distributed in the same manner as property taxes.

One-half the revenue from the yield tax goes to the general fund of the State; the remainder is paid to the county for distribution in the same manner as receipts from the annual specific tax.

State reimbursement of local governments

In consideration of the loss of local revenues resulting from the Act, the State pays annually to the counties 10 cents for each acre of classified land. This contribution is distributed as are the receipts of the annual specific tax.

MICHIGAN

Yield Tax (Woodlot).¹ Optional. Enacted 1917, Amended 1960.
Annotated Statutes 1958, Title 13, Ch. 98,
Secs. 13.201-13.211.

Classification

Qualification. Areas up to 40 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." Planted trees of approved species must aggregate 1,200 per acre or if the site is already partially stocked, a spacing of approximately 6 by 6 feet is required.

Procedure. The owner makes application to the county treasurer describing the property. The treasurer certifies such applications annually to the township supervisor or assessor, who in turn requires the owner to state under oath the description of the property and his intent to maintain it according to law.

Conditions governing continued classification. The reservation must be maintained as a woodlot, must be kept fully stocked with forest trees, and must be restocked after cutting, all as provided by regulations of the Conservation Commission. Pasture of livestock must not be permitted until 90 percent of the trees are 2 inches in diameter, and then only under regulations of the Commis-

sion. Reservations are subject to inspection by the supervisor or assessor.

Declassification

This is effected either by the owner's withdrawal or upon his failure to comply with requirements. A 5 percent yield tax is imposed on the stumpage value of the timber then standing.

Tax treatment

Land. Private forest reservations are subject to the property tax but may not be valued for taxation at more than \$1 per acre.

Timber. A 5 percent yield tax is imposed upon the stumpage value of timber cut.

Exemption. Cuttings for firewood or building material for the domestic use of the owner or his tenant are exempt.

Tax administration

Reports. The owner must notify the assessor of his intent to cut and after cutting but before removal must file a statement of the volume, species, and value of timber harvested. The assessor determines the stumpage value of the timber cut and issues a license for removal which becomes effective upon payment of the yield tax.

Collection. The yield tax is paid to the collector of taxes of the district.

¹ Known as the "Woodlot Act," or "Private Forest Reserve Act."

MINNESOTA

Yield Tax¹. Optional. Enacted 1927. Amended 1929, 1945, 1947, 1949, 1953, 1955, 1957, 1959, 1961, and 1963.
Statutes 1964, Ch. 88, Secs. 88.01, 88.47 to .53.

Classification

Qualification. Tracts of not less than 35 acres generally suitable for the planting, culture, and growth of trees for the production of timber or forest products may be classified as "auxiliary forests." Woodlots containing not less than 5 nor more than 40 acres and protected by owner or tenant actually living on or adjacent thereto may also be classified.

Procedure. The owner makes application to the county board giving a description of the property, the estimated value per acre, suitability for the production of forest products, the kinds of timber growing and proposed to be grown, and methods of timber culture to be followed. The county board determines suitability for classification and forwards applications that have been accepted to the Director of the Division of Forestry. The Commissioner of Conservation must then approve or disapprove the application within 90 days. Following approval, the applicant must furnish an abstract of title for the property and evidence that there are no unpaid taxes thereon.

A contract is next entered into between the owner and the State specifying among other things the forestry measures to be undertaken, uses which may be made of the land during classification, and how land and timber are to be taxed. Contracts may extend for terms up to 50 years, subject to renewal for not exceeding an additional 50 years, and are deemed to be covenants running with the land. Contracts are recorded by the Register of Deeds at the expense of the owner.

Provisions of law enacted subsequent to the execution of the contract may be incorporated by supplemental agreement upon application of the owner and approval of the county board and the Commissioner of Conservation.

Conditions governing continued classification. The owner must faithfully perform the provisions of the contract and the Director makes periodic inspections to determine whether contract and statutory requirements are being met. Classified lands remain open as public hunting and fishing grounds.

Declassification

This may be effected (1) by request of the owner at the discretion of the Commissioner or (2) by action of the Commissioner upon determination that terms of the contract have not been observed. In either case the property is liable for all taxes and assessments that would otherwise have been levied during the period of classification, less annual taxes actually paid, together with interest at 6 percent.

In lieu of cancellation by the Commissioner the latter may carry out the terms of the contract at public expense. Such costs are assessed against the property and bear interest at 6 percent.

Upon expiration of the contract period, a yield tax is payable upon any merchantable timber remaining on the property.

The Commissioner shall cancel any contract if the owner has made successful application under the Tree Growth Tax Law (see Modified Rate Law, p. 26), and adjustment of taxes has been made as provided.

Tax treatment

Land. The land, exclusive of mineral or other sub-surface values, is subject to an annual tax of 10 cents per acre. Sub-surface values are taxed separately.

Timber. A yield tax, assessed in either of 2 ways, is payable upon merchantable timber. Under the first method the tax is levied when the timber is harvested. The tax amounts to 40 percent of stumpage value upon timber cut within 1 year after March 31 following date of classification. The rate is reduced by 2 percent on each April 1st following until it reaches 10 percent, after which it remains constant.

Under the alternative method of assessment available upon application by the owner and approval by the county board, a tax of 10 percent is payable each year on the annual timber growth determined as outlined below.

Exemption. Timber used by the owner for fuel, fencing, or building on land occupied by him, which is within or contiguous to the auxiliary forest, is exempt. The owner must however file a statement with the county auditor prior to cutting showing the quantity to be cut and the purposes for which it will be used.

Classified lands are subject to special assessment for public improvements only with the consent of the owner.

Tax administration

Reports. Before harvesting merchantable timber the owner must request examination of the timber by the Commissioner of Conservation. The latter designates the kind and volume of timber that may be cut and files a copy of his report with the county auditor. Before removal of timber the owner must provide security amounting to not less than 150 percent of the yield tax payable. A cutting permit is then issued.

The owner files an annual report in duplicate with the Director specifying the quantity and value of timber harvested by species and kind of product as shown by scale or other measurement

¹ Known as the "Auxiliary Forest Tax."

made on the ground as cut, skidded, or loaded. A copy of the report is sent to the county auditor who assesses the tax. If dissatisfied with the assessment, the owner may request a hearing before the county board.

