98-84359-7

Fairchild, Fred Rogers

Forest taxation

Columbus, Ohio

[1909?]

98-84359-7

MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

336.71 Fairchild, Fred Rogers, 1877- 1966
M48262 Forest taxation; addresses by Fred Rogers Fair-
v.1 child... A. C. Shaw... B. E. Fernow... discussion
by delegates to the Conference. Columbus, Ohio,
International tax association [1909?]
42 p. . 22 cm in 29 cm.

Reprinted from the addresses and proceedings of
the International conference on state and local
taxation held at Toronto, Canada, Oct. 6-9, 1908.
Volume of pamphlets

107744

Only Ed

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 3/4/88

INITIALS: F.C.

TRACKING # :

31852

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

BIBLIOGRAPHIC IRREGULARITIES

MAIN ENTRY: Fairchild, Fred Rogers

Forest taxation

Bibliographic Irregularities in the Original Document:

List all volumes and pages affected; include name of institution if filming borrowed text.

Page(s) missing/not available:

Volume(s) missing/not available:

Illegible and/or damaged page(s):

Page(s) or volume(s) misnumbered:

Bound out of sequence:

Page(s) or volume(s) filmed from copy borrowed from:

Other:

X at end of title

Inserted material:

TRACKING#: MSH31852

324.72 N.Y.
Jm A
12-10-09
96
WITH THE COMPLIMENTS OF THE
NEW YORK TAX REFORM ASSOCIATION
56 PINE STREET, NEW YORK, N.Y.

FOREST TAXATION

ADDRESSES BY

FRED ROGERS FAIRCHILD

ASSISTANT PROFESSOR OF ECONOMICS, YALE UNIVERSITY
NEW HAVEN, CONN.

A. C. SHAW

PRINCIPAL EXAMINER, UNITED STATES FOREST
SERVICE, WASHINGTON, D.C.

DR. B. E. FERNOW

SCHOOL OF FORESTRY, UNIVERSITY OF TORONTO
TORONTO, CANADA

DISCUSSION BY DELEGATES TO THE CONFERENCE

REPRINTED FROM THE ADDRESSES AND PROCEEDINGS OF THE
INTERNATIONAL CONFERENCE ON STATE AND LOCAL
TAXATION HELD AT TORONTO, CANADA
OCT. 6-9, 1908

INTERNATIONAL TAX ASSOCIATION
COLUMBUS, OHIO

FOREST TAXATION

ADDRESSES BY

FRED ROGERS FAIRCHILD

ASSISTANT PROFESSOR OF ECONOMICS, YALE UNIVERSITY
NEW HAVEN, CONN.

A. C. SHAW

PRINCIPAL EXAMINER, UNITED STATES FOREST
SERVICE, WASHINGTON, D.C.

DR. B. E. FERNOW

SCHOOL OF FORESTRY, UNIVERSITY OF TORONTO
TORONTO, CANADA

DISCUSSION BY DELEGATES TO THE CONFERENCE

REPRINTED FROM THE ADDRESSES AND PROCEEDINGS OF THE
INTERNATIONAL CONFERENCE ON STATE AND LOCAL
TAXATION HELD AT TORONTO, CANADA
OCT. 6-9, 1908

INTERNATIONAL TAX ASSOCIATION
COLUMBUS, OHIO

RESOLUTION

ADOPTED AT SECOND INTERNATIONAL TAX CONFERENCE

TORONTO, CANADA, OCTOBER 6-9, 1908

RESOLVED:

That it is within the legitimate province of tax laws to encourage the growth of forests in order to protect watersheds and insure a future supply of timber; and legislation, or constitutional amendment where necessary, is recommended for these purposes.

THE TAXATION OF TIMBER LANDS IN THE UNITED STATES

BY FRED ROGERS FAIRCHILD

Assistant Professor of Political Economy in Yale University,
New Haven, Conn.

THE writer of this paper is at present engaged in the preparation of a report on the taxation of timber lands for the National Conservation Commission, appointed last spring by the President of the United States. With the assistance of the United States Forest Service, a large amount of material has been collected and a good deal of preliminary work done. The paper which is here presented is based upon that investigation. This work is only the beginning of a thorough study of the subject, which the writer expects to make in cooperation with the Forest Service. The present paper, therefore, should be regarded as a preliminary report only, to be followed at some future time by a more exhaustive study.

The evils of the general property tax are well known. Certainly they need no emphasis before this audience. But in addition to its other shortcomings, the general property tax is defective in a peculiar way in the case of all invested wealth which is either increasing or declining in value. Suppose a man invests \$10,000 in a perpetual annuity at 5 per cent, yielding an annual income of \$500. Suppose an annual property tax of 1 per cent is imposed. The tax will take \$100, or 20 per cent of the income each year. Suppose now another man, having \$10,000, puts it in trust for 14 years, after which time, the principal having doubled, he invests it in a perpetual annuity of \$1000 a year. Under the property tax he is taxed \$100 the first year, but the second year, his capital having increased to \$10,500, he pays a tax of \$105. His tax increases each year until the fourteenth, after which it is \$200 a year. The present

value of all the taxes paid by the first man is \$2000, or 20 per cent of his capital. The present value of all the taxes paid by the second man is \$3428, or 34 per cent of his capital. That is, the man who does not use up his income, but reinvests it, is punished by an excessive tax.

Now the business of forestry is like the investment of the second man. The annual growth of the trees, instead of being taken each year as income, is left to increase the capital till many years later, when the timber is cut and the income begins to accrue. A property tax, strictly enforced, must inevitably place an excessive burden upon forests as compared with the ordinary investments yielding a regular annual income.

We have, then, at the start, a theoretical presumption against the taxation of forests under the general property tax. Moreover, we are beginning to hear complaints of unjust and excessive taxation, of forests prematurely cut on account of taxes, of wasteful and destructive "skinning" of timber lands, of cut-over lands not reforested, but abandoned because of taxation, and of timber-land owners who do not practice forestry because the taxes would eat up the profits. Here seems to be a problem worthy of careful study.

Timber lands are taxed to-day under the general property tax in every State and Territory of the United States, generally exactly the same as other kinds of wealth. In only fourteen States is any special consideration given to timber lands in the tax laws. These States attempt to encourage the planting and cultivation of trees, or the general practice of forestry, by entire or partial exemptions from taxation, by rebates of part of the taxes, or by bounties to be deducted from the taxes. Four other States make provision for bounties, although these bounties have no connection with taxation. Three States, included, however, in those mentioned above, try to encourage forestry by offering prizes, without any reference to taxation. In all of the other twenty-eight States, and in the two Territories, timber lands receive no special consideration. None of these schemes of exemptions, rebates, bounties or prizes has touched the real problem of forest taxation. These laws are rarely taken advantage of, and their effect on the actual taxation of timber lands is usually negligible. We return, therefore, to

the statement that timber lands are taxed in the United States, with few and unimportant exceptions, exactly the same as other wealth subject to the general property tax.

The administration of the tax on forests needs no special notice, for it is simply the general property tax with which we are all familiar. Here, as everywhere, we find the same loose system of assessment in the hands of men having no special qualification for the work, and based upon the taxpayer's declaration, upon hearsay evidence, and upon occasional examination of the property, which at best must be superficial and inaccurate. We have the well-known results of this hit or miss method, — inequality, overvaluation, undervaluation and general confusion. Timber lands, like other wealth, are as a rule grossly undervalued. The tax rate for timber lands is the same as for property in general, and the collection of the tax needs no special attention.

It is important to know just what is the actual burden of taxation on the forest lands of the United States to-day. To thoroughly answer this question will require a detailed study of forest taxation in every State, and indeed in every town where forests are important. This study will take time. Only a beginning has yet been made. The conclusions here presented are therefore only tentative, and may very likely have to be modified after further investigation. They are based upon (1) miscellaneous evidence from forestry journals, lumber trade journals, and publications of the United States Forest Service, and of the several State foresters; (2) an extensive correspondence with State foresters, tax officials, timber owners and others; and (3) special local investigations made by members of the Forest Service staff. The most complete and exact body of evidence comes from a special report on the taxation of timber lands in New Hampshire, made by one of the Forest Service staff, after an investigation covering most of the past spring and summer.

From this evidence, so far as it goes, the following conclusions seem to be warranted: The valuation of forest lands is made in the most haphazard way, resulting in the greatest uncertainty and inequality. For example, a wood lot in New Hampshire was purchased for \$1000. Its assessed value, which had been

\$400, was immediately raised to \$3000, or three times the purchase price. The tax rate in this town was 1.83 per cent. Assuming that the purchase price represented the true value of the property, it was required to pay a tax every year of $5\frac{1}{2}$ per cent of its value. In this particular case the owner made no complaint, for the reason that he believed this excessive tax was counterbalanced by undervaluation of some of his other lots; an interesting commentary on the results of local assessment.

As an example of undervaluation, we may cite another piece of timber land in New Hampshire which was sold for \$15,000. Its assessed value at the time was \$500, or one thirtieth of the selling price. Even after the sale its assessed value was raised only to \$1100.

Here is an interesting example of unequal assessment. Two adjoining tracts in New Hampshire were estimated by the Forest Service investigator to be of about equal value. The first, which was, if anything, the more valuable of the two, was assessed at \$500; the second, at \$3500, or seven times the other.

These examples are extreme cases, though similar cases are common enough. What we are more especially interested in is the prevailing burden of taxation in the general run of ordinary cases. The facts seem to be as follows: In some States or regions the prevailing burden of taxation on timber lands is undoubtedly very heavy. In other States or regions timber lands are taxed very leniently. Individual cases of unduly lenient and excessively heavy taxation are common, probably, everywhere. Leaving out of consideration individual cases, and without going into local conditions, it is safe to say that in general, timber land, like most other property, is grossly undervalued by the assessors. This assessment is combined with a high tax rate; that is, a rate which would generally result in excessive taxation, if the property were assessed at its true value. As a general rule, however, due to the prevailing under-assessment and the lax administration of the laws, timber lands are not subjected to an excessive burden of taxation. In the great majority of cases investigated, the annual tax was less than 1 per cent of the true value.

A third conclusion that stands out distinctly is that there is at present in many places an unmistakable tendency toward heavier taxation of timber lands. This tendency is seen especially in those regions where forests have heretofore been admittedly taxed very gently, such as the wild lands in the unincorporated parts of Maine and New Hampshire. Here there is considerable complaint of the escape of wealthy timber owners from their just share of taxation, and a growing demand for amendments to the statutes which will put a heavier tax upon these lands. Again, the movement toward heavier taxation is seen in the common tendency to value timber lands more accurately, and enforce the existing laws more strictly.

Having shown in a general way what the actual burden of taxation is at present, we must next inquire what effects taxation has had upon the forests of the country.

To a considerable extent the answer to this question may be inferred from the foregoing conclusions as to the burden of the general property tax on forests. There can be no doubt that in many of the cases where taxation has been excessive, it has hastened the cutting of timber and led to wasteful skinning of the land, often destroying the chance of a valuable second growth, and sometimes leading to the abandonment of the land for delinquent taxes.

On the other hand, in all those cases where the tax burden has been very small, taxation can obviously have had little effect on the management of the property.

In the general run of ordinary cases, as has been shown, the present burden of taxation cannot be considered excessive. And in the general run of cases there is no evidence to show that forests have been affected seriously by taxation. Indeed, there is much positive evidence to the contrary. That the American forests have been cut off at a tremendous rate of late years, that the methods of cutting have often been wasteful and destructive of future growth, and that there is little tendency on the part of timber men to reforest cut-over lands, are facts which need no demonstration. But that taxation has had any large influence in bringing about these results is an inference apparently not warranted by the facts. This is a phase of the problem which has been greatly exaggerated in

the public mind. The recent heavy and wasteful cutting of our forests has been due to various economic influences, among which taxation has played a very small rôle. This conclusion is supported by evidence from many sources, including letters from some five hundred of the leading timbermen all over the country, written in reply to inquiries on this point.

A good deal of cut-over land has been abandoned for taxes in certain States, particularly in the Lake States and in the far West. Michigan has six million acres. California has about one million acres. In some cases this has been due, in part at least, to excessive taxation. Still, throughout the country as a whole, there is very little land abandoned for taxes, and in the great majority of the States the matter of abandoned lands is negligible.

Forestry is very little practiced in America to-day, but that this state of affairs is due in any great measure to taxation is utterly denied by the evidence. The lumbermen, as a rule, are not thinking much about forestry. There are other factors in the forestry problem of far greater weight than taxation, and the general practice of forestry will not be brought about by amendments to the tax laws. This conclusion also is supported by the great majority of the letters received from lumbermen all over the country.

We conclude, then, that while in some cases forests have been excessively taxed, with more or less serious results, as a general rule taxation has not, up to the present time, been responsible for any widespread disastrous results on the forests of the country.

It does not follow that the problem of timber land taxation is of no importance, or of only academic interest. Its practical bearing is rather on the future of our forests than on their past. The present methods of handling our forests cannot last very much longer. The practice of forestry must come sometime, and its speedy coming is a thing greatly to be desired. And whenever we are ready to seriously undertake it, we will find our present method of taxation a heavy handicap.

It can be shown theoretically that the general property tax, strictly enforced in accordance with the plain letter of the law, might easily take away from one third to one half of the entire

net income of the forest, and very much more under certain conditions. Forestry should not be subjected to such an unjust burden of taxation. It may be objected that, as a matter of fact, forests are not taxed on anywhere near their true value, and this practice should be recognized. But this does not relieve the situation much. Probably nothing more effectually discourages investment than uncertainty as to future costs. And whatever may be said of the present system of taxation, there can be no question of its arbitrariness and uncertainty. If to all the other risks of forestry we add uncertainty as to what the taxes are going to be, we cannot blame investors for some hesitation in embarking on an enterprise which may have to pay taxes fifty years before the returns come in. And more than this, the investor cannot safely base his calculations on the continuance of the present generally lenient administration of the property tax. As has been shown, the tendency to-day is toward stricter enforcement of the law and a heavier burden of taxation.