Under the alternative method of taxation the county auditor assesses the yield tax by multiplying the acreage classified by the average annual timber growth per acre by species, calculated in cords or board feet (Minnesota standard log-scale rule). Aggregate growth is then multiplied by the stumpage price for major species used by the Division of Forestry in selling trust fund timber in the district. The stumpage value of the annual growth so determined is subject to the annual yield tax.

To qualify for the alternative method, owners

must submit a map of the property showing total area by specified forest types. Such forest types are defined and average growth rates determined by the Director with assistance from the county land commissioner, the North Central Forest Experiment Station of the U.S. Forest Service, and the School of Forestry, University of Minnesota.

Collection. The land tax is collected in the same manner as other real estate taxes. The yield tax is payable to the county treasurer annually.

Use of revenue

Both land taxes and yield taxes are credited to the taxing districts affected in the proportion of their interests in the taxes that would have been payable had the property not been classified.

MISSISSIPPI

Yield Tax.¹ Mandatory. Enacted 1940. Amended 1942, 1946, and 1952. Reenacted 1956. Mississippi Code 1942, Secs. 9404-01 to 9404-16.

Classification

There is no provision for classification since application of the law is mandatory. The tax is levied upon persons engaged in the business of growing, severing, and producing logs or any timber products from the soil or water for sale or commercial use; or purchasing, logging, or selling logs

or timber products for commercial purposes.

Tax treatment

Land. Subject to the general property tax.

Timber. Growing standing timber is exempt from the property tax but is subject to tax when severed at the rates shown below:

Product	Rate
Saw logs, all species used in the manufacture of lumber, veneer, or other products—	
pine and other softwoods.....	40 cents per 1,000 board feet log scale, Doyle rule.
hardwoods.....	30 cents per 1,000 board feet log scale, Doyle rule.
Lumber, all species and kinds including crossties.....	30 cents per 1,000 board feet actual board measure
Poles, piling, stanchions and like timber products not manufactured into lumber.....	1% of market or delivered sale price in white or rough form
Pulpwood, all species and kinds except pine.....	9 cents per cord (128 cu. ft.)
Pine pulpwood.....	12 cents per cord (128 cu. ft.)
Stumpwood, lightwood, or other distillate wood.....	10 cents per ton, 2000 lbs.
Turpentine crude gum.....	12 cents per barrel, 400 lbs.
All other timber products.....	30 cents per 1,000 board feet or 15 cents per cord (128 cu. ft.)

Exemption. Individual owners who occasionally cut timber from their own premises for their own use are exempt.

Tax administration

Reports. Persons purchasing or severing timber are required to pay the tax, if not previously paid by owner or grower, and must file monthly returns on forms prescribed by the State Tax Commission. Quarterly returns are permitted if the monthly tax does not exceed \$10. Returns must specify

the type of business conducted, the kind, quantity, and value of products severed and such other reasonable information as may be required by the Commissioner. Owners and severers are proportionately liable for payment of the tax and the severer must file an information return if the tax has been paid by the owner. Persons subject to tax, including purchasers or manufacturers of timber products, are required to maintain records of their timber transactions.²

¹ Known as the "Severance Tax."

² Regulations were issued by the State Tax Commission September 20, 1967 relating to wood chip production.

Rail, truck, and other carriers may also be required to file information returns showing timber transported within, out of, or across the State. The Commissioner may inspect bills of lading and other records relating to such transportation.

Collection. Taxes are payable to the State Tax Commissioner when forwarding the monthly or quarterly reports.

Use of revenue

One-half of the revenue collected is paid into the general fund of the State and one-half is returned to the county of origin. Counties are authorized to apportion receipts among subordinate tax districts in proportion to the timber severed therefrom.

MISSOURI

Yield Tax.¹ Optional. Enacted 1946. Amended 1955, 1957, and 1965. Annotated Statutes 1959, Secs. 254.010 to .220.

Classification

Qualification. Tracts of 40 acres or more may be classified as "forest croplands" if devoted exclusively to timber growing (except for such regulated grazing as shall be approved by the Conservation Commission) and if the value of the land alone does not exceed \$10 per acre. Classification may not continue for more than 25 years.

Procedure. Application is made to the district forester. Following inspection of the property, recommendation is made by the district forester to the Commission. If accepted for classification, a certificate is issued in quadruplicate, one copy being sent to the Director of Revenue, one to the county clerk, one to the applicant, and one being retained by the Commission.

If the Commission refuses to classify lands, the applicant may appeal to the circuit court whose decision is final.

Conditions governing continued classification. Forest owners may inaugurate management plans satisfactory to the Commission. All persons interested in any way in forest croplands or cutting timber therefrom must comply with the regulations of the Commission. Classification is not affected by transfer of ownership.

Declassification

This may be effected by the Commission if it finds that regulations are not being followed, as for example through use of lands for pasture, failure to restore forest conditions following fire, or removal of timber and use of land for other purposes. In such cases the owner must pay a declassification tax not exceeding 2 cents per acre per year to reimburse the State for payments advanced to counties in lieu of taxes (see below).

Declassification may also be effected upon request of the owner. In such cases the owner must pay all of the taxes carried against the land during the period of classification, plus a penalty of 5 percent, and less annual taxes actually paid on a fixed assessment of \$1 per acre.

Tax treatment

Land. Taxed at local rates upon a fixed assessment of \$1 per acre.

The assessed value of property other than forest lands owned by any person may not be increased to make up for loss of taxable value resulting from classification. Oil, gas, stone, coal, or other (non-timber) material obtained from classified lands are subject to separate assessment and are taxed at local rates.

Timber. A graduated yield tax at the following rates is imposed upon stumpage value at time of cutting:

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

Exemption. No yield tax is payable upon firewood or timber cut by the owner for his own domestic use or for construction on his own land.

Tax administration

Reports. The owner must file a monthly statement with the Commission showing quantity and species cut. The Commission then determines the stumpage value subject to tax.

Collection. The yield tax is payable to the Director of Revenue.

Use of revenue

Yield tax revenues are placed in a "forest cropland fund" disbursed by the Conservation Commission for administration expenses and other purposes of the Act.

State reimbursement of local governments

In consideration of the loss of local revenue resulting from the Act, the State makes an annual payment in lieu of taxes to the county. Such payment amounts to 15 cents per acre of classified land.

Classification of State-owned lands

The Commission may classify State-owned forest lands; in such cases the State pays annually to the county 15 cents per acre in lieu of taxes on such lands.

¹ Known as the "State Forestry Law."

NEW HAMPSHIRE

Yield Tax.¹ Mandatory. Enacted 1949. Amended 1951 and 1953.
Reenacted 1955. Amended 1959, 1961, and 1963.
Revised Statutes Annotated 1955, Ch. 79 (New).

Classification

There is no provision for classification since application of the law is mandatory. Forest land-owners subject to tax are defined to include purchases of timber from public forests.

Tax treatment

Land. Forest land remains subject to the general property tax.

Timber. A normal yield tax of 10 percent of stumpage value is assessed. In addition, a temporary "bond and debt retirement tax" of 2 percent of stumpage value is to be levied until such time as sufficient funds have accumulated to cover all indebtedness incurred by the State under reimbursement provisions of the law (see below).

Timber which an owner fails to cut when it has arrived at a degree of maturity most suitable for its use becomes subject to the general property tax, provided such failure to cut, in the opinion of assessing officials, unreasonably deprives a town of revenue. Property taxes paid under this provision are credited against any yield taxes later imposed.

Exemption. The yield tax does not apply to timber cut by the owner for use in construction or fencing on his property within the State, or for domestic fuel or for manufacture of maple sugar or syrup. Also exempt is timber cut by local governmental bodies within their own boundaries and, under certain circumstances, timber cut in clearing rights-of-way or water storage reservoirs incidental to furnishing public utility services.

Tax administration

Reports. Owners are required to file with the State Tax Commission a notice of intent to cut, setting forth an estimate of the quantity and species to be harvested, together with such other information as may be required. A copy of such notice is forwarded by the Tax Commission to local assessing officials and to the Department of Resources and Economic Development. The owner may be required to provide security that the tax will be paid.

Owners are required to file with the State Tax Commission annually a report of all timber severed during the preceding year. A copy of this report is

forwarded by the Tax Commission to the local assessing officials who then assess the tax. In determining stumpage value for yield tax purposes the sale price is to be considered if open competitive bidding on a per cord or per thousand basis is used; otherwise, assessing officials give consideration to prices on comparable sales in the vicinity in which competitive bidding was used, to other timber sale prices, to the relative difficulty of logging and to current operating costs, including a reasonable margin for profit and risk.

Stumpage value is determined upon the basis of log scale except in the case of forest products customarily measured by ricked cord scale or by the piece. If any other measure is used, assessing officials determine the proper log scale by use of a conversion ratio furnished by the State Forester.

Collection. Yield taxes are collected in the same manner as other local taxes.

Appeals. An owner who fails to secure abatement of yield taxes following an appeal to local assessing officials may petition the superior court of the county or a special 3-member appeal board. The latter is composed of a representative of the aggrieved owner, a representative of the State Tax Commission, and a representative of the State Forester.

Use of revenue

The normal yield tax is retained by cities and towns for their general use. The temporary bond and debt retirement tax is paid into the State treasury to cover interest, retirement of bonds, or other indebtedness incurred under the reimbursement provisions of the law. Special provisions apply to the collection and distribution of yield taxes from unorganized towns and unincorporated places; such provisions permit use of funds by the State Forester for such purposes as the construction of access roads and forest fire and pest control.

State reimbursement of local governments

A Forest Conservation Aid Fund and a Special Aid Fund for Heavily Timbered Towns are established to reimburse towns for loss of revenue occasioned by exemption of timber from the property tax. A heavily timbered town is defined as one in which the average assessed timber valuation for the years 1944-48 inclusive was 10 percent or more of the total locally assessed valuation, as State equalized and as adjusted for a veteran's tax exemption.

¹ Known as the "Timber Tax."

NEW YORK

Yield Tax¹. Optional. Enacted 1926. Amended 1927, 1930, 1931, and 1933. Reenacted 1959.
Real Property Tax Law, Sec. 480.

Classification

Qualification. The property must contain at least 15 acres of forest land (1) which has been planted with an average of not less than 800 trees per acre or underplanted with an average of not less than 300 trees per acre, exclusive of water, bog, or ledge areas or areas otherwise unsuitable for planting; or (2) from which the majority of the mature timber has been removed in such manner as to insure a yield of merchantable timber or pulpwood; or (3) which already supports a stand of immature trees sufficient to produce such a yield within 30 years.

Procedure. The owner makes application to the assessors in duplicate describing the property and setting forth information as to planting or natural reproduction. The assessors send one copy to the Conservation Department. The Department, if it approves, files a certificate of classification with the assessors and with the county clerk, who records it in the book of miscellaneous records.

Conditions governing continued classification. Lands must be managed in the manner prescribed by the Department. When the stand averages 40,000 board feet of merchantable softwoods or 20,000 board feet of merchantable hardwoods per acre, or a relative proportion of the two in mixture, the Department may notify the owner that the yield tax will become payable and that lands will be withdrawn from classification 2 years from date of notice. Should the owner, within the 2-year period, cut such timber as directed by the Department according to the principles of practical forest management, the tax on the uncut timber does not become due and the property remains classified. Transfer of ownership does not affect classification.

Declassification

This is effected automatically upon removal of the forest growth (subject to reclassification through the regular procedure if the owner wishes to remain subject to the Act). Declassification

may also be effected by the owner's voluntary withdrawal, by his failure to manage the property according to requirements of the Department, or by his failure to cut timber within 2 years after notice from the Department as described above. A declassification tax is imposed of 6 percent on the value of the standing timber at time of declassification. Such tax is assessed and collected in the same manner as the yield tax.

Tax treatment

Land. Eligible tracts are separately assessed on the basis of the value of land, including the value of any buildings or structures thereon, but excluding the value of such planted or underplanted trees or natural reproduction. The assessment of an eligible tract shall be no higher than the valuation of similar lands without substantial forest growth situated in the same town, and at no time shall it exceed the valuation fixed at the time the application for classification is filed.

Timber. Forest growth is exempt from the property tax but is subject to a yield tax of 6 percent on its stumpage value at time of harvest.

Exemption. Timber cut for the owner's use and not exceeding a stumpage value of \$25 in any one year, and also thinnings made with the approval of the Department to improve the stand, are exempt.

Tax administration

Reports. An owner proposing to cut timber must give at least 30 days notice to the assessors who then assess the amount of yield tax payable. In case of dispute as to the stumpage value, the appeal procedure is similar to that under the general property tax.