The problem of forest taxation is, then, an important one, and a very practical one; and its importance is bound to increase as time goes on, until it is satisfactorily settled. Let us try to outline the principles on which a scientific system of forest taxation should be based.

We may assume, without much danger of controversy, that taxation should be based on income or earning power. The tax on income may be collected at the time the income accrues, or it may be in the form of an annual tax on the capital value of the income. If the rates of the income tax and the capital tax bear the proper relation to each other, these two ways of applying the tax produce identical results.

In the case of forests, the tax based on income may be applied either as a tax on the yield whenever any timber is cut, or as an annual tax on the present capital value of the forest, based on all its expected future incomes and expenditures, what the foresters call "expectation value." To illustrate by a single example: Suppose that a forest is so managed as to yield a net income of \$150 sixty years from to-day, and again every sixty years thereafter, without any cost for planting. If interest is at 5 per cent, a simple calculation will show that the

present expectation value of the forest is \$8.48. Suppose it is desired to tax this forest at the rate of 20 per cent of its net income. This may be accomplished either by a tax of 20 per cent of the net yield whenever it occurs, or by an annual tax of 1 per cent of the expectation value. The first would mean a tax of \$30 paid every sixty years, when the timber is cut. The second would mean a tax of $8\frac{1}{2}$ cents paid every year. The present value of these two taxes — that is, \$30 paid sixty years from date and every sixty years thereafter, and $8\frac{1}{2}$ cents paid every year beginning at once — is exactly the same.

The above is an example of a forest managed to produce a sustained periodic yield. Forests may also be managed so as to produce a sustained annual yield. And finally, forests may not be managed according to any system of forestry, the yield being purely irregular.

Obviously the tax on yield when cut may be applied to any forest, whatever the system of management, or even where no systematic management is employed. On the other hand, the tax on expectation value is more complicated. It requires the calculation of present value based on all future expected incomes and expenses. And in the case of the forest with irregular yield, it is impossible to apply this method at all.

A matter of the utmost importance, in the case of the tax on expectation value, is the rate of interest at which the calculation is made. That a good deal depends on what rate is selected may be realized from the single fact that if in the above example 4 per cent had been used instead of 5, the annual tax would have been 16 cents instead of $8\frac{1}{2}$ cents. A change of a single unit in the rate of interest may double or even treble the amount of the tax. Evidently the rate of interest is the crux of the whole theory of the tax on expectation value. To thoroughly discuss this problem would require more time than has been allotted to this whole paper. The following brief suggestions are all that can be given here.

Writers of the technical works on forestry are inclined to capitalize forestry investments at very low rates of interest, 2 or 3 per cent being usually adopted. The writer is convinced that these rates are too low, at least for American conditions. To mention only two reasons for this belief: in the

first place, the risk of fire is so great that no insurance company will accept it. In the second place, forestry is peculiar in the long interval of time which must generally elapse before the investment begins to yield an income. It is a well-known psychological fact that such an income will be discounted at a higher rate of interest than one whose enjoyment is less remote.

Without mentioning other reasons for a high rate, the writer is convinced that, as compared with ordinary investments, forestry investments must be capitalized at a relatively high rate of interest. Five per cent is certainly not too high. It is very probably too low. This question must be carefully considered in applying a tax on expectation value.

The selection of the rate of the forest tax, whether a tax on yield when cut or an expectation value, is simple theoretically. If it is desired to place the same relative burden on forests as on other kinds of wealth, the rate on expectation value should be the same as the actual rate of the general property tax on *true value*; the rate on yield when cut is the quotient of the rate of the property tax divided by the rate of interest. If it is desired to offer special inducements to forestry by a lower burden of taxation, the above rates may be reduced in any desired degree.

In order to avoid uncertainty and arbitrary taxation, the rate of the forest tax should be determined by a State officer or board, this rate to apply in all parts of the State. Or, the State may merely establish a maximum rate, leaving to any town the liberty to levy a lower rate, if desired.

It has been shown that in general the scientific principles of forest taxation may be applied either as a tax on yield when cut, or as a tax on the capital value of the forest. It now becomes necessary to weigh the relative merits of these two methods of taxation with particular reference to American conditions.

No sooner is the question raised than the answer forces itself upon us, that the tax on expectation value is not capable of general application in the United States. This method depends on the general practice of forestry, whereas in America the practice of forestry is the rare exception. This method requires the existence of accurate yield tables for the various

species of trees and for different parts of the country. Only the smallest beginning has yet been made toward the construction of such tables for America. This method cannot be applied to forests producing an irregular yield. Yet nearly all the private forests in the United States are of this class.

These considerations alone show the impossibility of applying the tax on expectation value in America at the present time and for a long time to come. On the other hand, there are some positive considerations in favor of the tax on yield which are of the greatest importance. In the first place, the tax on yield avoids the whole problem of the rate of interest, which has been shown to be at once the most important and the most difficult theoretical factor in the tax on expectation value. When a forest is taxed on its yield, the value of the yield and the value of the tax will bear the same relation to each other, no matter what the rate of interest, since both are necessarily discounted at the same rate. The importance of this argument in favor of the tax on yield can hardly be exaggerated.

Again, the use of the tax on yield relieves us of the necessity of estimating the future prices of timber. All calculations of expectation value are rendered more or less untrustworthy by the great uncertainty as to future prices of timber. All the estimates on this subject must be a matter of more or less skillful guesswork. The objection to a tax based on such calculations is obvious. On the other hand, future prices of timber are a matter of indifference as regards the principles of the tax on yield. Since the tax is a certain part of the yield, changes in price affect both the yield and the tax in the same way.

Similarly, by basing the tax on yield, we eliminate the element of risk from the tax problem. The danger of loss by fire, etc., is so great that forestry investments are at best decidedly uncertain. This risk, as is shown above, should be taken into account in determining the rate of interest. But no one can estimate the degree of risk with any approach to accuracy, and no allowance in the rate of interest can prevent serious injustice being done in individual cases. An owner may have been paying taxes on his forest for fifty years, only to see the yield at last wiped out by a destructive fire. Moreover, such a system would act as a deterrent influence against forestry investments.

When the annual taxes to be paid are a sure thing, while the yield to be obtained after fifty years is very uncertain, we cannot blame the investor for hesitating. All this is avoided by the tax on yield. Taxes are paid on the yield, and if the yield is destroyed by fire, the taxes are thereby automatically remitted. Still other arguments might be mentioned.

We conclude, therefore, that the superiority of the tax based on yield when cut is demonstrated beyond question. We may then dismiss the tax on expectation value, and confine the discussion of practical applications and administrative problems to the tax based on yield when cut.