Collection. The yield tax is collected by the supervisor of the town and payment is required before the timber is removed from the premises.

Use of revenue

Two-thirds of the revenue from the yield tax is distributed to the town and one-third to the school district in which the land is situated.

¹ Known as the "Fisher Forest Tax Law."

OREGON

Yield Tax.¹ Optional. Enacted 1929. Amended 1935, 1943, 1945, 1949, 1951, 1953, 1955, 1959, 1961, 1963, and 1967.
Revised Statutes, Ch. 321-255 to 321.360.

Classification

Qualification. The following are eligible for classification as "reforestation lands": (a) lands denuded or substantially denuded of timber in merchantable quantities by fire, insects, disease or other causes, (b) cutover lands meeting specified standards and (c) lands supporting a minimum forest tree growth. In addition such lands must have an adequate tree seed source available or be supporting minimum stocking of trees, be suitable for and likely to produce new forest crops and be protected from fire, insects and disease.

Procedure. The State Forester determines from time to time what lands in the State may be classified as reforestation lands. An owner who wishes to have his lands classified petitions the State Forester, giving a legal description of the land and presenting evidence that it is eligible for such treatment. Following hearing, the State Board of Forestry forwards recommendations to the State Tax Commission, which prepares an order making final determination. Copies of the order are forwarded to the county assessor, the county clerk, the State Forester, and the owner.

Conditions governing continued classification. Lands must be protected as provided by law and must be used primarily for forest crop production.

Declassification

The State Forester may recommend to the Board that lands be declassified, if he finds that they were erroneously classified or that conditions are not being met. If the Board approves such action, it informs the Commission which orders declassification. Classified lands transferred to exempt ownership or platted under a platting registration law are also declassified. Upon declassification for the above reasons, taxes become due equal to the excess, if any, of the property taxes levied on comparable lands for applicable years, over the amount of forest fee and yield tax payable during the period of classification.

The owner may request declassification by application to the State Forester. When lands are so declassified, taxes are payable as provided above or in an amount equal to 12½ percent of the

current market value of the forest crop, whichever is the greater.

Tax treatment

Land. Reforestation lands are exempt from ad valorem property taxes. In lieu thereof an annual specific tax (forest fee) of 10 cents per acre is imposed on lands west of the summit of the Cascade Mountains and 5 cents per acre on lands east of the summit.

Buildings, improvements, water and power rights, and mineral or other nonforest values are subject to the ad valorem property tax.

Timber. A yield tax of 12½ percent is imposed upon the stumpage value of forest crops harvested. Forest crops are defined as timber, chittam bark, Christmas trees and any other marketable growth from the forest soil.

Exemption. No yield tax is payable on forest products harvested by the owner for use on the premises and if such harvest annually does not exceed 10,000 board feet.

Tax administration

Reports. A permit must be obtained from the Commission before any forest crops are harvested or forest growth removed from reforestation lands. The permit sets forth the unit value of forest crops immediately prior to harvest. Twice a year the owner must report to the Commission and to the tax collector the number and kinds of units harvested during the preceding six months.

Collection. The forest fee is collected in the same manner and at the same time as other taxes. The yield tax is payable to the county tax collector when submitting the semiannual report of forest products harvested. The Commission may require permittees to file proof of financial responsibility.

Use of revenue

The forest fee is apportioned among taxing districts in the proportion that the tax levy of each bears to the total tax levy. Special provision is made for forest fees collected in counties over 80,000 population. The yield tax is apportioned among taxing districts as provided for the distribution of sale proceeds of certain county property (Revised Statutes 275.270).

¹ Known as the "Forest Fee and Yield Tax."

OREGON

Yield Tax.¹ Mandatory. Enacted 1961. Amended 1963, 1965, and 1967.
Revised Statutes, Secs. 321.405 to 321.530, Sec. 287.010.

Classification

There is no provision for classification since application of the law is mandatory. The law applies only to timber (see definition of terms) situated east of the summit of the Cascade Mountains. Timber owners subject to tax are those holding title to harvested timber by virtue of conveyance, harvesting of timber, or harvesting of timber and payment therefore. Land classified as Reforestation Land under the optional yield tax enacted 1929 (Forest Fee and Yield Tax), land of designated utilities and companies assessed by the State Tax Commission, and timber thereon are not subject to the Act.

Tax treatment

Land. Continues to be assessed and taxed under the general property tax. Such timberland is appraised by county assessors.

Timber. Exempt from payment of property tax. At time of harvest a tax is imposed at the rate of 5 percent of "immediate harvest value" of merchantable timber.

"Immediate harvest value" (See definition of terms) is determined annually by the State Tax Commission. The Commission determines unit values by species and by areas that reflect similar growing and marketing conditions. Determination of size and location of areas is based on administrative feasibility and is not subject to review by the courts.

Tax administration

Reports. Timber owners must file quarterly returns showing amount of tax payable.

Collection. Tax is payable quarterly to the State Tax Commission on timber harvested during the preceding three months. Timber is considered harvested when, in the ordinary course of business, the quantity is first definitely determined. Tax liability under \$5 in any calendar quarter need not be paid, but a return must be filed.

Use of revenue

Tax receipts, subject to the provision in the

following paragraph, and after allowance for expenses incurred in the administration of the Act, are credited to eastern Oregon counties in the proportion that each county's total appraised timber valuation under the property tax, bears to the total appraised timber valuation for eastern Oregon. Appraised values as of July 1, 1964, subject to adjustment for lands classified or declassified under the Forest Fee and Yield Tax, serve as the basis for allocation.

For the fiscal year 1962-3 only 80 percent of yield tax revenues otherwise available was credited to the counties—this 80 percent being known as the "base distribution." The remaining 20 percent was credited to a reserve fund. In fiscal year 1963-4 and later years, if the revenues available to the counties fall short of the base distribution, the deficiency is made up as far as possible from the reserve fund. When funds available for distribution exceed the base distribution, the reserve fund is to be credited; provision is made for allocating surplus reserve funds to the counties.

The State Tax Commission furnishes annual estimates of expected yield tax distributions to county assessors who consider such estimates in determining the property tax levy.

Effect upon borrowing capacity of tax districts

Timber in eastern Oregon is considered as though it remained on the tax rolls for purposes of determining borrowing and bonding capacities of counties, cities, and taxing districts.