The practical difficulties in the way of any plan of tax reform in the United States are tremendous. The path toward scientific forest taxation is sure to be strewn with obstacles, more or less serious. The tax on yield when cut has been advocated as an underlying principle. In putting this principle into operation, no two States would necessarily adopt exactly the same administrative machinery or methods. This paper obviously cannot go into local conditions. We must, however, discuss some of the general problems of administration, and look into some of the serious practical objections which may be urged against the tax on yield when cut. The following suggestions are offered.

The chief difficulty with this plan is that it would result in an irregular and uncertain revenue for many towns and counties. The following alternative plans are suggested for meeting this difficulty:—

(1) Let the tax be administered by the State. Let a rough estimate be made of the probable average annual yield of the forests in each town. Then let the State pay the town's share of the tax on this yield to each town annually. Whenever any timber is cut in any particular town, the town's share of the tax would be credited to it, whereas it would be debited with all the previous payments from the State treasury with accumulated interest to date. The balance would be carried forward to the next time of accounting. A large balance on either side would be avoided by altering the amount of the annual payments from time to time as experience showed they were too high or too low. Such a plan would not require an exact calculation

of expectation value, since no permanent injustice could result from errors in the calculation of the annual payments of the State to the towns. This plan makes the State the administrator of the forest tax and the banker for the towns, thus guaranteeing to each town a fairly regular income, probably more regular than the income from taxation of forest lands to-day. The State itself has a large enough territory so that the tax would produce a fairly regular income for the whole State.

(2) The same result might be accomplished in another way. Let a nominal annual tax be collected from the owners of timber lands. When the timber is cut, collect the tax on the yield, and allow a deduction for the previous annual payments, with interest to date. If, through a mistake, the annual payments had been excessive, so that, with interest, they exceeded the tax on the yield when finally cut, a rebate would be due the owner. This plan would be necessary only for forests producing an intermittent or irregular yield. Where a sustained annual yield was produced, the tax would simply be collected each year, at a certain percentage of the yield. This plan has the advantage of great simplicity. It could be administered either by State or local officers, and the necessary bookkeeping would be very simple.

(3) A third way of avoiding the difficulty of irregular local revenue would be to make the forest tax a State tax pure and simple, compensating the local divisions in some equitable way, as by a payment from the State according to some definite rule, or by the State surrendering to the local divisions some other source of revenue. Some such arrangement might be introduced by a State which happened to be remodeling its tax system as a whole.

Each of these plans has advantages and difficulties. Probably the second would best fit present conditions in the majority of States. Still other plans might be suggested. At any rate, it seems reasonable to believe that no insuperable obstacle to the tax on yield will be found here.

Another administrative question is as to the treatment of the small wood lot. To tax every farm wood lot whenever a little timber is removed, would be altogether too costly and cumbersome. It might be advisable to tax wood lots having

less than a certain area by a somewhat different method. Lots might be classified into a few grades according to quality, the tax per acre being fixed for each grade at a fairly low figure, and collected annually, with an additional tax if the lot were ever entirely cut off.

Numerous other administrative questions might be discussed, if time permitted. For example, this tax system must apply to timber lands only. The laws must be so drawn as to prevent the holding of land for merely speculative purposes without taxation, on the ground that it is timber land. Again, it might be necessary to make some special provision for the man who, having planted trees, changes his mind and cuts them off before they have grown to any great value. The small tax on the value of the cut might not be a fair compensation for the preceding years of exemption. Again, shall the owner of mature timber be allowed to hold it indefinitely without taxation, or shall he begin to pay taxes as soon as the timber reaches maturity? Some administrative problems would arise, due to the transition from the present to the new system. For example, a mature forest which is cut just after the new plan has gone into effect, could not equitably be taxed on its yield, since it has presumably paid its full share of taxation during all the years that the trees have been growing up. Similarly, an equitable compromise would be necessary for timber which was partly grown when the new plan was adopted.

It may be asked: What will be the effect of the proposed tax on the revenue of the States and local divisions? To be accurate, this question must be answered for each State in the light of local conditions. In general, it is not believed that the tax on yield will lead to any serious reduction of revenue. If, as the evidence seems to show, forests are as a rule not excessively taxed to-day, there is no reason to expect any great reduction of revenue through the adoption of the tax on yield. Eventually revenue will be increased by a method of taxation which does not prevent the development of forestry. Forests paying a moderate tax are better than abandoned lands paying no tax at all. This is assuming always that the rate is selected so as to make forests bear the same relative burden as other kinds of wealth. Of course, if it is proposed to favor forestry

by a special low rate, some revenue will be sacrificed. This is a matter which we have not entered into, as it is not strictly within the province of this paper. The writer is of the opinion that if a tax at once equitable and dependable is guaranteed, the business of forestry will not need to ask special favors.

The plan of a tax on the yield of forests at a special rate, in lieu of the general property tax, will be unconstitutional in many of the States of the United States. These State constitutions stand to-day in the way of many plans for reform in State and local taxation. The movement toward their amendment is growing, as a part of our general program of tax reform. If the plan of forest taxation here proposed wins favor, it will simply be an added argument for the speedy amendment of those State constitutions which are blocking the progress of scientific tax reform.

The writer has made some study of the taxation of forests in European countries. On account of the necessity of making this paper brief, it has seemed best to leave out this part of the subject entirely. Forestry conditions in Europe are so much more advanced than with us, that the problem of taxation is less difficult. The prevailing tax systems of European countries are likewise very different from ours, the general property tax having been abandoned long ago. In general, European countries base their forest taxation on a combination of ground tax and income tax. The ground tax is based on the average productive power of the forest, estimated from time to time. The income tax is based on the actual income produced.

In conclusion, the general property tax, though it has not yet produced widespread disaster, is nevertheless thoroughly unscientific, particularly as applied to forests. It is arbitrary, uncertain, unequal and unjust. A change ought to be made in the interest of forestry. The tax on the yield when cut will avoid all these evils. It will be equitable and certain. Above all, it will be in harmony with the peculiarities of the business of forestry, and will be a distinct encouragement to the practice of forestry. The administrative problems connected with its application are many and great, but they are not incapable of solution. And incidentally the adoption of this plan will be one more step toward the abandonment of the antiquated and iniquitous general property tax.

TAXATION OF FOREST LANDS

By A. C. SHAW

Principal Examiner, United States Forest Service

THE spirit of the constitutions of English-speaking countries prohibits unjust and excessive taxation and requires that the burdens of government be distributed *equally* among the people. True equality must consist in equality of sacrifice, and each citizen should be required to discharge the burden according to his ability. Because of this principle military service is required from the young and physically strong, since they are best able to supply it.