Definition of terms

"Timber" means wood growth, mature or immature, growing or dead, standing or down in Eastern Oregon.

"Immediate harvest value" means the amount that each species or subclassification of timber would sell for at a voluntary sale made in the ordinary course of business for immediate harvest. Allowance is made for age, size and quality of timber, growing conditions, cost of removal, accessibility to point of conversion, market conditions and other factors.

¹ Known as the "Eastern Oregon Timber Severance Tax."

WASHINGTON

Yield Tax¹. Optional. Enacted 1931. Amended 1939, 1951, 1961, and 1963.

Revised Code 1961, Secs. 84.28.005 to .160.

Classification

Qualification. All lands lying west of the summit of the Cascade Mountains which are unforested or upon which the forest crop is not mature in merchantable quantities, and which by reason of location, topography, and geological formation are chiefly valuable for developing and growing forests, may be classified as "Reforestation Lands."

All lands lying east of the summit of the Cascade Mountains which by reason of location, topography and geological formation are chiefly valuable for and devoted to the growing of forests, may be classified as "Reforestation Lands." Such lands may include those upon which a forest crop is being grown, and those which have been logged off in whole or selectively harvested leaving a residual stand and making provision for the continuous protection of forest products consistent with sound forestry practices.

No lands valued for forest growth on the 1930 tax rolls may be classified without approval of the county commissioners, or until (in western Washington) such lands have been cut over and the timber removed, or until (in eastern Washington) such lands have been logged off in whole or selectively harvested.

Procedure. The owner of eligible lands applies to the Department of Natural Resources providing a legal description by tracts of not less than 40 acres or by Government lots. A copy of the application is filed with the county assessor. Following hearing, the Department determines lands suitable for reforestation and files a list with the State Department of Revenue, the assessor and the owner. Following opportunity for objection and hearing before the Director, Department of Revenue, the latter enters an order approving classification of suitable lands. Copies of the order are forwarded to the county auditor, the assessor, the Department of Natural Resources and the owner.

Conditions governing continued classification. Reforestation lands must be protected as required by law and must be used primarily for forest crop production.

Declassification

This may be effected by the Department of Revenue, upon petition of the Department of Natural Resources or county assessor, whenever it is believed that conditions for continued classi-

fication are not being met, or if the lands become more valuable for some other purpose. Declassification may also be initiated by petition of 25 taxpayers of the county, alleging that reforestation lands have become more valuable for some other purpose. In either case a hearing must be held before the Department of Revenue before final action is taken; provision is made for appeal to the courts. Lands may be declassified at any time upon petition of the owner.

A declassification tax is imposed equal to the difference, if any, between the taxes theretofore paid under the Act and the taxes paid by similar unclassified lands during the period of classification. A yield tax as specified below is imposed on the stumpage value of forest crops remaining on the land.

Tax treatment

Land. Reforestation lands are taxed on a fixed assessment of \$2 per acre if located west of the summit of the Cascade Mountains, and of \$1 per acre if located east of the summit.

Timber. A yield tax is imposed upon the full current stumpage value of the timber or other forest crops cut. The rate of tax is 1 percent for each year that has expired since classification, with a maximum rate of 12½ percent.

Exemption. No yield tax need be paid on forest material cut for domestic use of the owner of reforestation lands or on materials necessarily used in harvesting the forest crop.

Tax administration

Reports. Before harvesting any forest crop or removing any forest growth, the owner must obtain a permit from the county assessor and must post bond or make a cash deposit sufficient to cover the yield tax payable.

The owner must report annually to the county assessor the amount of timber or other forest crop cut during the preceding year. If such report is believed to be inaccurate, or if no report is filed, the assessor may determine the amount cut. The assessor determines the stumpage rates for the forest products cut and computes the yield tax payable. The determination both as to amount of timber harvested and as to stumpage rates may be appealed to the courts.

Collection. Taxes are paid to the county treasurer.

Use of revenue

Revenues are apportioned in the same manner as general property taxes.

¹ Known as the "Reforestation Act of 1931."

WISCONSIN

Yield Tax.¹ Optional. Enacted 1927. Amended 1929, 1931, 1933, 1935, 1937, 1939, 1941, 1943, 1945, 1947, 1949, 1951, 1953, 1955, 1959, 1961, 1963, and 1965.
Statutes 1957, Secs. 77.01 to 77.14.

Classification

Qualification. Tracts of not less than 40 acres are eligible for classification as "Forest Crop Lands." Such tracts must be more useful for growing timber and other forest crops than for any other purpose and there must be reasonable assurance that a stand of merchantable timber will be developed within a reasonable time.

Procedure. The owner petitions the Conservation Commission, stating that he intends to practice forestry and that all persons holding encumbrances on such lands have joined. After public hearing and independent investigation, the Commission determines whether the petition should be granted. If so, notice of the decision is forwarded to the State Department of Revenue, the supervisor of assessments, the town clerk, and the register of deeds.

Classification constitutes a contract running with the land for a period of 50 years, unless terminated earlier; the contract is subject to renewal by mutual consent.

Conditions governing continued classification. Classified lands must be open to the public for hunting and fishing under such rules as the Commission may prescribe and must not be used for purposes other than forestry.² The owner must notify the Commission of transfer of ownership; classification is then cancelled unless the purchaser certifies his intention to continue the practice of forestry.

Once in 5 years the Commission must determine whether classified lands shall remain subject to the Act; such determination may be made at any time upon request of the Department of Revenue, the owner, the town board, or at the discretion of the Commission itself.

Declassification

This may be effected by the action of the Commission or of the owner or by expiration of the contract.

The Commission may declassify lands if it finds after investigation and opportunity for hearing, that requirements are not being met. If classification is cancelled within 5 years, the owner must repay to the Commission all "acreage aid" advanced by the State (see heading "State reimbursement" below) with interest at 5 percent

per year, less any yield tax already paid. If classification is cancelled after 5 years, the owner must pay a tax equal to the sum of real estate taxes that would ordinarily have been charged against the tract if not classified, with interest at 5 percent less any yield taxes already paid.

The owner may withdraw lands from classification by filing a declaration with the Commission. The declassification tax is the same as that payable upon declassification by the Commission after 5 years, as described above.

Upon expiration of the contract the quantity of merchantable timber is estimated and a yield tax is payable in the same manner as though the stumpage had been cut.

Tax treatment

Land. Classified lands are exempt from property tax; in its place an annual specific tax of 10 cents per acre (known as "acreage share") is imposed.

Buildings located on classified lands are assessed as personal property and taxed accordingly.

Timber. Products harvested from Forest Crop Lands are subject to a yield tax of 10 percent of stumpage value.

The Commission each year, after public hearing, determines reasonable stumpage values; these may be established by zones if material variance exists as between localities.

Exemption. Wood used by the owner for fuel is exempt from payment of yield tax.

Tax administration

Reports. The owner must file with the Commission a notice of intent to cut specifying the description and estimated amounts of forest products to be removed and also the volume to be left as growing stock. The Commission may limit the amount of forest products cut in order that adequate growing stock may remain to furnish recurring forest crops. Cutting in excess of such limitation renders the operator liable to payment of yield tax at double the usual rate.

Within 30 days of cutting, but not more than one year after notice of intent to cut, the owner must report to the Commission the kind and quantity of all products harvested.

Collection. Acreage share payments are collected by the town treasurer. Yield tax payments are collected by the Commission.

Use of revenue

Acreage share revenues are distributed as follows: 20 percent is paid to the county treasurer, 40 percent is retained by the town, and the remainder is apportioned among the school districts in which the lands are located.

Yield tax revenues are distributed as follows:

¹ Known as the "Forest Crop Law."

² For State income tax purposes taxpayers may deduct from gross income the cost of seeds, planting stock, land preparation, planting, maintenance and fire protection with respect to Forest Crop Lands. Taxpayers may elect to defer such deductions until the crop or property is disposed of. (Statutes, Sec., 71.04(11) and 71.05(11).)

the State retains an amount equal to the total "acreage aids" advanced on the lands in question (see heading "State reimbursement" below) plus interest at 5 percent; the balance is paid to the town treasurer to be apportioned as in the case of acreage share revenues.

State reimbursement of local governments

Each year the Commission pays to the town "acreage aid" amounting to 10 cents per acre of forest crop land. Acreage aid is distributed by the town in the same manner as revenue from acreage share payments.

Other provisions

The Commission is required to publish and

distribute information regarding the Forest Crop Law.

The Commission may employ a fire warden in charge of fire prevention on Forest Crop Lands.

NOTE: Proposed legislation introduced in 1967 and passed by the Lower House would, if enacted, make significant changes in the Law. Such changes, among others, would provide an alternate 25-year contract period, require that classified lands be held for the growing of timber under sound forestry practices, list as extra benefits of the Act scenic values, outdoor recreation and streamflow stabilization and change the allocation of tax revenues among local units of government.

SEVERANCE TAX LAWS

ALABAMA

Severance Tax.¹ Mandatory. Enacted 1945. Amended 1951, 1953, 1955, and 1967.
Code Recompiled 1958. Title 8,
Secs. 231(2) to (29).

Persons subject to tax

Persons in the business of severing forest products from the soil for sale, profit, or commercial use whether as owner, lessee, concessionaire, or contractor.

Exemption

Individual owners of timber who occasionally cut timber from their own premises for their own use.

Rate of tax

Lumber:

Pine	20 cents per 1,000 board feet lumber tally. When timber is sold as logs and is not converted into lumber in the State, the rate is 30 cents per 1,000 board feet log scale, Doyle rule ² .
Hardwood, cypress and all other species of lumber	12 cents per 1,000 board feet lumber tally. (20 cents per 1,000 board feet log scale, Doyle rule, when sold as logs as under item above.) ²
Pulpwood, chemical wood, bolts	10 cents per standard cord (128 cu. ft.)
Cross ties	0.6 cents per piece
Switch ties	1 cent per piece
Mine ties, coal mine props	5 cents per 100 pieces.
Ore mine props:	
Pine	30 cents per 1,000 board feet log scale (Doyle rule). ²
Hardwood	20 cents per 1,000 board feet log scale (Doyle rule). ²
In lieu of above taxes on ore mine props	taxpayers may elect to pay taxes at rate of \$1.25 per thousand linear feet regardless of species.
Piling	$\frac{3}{4}$ of 1 percent on invoice value at loading out point (based on amount paid at stump).
Poles	$\frac{1}{2}$ of 1 percent on invoice value at loading out point (based on amount paid at stump).
Turpentine (crude gum)	6 cents per barrel of 400 pounds.
Stumpwood (tarwood)	5 cents per ton (2,000 pounds).
Pulpwood chips	10 cents per cord of a standard cord of 5,000 lbs. Roundwood pulpwood on which the tax has been paid shall not be subject to an additional tax when converted into chips.

Tax administration

Reports. Sawmills, pulpmills, chemical plants and other "manufacturers" including in the case of crossties, poles, and piling those who purchase forest products from the producer, must file quarterly reports with the Department of Revenue stating gross quantities of forest products manufactured and other information. Special provisions apply to concentration yards and to producers supplying forest products outside the State in unmanufactured form. Transporters of forest products within, across, or out of the State may be required to file information returns.

Collection. Taxes are payable to the Department of Revenue when rendering the quarterly reports.

Use of revenue

Tax collections are disbursed under the supervision of the Director of Conservation for carrying out the forestry program of the State. Provision is made for covering costs of administration. Not less than 85 percent of severance tax collections shall be devoted to forest protection. The percentage of such collections expended for the protection of farm forest lands shall not be less than the percentage that the area of farm forest lands in the State is of the total forest lands of the State. Moreover, the proportion allocated in any county to protection of farm forest lands for each four-

¹ Known as the "Forest Products Severance Tax."

² Logs under 8 inches diameter inside bark at small end are scaled as 1 foot, log scale, for each foot of length. Ore mine props under 8 inches in diameter at small end are treated similarly.

year period shall not be less than 50 percent of the amount of forest products severance tax collected

in such county together with the equal portion of any available matching funds.

ARKANSAS

Severance Tax. Mandatory. Enacted 1923, reenacted 1947. Amended 1949, 1953, 1955, and 1959. Statutes 1947 as amended. Secs. 84-2101 to 2112.

Persons subject to tax

Persons engaging in the business of severing natural resources including timber and timber products.

Exemption

Individuals who occasionally sever natural resources from their own premises to be utilized by them for their own personal use and not for sale.