Taxation has always been considered an incident of sovereignty and coextensive with it, and very few limitations on the taxing power are found in the early constitutions of the States of the United States, and I believe that few such limitations are found in the Canadian constitutions at the present time. After the creation of the original States the constitutions of some later States, which may be referred to as a second class of constitutions, undertook to prevent inequality of taxation by general constitutional limitation. The purpose of such limitation was to dispense with officeholders who might discriminate in favor of one class and against another, and whose salaries formed a large item of public expense. This limitation was generally expressed in a requirement that taxation should be uniform and equal and according to valuation. From this requirement arose the general property tax, which might be defended if all classes of property were equally productive and all classes of property holders equally able to manage their property, and if the public derived the same benefit from all classes. None of these conditions, however, exists; and later constitutions permit the States to classify property for taxation so that it may be taxed according to its earning capacity or ability to pay, and provide that

other property may be exempted from taxation to the extent that it performs a public service which would justify exemption in whole or in part. Reduction in taxation by classification or exemption is also justified if made for the purpose of creating a subject of taxation or encouraging enterprises which result in benefits to the whole community.

I believe the Canadian constitutions have left the taxing power of their legislatures to a great extent untrammelled. The modern thought which applies alike to the States and Provinces of the two governments seems to be that no uniform rule can be prescribed for the production of property, and consequently no such rule for its taxation; and that accuracy of valuation with a broader comprehension of the public service which may be performed by different classes of property, as well as the public benefits which may be derived by them, can only be attained by educated, competent and honest taxation officials.

The movement of the last few years in both countries has been to eliminate favoritism from taxation administration. But the overburdened have been considered only indirectly by correcting the charge against the underburdened.

Both the United States and Canada were originally endowed with magnificent timber possessions. Both have rapidly and recklessly, particularly the United States, invaded these possessions.

Where the timber was located upon rich agricultural land it was an encumbrance, and its removal was necessary and proper. It served no useful purpose except supply and was in many cases a detriment to the development of the country.

Of late years in the United States the cutting has been extended into higher elevations of land and to the watersheds. The devastation of these watersheds has injured and alarmed the agricultural interests. The farms of the lower lands have been injured by the soil which has eroded and come down from the mountains and have been inundated by the frequent flood waters which the timber formerly held on the mountain sides. The work of reparation and conservation has begun, and the United States now has about 150,000,000 acres of nationally

owned forest lands, mainly along the watersheds of its Western States. But east of the Mississippi the farm lands in the valleys are without any such protection except that given by privately owned timber lands. Although the price of timber has rapidly increased in the last decade, it has not checked the cutting in the Eastern United States, and the demand for protection of the Eastern watersheds has crystallized into a movement which is asking for an appropriation of \$10,000,000 to buy lands on the watersheds of the Appalachian and White Mountains, in the Southern and New England States respectively. A doubt as to the constitutional right to the federal government to enter upon this work in the different States has delayed the passage of the bill.

The forest lands forfeited to the State of Michigan for delinquent taxes comprise one and one-quarter million acres, and in California over 500,000 acres. In Wisconsin very large forest areas have been forfeited for non-payment of taxes, but in 1907 the legislature authorized the purchase of such lands for forest reserves. These forest lands are not worthless, but will in time yield timber again. They were allowed by their owners to revert to the State solely because, unprotected as the forests were, the tax bills for the unproductive period made the investment too formidable and doubtful.

Private owners of timbered lands complain that over taxation either forces destructive timber cutting or makes reforestation impracticable. In certain communities of some of the States which are not fully developed it is claimed that valuable farm lands which are covered by a heavy growth of timber, and which are held by a few owners, do not bear their just burden of taxation. Revisions of existing State laws are being made and considered for two different purposes:

(1) To lower inequitably high taxation of timbered lands so as to encourage the growth of timber, and in that way to protect the denuded watersheds and create on property now worthless a value which may be the subject of taxation and an article which may furnish labor to a community; and (2) to increase inequitably low taxation so as to prevent the holding of large tracts of mature timber merely for investment purposes when business requires the cutting and removal of such timber, and

when the timber serves no public purpose which would justify any modification of its tax burden.

A number of States have passed laws to relieve lands used for timber growing from excessive taxation. These laws have extended three forms of relief: (1) Exemption for a period of years; (2) rebates of taxes; (3) Bounties.

Exemption. — For this discussion it is not necessary to recite the laws of the different States which have offered exemptions. The chief objections to such laws are that they (1) require planting, and sometimes of unnecessarily large numbers, of trees and do not apply to natural timber areas; (2) that the terms of exemption, which in no case exceeds twenty years, and in some cases are not more than three years, are too short; (3) that they exempt the land which should be taxed to the same extent as that used for other growing crops; (4) that this is an unfair discrimination against owners of land growing other crops; and (5) that they provide no method for continuing the use of the lands for forest purposes after the expiration of the term of exemption, and therefore fail to confer a permanent relief.

Rebates. — The offering of rebates is contrary to the provisions of the constitutions of most of the States and where operated has not proven successful, and laws for this purpose would necessarily be difficult of administration.

Bounties. — A number of States, not necessary to name in this discussion, have passed forest or timber bounty laws. Only that of Minnesota has proven in any measure successful, and that was operated at an excessive cost. All such laws are objectionable as class legislation.

The public interest, which has demanded relief from excessive taxation of timber lands, recognizes that it is necessary to change existing laws so as to protect the watersheds, which in turn protect navigation and farms and manufacturing industries along the streams; to check the system of reckless lumbering encouraged by present laws; and to prevent loss to the States by unnecessary depreciation of one great item of their taxable wealth. Although such legislation is necessary, its enactment without due consideration to other property and industries in order to prevent discrimination and injustice would be most unwise. The farmer has frequently to bear the largest pro-

portionate burden of taxation in both countries, and new forest taxation laws should not discriminate against him; but it should not be forgotten that one of the most important services of the forest is to protect the farm from erosion and inundation. It should also be remembered that if reduction of taxation on land used for promoting forest growth will secure the reforestation of cut-over and now worthless land, such forest growth may become an item of wealth for the community and a subject for taxation, and that the taxes of the farmer in that community will be reduced.

Theoretically, at least, the potential income of all property is the best basis for taxation, but it is impractical of ascertainment and could not be constitutionally adopted in many of the States. While fair taxation is desired to encourage reforestation, it is much more necessary to prevent forest devastation; and if relief must come through constitutional amendment, which is always slow, it will fail to check the ravages which commercialism is now making upon the forests. Some concessions must therefore be made to practicability.

Principles of Forest Taxation. — It does seem to me that much improvement can be made if in seeking relief from over taxation of the forest the following principles are borne in mind:

1. THE TAX SHOULD BE BASED UPON THE EARNING CAPACITY OF THE LAND TAXED. In accordance with this principle, land upon which is located immature timber, which cannot and should not be marketed, should *not* be required to pay an annual tax on its full value, including such timber, during the time of the immaturity of the timber.

2. PUBLIC NECESSITY REQUIRES THAT THE WATERSHEDS OF STREAMS SHOULD BE PROTECTED BY A GROWTH OF TIMBER. In accordance with this principle, the legislature would be justified in exempting from taxation such areas of matured timber upon the watersheds as are necessary to protect them by insuring a permanent growth of timber upon them.