Rate of tax

<i>Sawtimber:</i>	
Pine.....	50 cents per 1,000 board feet log scale
All other.....	25 cents per 1,000 board feet log scale
<i>Pulpwood:</i>	
Pine.....	25 cents per cord (128 cu. ft.)
Hardwood.....	20 cents per cord (128 cu. ft.)
Veneer bolts or billets.....	25 cents per cord (128 cu. ft.)
Stave bolts or billets, and splits.....	50 cents per cord (128 cu. ft.)
Handle, and other bolts or billets.....	20 cents per cord (128 cu. ft.)
Crossties.....	1 cent each
Posts or poles 10 feet or less in length.....	$\frac{1}{5}$ cent each
Posts or poles 10 to 16 feet in length.....	$\frac{1}{2}$ cent each
Posts or poles over 16 feet in length, and on piling such as used for piers or telephone poles.....	20 cents per 100 lineal feet

Tax administration

Reports. Producers must secure a permit from the Commissioner of Revenues before natural resources are severed. Producers must report to the Commissioner monthly any timber or timber products sold directly to consumers other than mills or manufacturers. Provision is also made for reports by purchasers of timber products and for information returns from transporters of timber products within, across, or out of the State.

Mills or other manufacturing establishments engaged in further processing, or manufacturing timber or timber products, are required to withhold severance taxes and remit them direct to the

Commissioner, who may prepare conversion formulas for use in calculating taxes due on sawtimber converted into lumber. Mills or other manufacturers must report monthly the total taxes withheld.

Collection. Taxes are paid to the Commissioner of Revenues when filing the monthly reports.

Use of revenue

Tax collections are paid into the State Treasury and distributed as follows: 3 percent to the general revenue fund for State government expenses and 97 percent to the State forestry fund for the purposes of the State Forestry Commission.

LOUISIANA

Severance Tax¹. Mandatory. Enacted 1922. Reenacted 1935. Amended 1940, 1948, 1950, 1952, 1958, and 1961. Constitution, Art. X, Sec. 21 Revised Statutes Title 47, Sec. 631-46.

Persons subject to tax

Owners of natural resources severed from the soil or water, including all forms of timber,

pulpwood, and turpentine and other forest products.

Exemption

All timber other than virgin timber².

Rate of tax

Cypress timber.....	\$1.00 per 1,000 board feet log scale.
Pine timber.....	50 cents per 1,000 board feet log scale.
Ash and hickory timber.....	75 cents per 1,000 board feet log scale.
Red gum timber.....	\$1.50 per 1,000 board feet log scale.
Cow oak timber.....	50 cents per 1,000 board feet log scale.
White oak timber.....	\$1.00 per 1,000 board feet log scale.
Cottonwood, magnolia, poplar, sycamore and all other hardwood timbers.....	25 cents per 1,000 board feet log scale.
Tupelo, black, and sap gum timber.....	25 cents per 1,000 board feet log scale.
Pulpwood.....	15 cents per standard cord of 4 feet by 4 feet by 8 feet.

Tax administration

Reports. Persons severing natural resources must file monthly reports with the Department of Revenue stating location, kind and quantity of resources severed, names of owners at time of severance and other information. Provision is also

made for monthly reports by purchasers and dealers.

Collection. Taxes are payable to the Collector of Revenue when rendering the monthly reports. Reporting taxpayers must collect, or withhold from the value of the products severed, the proportionate parts of the total tax due by the respective owners of the natural resources at time of severance.

¹ Known as the "General Severance Tax."

² Ruling by the State Attorney General, January 12, 1955 held that the General Severance Tax (which applies also to oil, gas, and other natural resources) was repealed as to timber other than virgin timber by enactment in 1954 of Act 759. The latter, known as the "1954 Forest Tax Law" is classified in this Digest as a mandatory yield tax. It is understood that in practice the General Severance Tax is no longer applied even to virgin timber.

Use of revenue

Tax collections are credited to the severance tax fund of the State and allocated to the Louisiana Forestry Commission for use in reforestation and scientific research.

NEW MEXICO

Severance Tax. Mandatory. Enacted 1937. Amended 1949, 1951, and 1961.

Statutes 1953, Secs. 72-18-1 to 28.

Laws of 1949 Ch. 65, Sec. 2.

Persons subject to tax

Owners of natural resources severed from the soil. The Commissioner of Revenue may permit or require the first purchaser of severed products to pay the tax rather than the owner.

Exemption

The taxpayer is granted an exemption of \$200,000 annually which shall be deducted from the gross value before computing the tax.

Rate of tax

Timber----- $\frac{1}{8}$ percent of gross value defined as the sales value of the severed product at the first marketable point.

Tax administration

Reports. Persons actually severing natural resources must file monthly reports with the Bureau of Revenue showing kind, gross quantity and value of products severed, names of owners, location where severed and other information. Provision is also made for monthly reports by purchasers, dealers and transporters of forest products. Purchasers and dealers must furnish names and addresses of persons from whom severed products in a natural state were purchased, together with the total quantity of such products purchased.

Collection. Taxes are payable to the Bureau of Revenue when rendering monthly reports. Persons severing natural resources must collect and withhold, out of the value of products severed, the proportionate parts of the total tax due by the respective owners of the severed products at time of severance.

Use of Revenue

Tax collections are credited to the general funds of the State after deduction of 3 percent for costs of administration.

OREGON

Severance Tax.¹ Mandatory. Enacted 1947. Amended 1953, 1957, 1959, 1961, 1963, and 1967.
Revised Statutes, Secs. 321.005 to .225.

Persons subject to tax

Persons owning forest products at time of harvesting, or acquiring title thereto by virtue of harvesting and payment therefor. The grantor of

forest products who reacquires such products after harvesting shall be deemed the taxpayer.

Exemption

The first 25,000 board feet harvested annually by any taxpayer are exempt.

Rate of tax

Merchantable forest lands (all forest lands containing merchantable timber)-----

5 cents per 1,000 board feet log scale on all merchantable forest products harvested.²

Protected west side forest lands (such of the above "merchantable forest lands" as are located west of Wasco, Jefferson, Deschutes and Klamath counties and which are subject to fire protection by the State Forester, the United States or forest protective agencies under contract with the State or the United States.)-----

4 cents additional per 1,000 board feet log scale on all merchantable forest products harvested.

The basic 5 cent rate is reduced by 50 percent in fiscal years following those in which the Forest Research and Experiment Account exceeds \$400,000.

The additional 4 cent rate is reduced by 50 percent in fiscal years following those in which the Forest Emergency Fire Cost Account rises above \$750,000; when the account rises above \$2 million the levy is inoperative. The tax is re-imposed at 50 percent of the full rate when the account falls below \$1,500,000 and is not less than \$750,000.³

Tax administration

Reports. Taxpayers must make quarterly reports to the State Tax Commission showing the amount of tax payable and other information. If a taxpayer neglects to make a return, the Commission may determine the tax due based upon such information as is available.

Collection. Taxes are payable to the State Tax

Commission when rendering the quarterly reports.

Use of revenue

After provision for payment of refunds, costs of collection and administration, revenues from the tax on "merchantable forest lands" are devoted to research and experimentation to develop the maximum yield from forest lands of the State and to obtain the fullest utilization of the forest resource. For the above purposes a forest research laboratory is maintained at Oregon State University.

Revenues from "protected west side forest lands" are credited to the Forest Emergency Fire Cost Account and are used for equalizing emergency fire suppression costs and safeguarding interests of forest owners in western Oregon.

Note: For comparable severance tax provisions relating to equalization of emergency fire suppression costs on eastern Oregon forest lands see Revised Statutes 477.810 to .960 as amended by Chap. 429, Laws of 1967. A tax of 2 cents per 1,000 board feet is levied on all merchantable forest products harvested on "protected east side forest lands" as defined. The levy is inoperative when the East Side Emergency Fire Cost Fund exceeds \$250,000.

¹ Known as the "Forest Products Harvest Tax" (formerly "Forest Research and Experiment Tax"). See also the Eastern Oregon Severance Tax classified in this Digest as a forest yield tax.

² The rate of tax was increased by 1/2 cent per M.B.F. for fiscal years beginning July 1, 1967 and July 1, 1968 to finance air and water pollution research as related to the forest products industries.

³ Effective July 1, 1968.

VIRGINIA

Severance Tax.¹ Mandatory. Enacted 1948. Amended 1952 and 1956.
Code 1950, as amended, Secs. 58.838.1
to .20.

Persons subject to tax

Persons engaged in the business of severing timber or other forest products from the soil for sale, profit, or commercial use whether as owner, lessee, concessionnaire or contractor, either as producer or manufacturer. (Producers are defined as persons severing forest products for sale or shipment outside the State in unmanufactured condition; manufacturers include sawmill operators and other processors of forest products.)

Exemption

Individual owners who occasionally sever timber from their own premises for use in the construction or repair of their own structures or for home consumption or for processing their farm products. Forest products severed from State lands are exempt when such products are used by State educational institutions for forestry teaching and experimentation.

Rate of tax

Pine and cedar lumber in its various forms including switch ties, bridge timber, and dimension stock 15 cents per 1,000 board feet
Hardwood, cypress and all other species 7½ cents per 1,000 board feet

Manufacturers of rough lumber may elect to pay a flat annual tax when the quantity processed in any calendar year is as follows:

300,000 board feet or less \$30 flat annual tax
300,000 board feet to 500,000 board feet \$60 flat annual tax

Timber sold as logs and not converted into lumber or other products in the State:

Pine and Cedar 15 cents per 1,000 board feet log scale, Doyle rule
Other species 7½ cents per 1,000 board feet log scale, Doyle rule

Note: Logs under 8-inch d.i.b. at small end are to be scaled as containing one foot log scale for each foot of length or fraction thereof.

Veneer logs:

Pine and Cedar 15 cents per 1,000 board feet log scale, Doyle rule
Other species 7½ cents per 1,000 board feet log scale, Doyle rule

Pulpwood, excelsior wood, chemical wood, bolts, billets, fuelwood, tan bark and other products customarily sold by the cord:

Pine and Cedar 7½ cents per standard cord (128 cu. ft.)
Other species 3¾ cents per standard cord (128 cu. ft.)

Railroad crossties:

Pine and cedar ½ cent per piece
Other species ⅓ cent per piece

Posts, mine ties, mine props and other types of timber used in connection with mining and customarily sold by the piece:

4 feet or less in length
Pine and Cedar 6 cents per 100 pieces
Other species 3 cents per 100 pieces
Over 4 feet but not over 8 feet in length
Pine and Cedar 9¾ cents per 100 pieces
Other species 4¾ cents per 100 pieces
Over 8 feet in length
Pine and Cedar 12 cents per 100 pieces
Other species 6 cents per 100 pieces

NOTE: Taxpayers may, as an alternative, elect to pay on posts, mine ties, etc., as follows:

Pine and Cedar 16½ cents per 1,000 lineal feet
Other species 8¼ cents per 1,000 lineal feet

Piling and poles 2/7 of 1 percent on invoice value F.O.B. loading out point (defined as loaded on board railroad car, or boat, or delivered to place of use by truck)

¹ Known as the "Forest Products Tax."

Keg staves.....	1/2 cent per standard 400 inch bundle
Keg heads.....	1 1/2 cents per 100 heads
Tight cooperage staves.....	1 1/2 cents per 100 staves
Tight cooperage heads.....	3 cents per 100 heads
Other types of forest products.....	fair unit rate as determined by State Tax Commissioner

Tax administration

Reports. All persons subject to tax, other than an individual severing timber from his own land, must register annually with the county commissioner of revenue and pay a registration fee of \$1.

Reports must be made quarterly to the Department of Taxation by manufacturers and producers as defined in the Act. Such reports must show location, kinds, and gross quantities of products severed and other information. Persons electing to pay an annual tax may file yearly reports. Provision is made for information returns by transporters of forest products out of, within, or across the State.

Manufacturers and producers are required to keep suitable records which must be preserved for two years.

Collection. The tax is payable to the Department of Taxation when rendering the quarterly or annual reports. Persons severing 100 or less cords of fuelwood or 500 or less fish-net poles during any one calendar year, in addition to certain manufacturers of lumber as noted above, may make annual payment of taxes.

Use of revenue

After provision for costs of administration, funds are expended by the Department of Conservation and Development for the protection and development of the forest resources of the State including the raising, planting and propagating of seedlings, forest fire protection, forestry education and technical assistance to forest land owners. At least 50 percent of revenues collected must be expended in the county of origin.

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

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