3. TAXATION UPON LAND SHOULD BE AS NEARLY EQUAL AS PRACTICABLE. In accordance with this principle land upon which timber is grown should be assessed at its real market value in the same way as land upon which other crops are grown.

4. GROWING TIMBER SHOULD NOT BE SUBJECTED TO A RULE OF TAXATION HIGHER THAN OR DIFFERENT FROM THAT APPLIED TO OTHER GROWING CROPS. Since other growing crops are either actually or practically exempt and are really subject to taxation only when severed from the land, timber should be given the same exemption while growing and unmerchantable, especially since the time of realization upon timber is necessarily deferred for a much longer time than that from other crops, and since the timber owner takes additional risk from fire and depredation. Persons investing money in any enterprise desire certainty of the conditions of their investments, and any exemption of immature timber should be based upon reasonable certainty as to duration, but the State should be protected from undue extension of the time of exemption.

5. MATURED OR MERCHANTABLE TIMBER NOT NEEDED FOR WATERSHED PROTECTION SHOULD BE SUBJECT TO TAXATION WHETHER THE OWNER CUTS IT OR NOT. If a scheme of exemption for growing timber is adopted, it should contain a safeguard against the exemption of matured or merchantable timber held for speculation and investment purposes.

6. IT IS WITHIN THE LEGITIMATE PROVINCE OF TAX LAWS TO ENCOURAGE THE GROWTH OF TIMBER FOR THE PURPOSES OF INSURING A FUTURE TIMBER SUPPLY FOR THE PUBLIC NEEDS, AND OF PROTECTING WATERSHEDS OF NAVIGABLE AND UNNAVIGABLE STREAMS.

7. THE OWNER OF ANY PROPERTY EXEMPTED FROM TAXATION FOR REASONS OF PUBLIC POLICY MAY JUSTLY BE REQUIRED TO RELINQUISH TO THE PUBLIC, DURING THE PERIOD OF EXEMPTION, ANY RIGHTS THEREIN, THE RELINQUISHMENT OF WHICH DO NOT INTERFERE WITH THE PURPOSES TO WHICH THE PROPERTY IS DEVOTED. Large tracts of timber land on watersheds which may seek relief from over taxation might also be held for private parks and pleasure resorts. The owners, in return for the benefits bestowed by exemption of the timber, might well be required to allow such use of the lands by the public for health and pleasure as might reasonably be stipulated.

This additional concession to the public would certainly justify additional consideration by the taxpayers on the forested lands from the legislature and prevent such con-

sideration from seeming to be a discrimination against the public.

The separation of timber and land for taxation purposes would tend to promote accuracy in valuation.

The constitutions of some of the States do not permit the exemption of timber from taxation. In such States a further concession should in my opinion be made to expediency, and if such States permit the classification of property for taxation purposes it would be entirely reasonable to place immature or unmerchantable timber upon land chiefly valuable for timber growing or watershed protection in a separate class and to tax it at longer than yearly intervals or at a lower rate than other property which does not perform a commensurate public service. In other States relief can be given only by constitutional amendment. In my opinion it would be easier to secure amendment along lines for which there are precedents, and since exemption has been so often given for property which performs a public service, and since the right of classification is allowed in many of the States for reasons of public policy, I believe it would be easier to secure amendment along those lines and on the principles here announced than to undertake to revolutionize the entire theory of the taxation laws. Unless the law to allow classification should also allow a variance of the intervals between payments, exemption is preferable.

It is not forgotten that it will be necessary to provide efficient officers to determine what timber property can give the public protection which is desired and what land is not more valuable for some other purposes; also to fix rules to determine when the timber becomes merchantable and should be taxed. Similar difficulties have been encountered in administering the laws which provide better facilities for taxing public service corporations, but they have not been insurmountable; and since forest education is making great strides in the different States of both countries, it is believed that foresters may be secured who can administer an improved forest law along the line indicated.

The Supreme Courts of the United States and of the States of Maine and New Jersey have recently announced decisions which indicate a belief that the State has a right to regulate

cutting upon private lands or protect forests and stream flow on such private lands because of the public service of the forest and the streams.

The President last year called in conference the Governors of the different States for the purpose of formulating plans to conserve the natural resources of the United States. This action was not taken because such resources have been exhausted, but because they are being wasted, and because there is a tendency to their monopoly. The importance of this question entirely surmounted party politics. A voluntary, unpaid and patriotic Congress will meet in Washington in the early winter to formulate and recommend conservation legislation.

It is the duty of each generation to prepare for its successor at least as favorable an opportunity for success and happiness as it has enjoyed. The forests and streams, the fuels and the metals, will be as necessary to succeeding generations as they are to this, and no man who loves his family, his race or his country can fail to appreciate the importance of constructive legislation for the conservation of our natural resources. And I believe that legislation to provide a fair taxation for such resources is of prime importance.

For the information of those who may be interested in these remarks I have prepared a table to show in which of the United States the relief must come through exemption, classification or constitutional amendment.

If I have overlooked important features of Canadian constitutional requirements or perfection of Canadian laws, I hope it will be attributed to my lack of opportunity to inform myself fully as to such constitutions and laws, and not to my lack of appreciation of the admirable features of that government, the wonderful resources of that country, or the energy and patriotism of its citizens.

It has been my good fortune to visit the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and to learn of the wonderful forest, mineral (metal and coal) and water-power resources which are yet open to exploitation, acquisition and development in the Rockies, the Selkirks and the Coast Range. I have seen the new communities of the Western provinces and have found there a happy and prosper-

ous people, made so by the opportunity which wise laws have given to individual energy.

The following table shows which States may classify, which may either exempt or classify and which may neither exempt nor classify, but must amend their constitutions to give relief.

THESE STATES MAY EXEMPT	THESE STATES MAY CLASSIFY	THESE STATES MAY EITHER EXEMPT OR CLASSIFY	THESE STATES MAY NEITHER EXEMPT NOR CLASSIFY, BUT MUST AMEND THEIR CONSTITUTIONS TO GIVE RELIEF
Alabama	Arizona	Arizona	Arkansas
Arizona	Colorado	Colorado	California
Colorado, planted forests	Connecticut	Connecticut	Florida
Connecticut	Delaware	Delaware	Illinois
Delaware	Georgia	Idaho	Indiana
Idaho	Iowa	Iowa	Kentucky
Kansas	Idaho	Montana	Louisiana
Iowa	Minnesota	New Jersey	Nevada
Maine	Missouri	New Mexico	North Carolina
Maryland	Montana	New York	North Dakota
Massachusetts	New Jersey	Rhode Island	Ohio
Michigan	New Mexico	Vermont	Oregon
Mississippi	New York		South Carolina
Montana	Oklahoma		South Dakota
Nebraska, planted forests	Pennsylvania		Tennessee
New Hampshire	Rhode Island		Texas
New Jersey	Vermont		Utah
New Mexico	Virginia		Virginia
New York	Wyoming		Washington
Rhode Island	Massachusetts		West Virginia
Vermont	Michigan		
Wisconsin	Minnesota		
	Vermont		

FOREST TAXATION AND CONSERVATION AS PRACTICED IN CANADA

BY DEAN B. E. FERNOW

Faculty of Forestry, University of Toronto, Toronto, Ontario

I TAKE it for granted that the title of the subject assigned to me means, to establish a relation between forest conservation and taxation in Canada. As a matter of fact, such relation does not to my knowledge exist in Canada. Indeed, attempts at any kind of forest conservation are so few and inefficient in this country that we can hardly yet recognize them as actualities.

In the United States the subject of taxation has been for some time as one which is of importance to the development of forestry practices in the handling of timber lands, and the discussions have charged the absence of such practices to excessive taxation, which forces the lumberman to be satisfied with mere rapid exploitation of his property instead of management for a future crop.

It is argued that the practice of forestry needs protection which would be induced by reduction, if not entire relief, of taxes on timberlands under certain conditions. Indeed, there are tax release laws on the statute books of several States. But, if in the States such a relation between taxation and forest destruction could be proved,—I have been on record for years as disbelieving this relation, and am glad to hear that the extensive investigations of Professor Fairchild have proved my views correct,—in Canada, certainly, the unconservative exploitation of her timber resources has not been due to excessive taxation. The bulk of the timber lands are in the ownership of the Dominion and provincial governments as crown lands, and, therefore, do not pay any taxes. An attempt on the part of some municipalities in Ontario to levy taxes from the timber limit holders, who acquire the right to cut timber under license

from the government, failed lately, the courts deciding that no tax could be levied against the timber on crown lands; and in some other cases in which a timber limit holder tried to collect damage from a government-controlled railroad for destruction of timber by fire, the full ownership of the land in the crown, in spite of having given the right of despoiling it of its value, has been sustained.

The taxes against private forest lands, on the other hand, are so low that owners do not seem to find any reason to complain, nor is there usually a change made in the assessment when the timber is cut, although there is no uniformity in the methods of assessment, and every tax assessor is a law unto himself, as in the States.

There is, therefore, no clamor for tax reduction, and no influence of taxation on the treatment of forest property.

Nevertheless, some enthusiastic member of the legislature of Ontario, believing that it was desirable to encourage reforestation of waste lands, especially in the peninsula of Ontario, — which is largely deforested and suffers, indeed, in parts, from both lack of wood supplies and of forest cover, — had an act passed in 1906 (6 Edward VII) permitting the council of a township to exempt "woodlands" in whole or part from municipal taxation, not more than one acre in ten, and not more than 25 acres held by a single owner. The description of woodland in the act is interesting, having in view a park rather than a timber forest. It requires 400 trees per acre of all sizes, or 300 measuring over two inches, or 200 over 5 inches, or 100 over eight inches in diameter, naming the species permissible.

No results of this "beneficial" legislation are on record. But the existence of this statute may give me an excuse to discuss the possible efficacy of such legislation.

While, no doubt, the tax power can be used to encourage or discourage certain practices, it must not be overlooked that other powerful influences are also at work, which may encourage or discourage the other way.

Rising prices in the market are persuasive arguments for cutting now, destructive fires threaten present utilization, the long time element in the maturing of timber discourages the average man from placing his funds in such investment.

Is it not patent that the artificial encouragement of the tax release must be in proportion to the forces which pull the other way?

Where uncut virgin timber lands are concerned, the rise of price of wood, which for the poorest woods has doubled in the last decade, is a greater incentive to cut than any tax reduction could ever be. When cut-over lands are concerned, the mere let-alone policy is no virtue to be rewarded, but an unfortunate necessity which the owner cannot help. Unless he does some tangible work towards improving the crop and replenishing the poorly stocked areas with desirable kinds, he is not entitled to consideration. When new plantations are concerned, the initial expense of planting is so much greater than the capitalized value of any tax release, that the latter could hardly be considered an incentive to make the expenditure of the former. Few good plantations could be made for less than \$8 to \$10 per acre, while the capitalized value of a tax of 10 cents per acre, an excessive figure for a period of 20 years, the time usually provided, would not amount to more than \$1.25.

An equitable tax is all that foresters need and should ask for. Since, however, an acre of timber yields only periodic returns, the greater part of the tax should fall due when the timber is cut, the deferred tax bearing a fair relation to the net yield of the property. The same principles a century or more of experience has shown to be correct in Germany are applicable here, albeit with some minor modifications in practice. They recognize that annual taxes are necessary to levy, since administrations need funds annually and cannot be dependent on the whim of owners as to when and how much they propose to cut, and hence a regular annual tax must be levied. At the same time the intermittency and irregularity of income from forest properties is recognized, on account of which, in the absence of income, the payment of taxes is a hardship. This clash of public and private interest is overcome by a mixed taxation, namely, a land tax levied as the stumpage becomes available. Where a sustained yield management exists, *i.e.* one so arranged that the forest property yields an annual cut continuously — a condition now very general in Germany — the value of the "growing stock" — that is, the wood capital represented in the series of

stands of different age which must be in existence to permit this annual cut — forms the basis of the assessment in addition to the soil capital, based on the productive capacity of the soil — the "soil rent" value. This productiveness is determined once for all by experts. Even with us, there would be now enough knowledge in existence to make approximate estimates as to whether certain soils are capable of producing at least one half, or three quarters, or one cord, etc., per acre. It will of course be the lowest, the "wrecking" value, not the highest or best production, that would form the basis of assessment.

In Württemberg a revision of the tax law was effected in 1905, following closely the Prussian precedent. Both State and county taxes are assessed against forest property. For State purposes the taxable income is the actual result, cash or credit of the regular cut, principal and intermediary harvest. The domestic consumption of the owner at local average prices is considered income as well. Extraordinary cuts are taxed if they are made to secure cash or to change the use of the area, as for farm purposes; but, if occasioned by natural disaster, like windfall, insect pests, snow breakage, etc., the results are not considered taxable income, for this enforced cut is considered a misfortune, a loss against the owner's interests, because it disturbs his regular management.

As expenses are charged, not only all the usual expenditures incurred in the management, but the cost of new plantations also, and bad debts of former years if they had been figured as income, but costs occasioned by extraordinary cuts, including those of reforestation, do not figure any more than the income from such untimely utilization.

Besides this income tax the hitherto customary realty or soil tax is continued at a reduced rate. This is based, not on the income, but on the possible net yield, — the *possibilité* of the French, — and this yield capacity is determined once for all by experts, after classification of the land according to quality. This assessment of the so-called "tax capital," which does not consider individual conditions or special methods of management, is supposed to hold good for a long period, and is changed only when changes in use and in property conditions arise.

For municipal taxation this tax capital forms the basis, the annual county or town expenditure, as far as not otherwise satisfied, being apportioned among the owners. The rate on the tax capital varies from year to year, and in 1906 was twenty mills — the same as on real estate in Toronto. The rate on incomes is determined every two years. The law, however, states a normal rate on a sliding scale which varies between two and five marks, according to size of income.

It will, to be sure, take a long time before such scientific procedure will and can be applied under our crude conditions, but it points the goal towards which eventually we must travel.

There is one other form of taxation which has sometimes been believed to have a bearing on forestry practices, namely, a customs tariff. I remember a committee of lumbermen waiting on me at Washington to ask me to assist their tariff agitation by an argument which should show that a tariff of \$2 per 1000 feet would promote forestry. I promised to do so, if they in turn could vouch that at least one half of this tax on the public would find its way from their pockets into the woods for improved practice. Needless to say, that the argument was not called for. Where, as in Germany, a well-established forestry system needs protection against the imports from exploiting countries, the argument might appear reasonable; but as a matter of fact, even there the tariff duty was counterbalanced by a reduction in freight rates of the exploiting countries, and has not had the desired effect. Theoretically, an import duty on lumber should make timber lands so valuable as to induce the conservative use of them; practically, such a result has not been experienced, the present dollar being a greater attraction than the possible future two.

But, while forestry practices may not be induced by tariffs, industrial development based on a domestic supply of raw material may. Whether, for instance, the pulp wood of Canada should be sent to United States paper mills, or, by preventing its export, the establishment of such mills in Canada should be fostered, this question is one of greatest fiscal importance to Canada.

I may add only a few words regarding a feature in the administration of Canadian timber lands which apparently be-

longs to the subject in hand, as it involves at least a semblance of taxation which has a most important bearing on forest conservation.

In disposing of timber limits the governments divide payments into three parts, namely, a bonus, *i.e.* a lump sum bid which is paid at time of securing limits at an auction; timber dues per unit (cubic foot, cord, feet board measure) collected when timber is cut; and a ground rent, which, being paid annually, appears like a tax, but in reality is only a fee paid to retain the right to cut timber on the limits. It is levied per square mile, is uniform, *i.e.* independent of values, and mostly nominal, from \$2 to \$8 per square mile, except in British Columbia, where it is \$140.

This latter amount ought to be large enough to deter, or at least check, speculation, which it apparently has not done, and it may be instrumental in hastening forest destruction. After nearly all the available timber in the province has been covered by licenses which are to run for 20 years, the argument is made by the limit holders, that they will be forced to practice destructive lumbering, while if the licenses were made perpetual, they might be induced to practice forestry.

The writer is not convinced that other factors, like the fear of loss by forest fires, the requirements of established mill capacities, and especially the golden harvest which rapidly rising wood prices promise, will not be stronger influences toward a continuance of present destructive practices, than either a reduction of the ground rent or a perpetual exclusion of the government from managing its property rationally.

That the present methods of disposing of timber on crown lands are most inimical to forest conservation could be readily proven. This is, however, not a question of taxation, which, as I have shown, is in Canada as yet of no moment, but may become so, in the not very distant future, when the incomes of the province from the timber limits shall have ceased, because the commercial timber is exhausted.

DISCUSSION ON FOREST TAXATION

CHAIRMAN: This subject is now open for discussion.

MR. LAWSON PURDY (New York): Mr. Chairman, I don't know enough to discuss this subject very much, but I cannot allow the opportunity to go by without saying that I have heard a great many papers on taxation, a very great many papers, and I don't know when I have heard papers so clear, so well reasoned, devoted to subjects of such supreme importance as the papers to which we have listened to-night. (*Applause.*)

MR. J. H. EASTERDAY (Washington): I come from the State of Washington where 160 acres may have timber to the reasonable value of \$100,000. In the past we have valued this timber in the same haphazard manner as is spoken of by the Professor from Yale. We have now reached what we believe to be a scientific method in which practical equality is done to all timber landowners under the present law. Timber trees have the same value as a sheep, a cow or a horse. That is, a small tree is worth \$2, larger trees are worth \$25, and many trees are worth \$100. If your assessor should go into a field and come back to the assessing board and say, "I have valued 160 acres of sheep," the boss would say something that I don't care to repeat, and send him back to count them. We have counted our trees, and when we count the tree, we estimate its value. The report that comes in shows every foot of timber on every subdivision of ten acres. It shows the character of the timber. It shows whether it is mature or second growth. It shows the number of commercial poles and ties. It shows the contour of the country. It shows the revenues and the accumulations and everything else pertaining to a full and complete knowledge of that 160 acres of land. It cost some money to do this the first time, but when you once have that cruise, it is good for fifty years. A high school boy can sit down, and taking the market values of timber, or the accredited ratios of increase, can figure over any 160 acres in your township or State in a very short time. Not to go at this in a

practical way seems to me to be folly; and whatever may be the ultimate result of exemption, or this or that or the other, one of the first things to be done in a practical way is to count your trees. The owners of this property will report from time to time of burnings or of cuttings, and reductions can be made. You have a complete map, a complete record, and you have it for all time to come. In the State of Washington this cruise of the timber lands and the counting of the trees not only results in doubling and trebling the valuation of all timber lands, but it puts practical and approximate equality between owners in ascertaining the lands that were heavily timbered and those which had no timber. I would call attention again to the benefits of this practical cruise and contour and exploitation to your commissioners who build the roads. It will be a benefit to buyer and to seller. It will be a benefit to prospective logging roads or prospective railroads. In fact, the lone fisherman can well study these maps, and perhaps get an inkling or a notion as to where he can do best in the day's outing with the rod and reel. (*Applause.*)

MR. F. M. LEE (Mississippi): The gentleman from Washington has somewhat the advantage of me. Every two years our timber lands are estimated and assessed. Once in two years this is done. The lands are valued differently. They are valued in proportion to the lumber that they will yield, or to the worth of the timber that then is on them. For that reason I say the gentleman from Washington has considerably the advantage. We are certain we could not let it last for fifty years, but it only lasts with us for two years and must be repeated. The timber that has been taken off in that two years has then reduced the stumpage, and it is assessed at a lower price. For instance, our timber land is assessed, much of it, at \$20 an acre on down to \$2 an acre — lower even than our farm lands, because the farm land is bringing something; there is something being taken off; something for the benefit of the country. But the stumpage has nothing except its market value. That is about the way we handle our business, and we feel satisfied that we are doing nicely. As fast as the timber is taken off the land is put into cultivation, because it is alluvial and productive land. Thereby we build not only

cities right around us, but we are aiding foreign countries because we are furnishing traffic. (*Applause.*)

DR. W. I. CHAMBERLAIN (Ohio): It seems to me that one very great question has not been exploited here in the matter of forestry to the extent that it would bear. Ohio is suffering deforestation, and the tendency and the thought now is to reforest our State to some extent. Before anybody had appreciated the fact, the forests were in a large degree removed, and their absence has exercised a very disastrous climatic effect in our State. That is to say, our State in large degree is rolling, and when we are blessed with rain the trees, the humus and the leaves in the forest take up that rain and hold it and release it as it is needed, whereas when the forests are gone we are subject to freshets and drought. Now, it seems to me that that has not been brought out. Of course in Washington they have very fertile soil; their State is new; but in the older States the pioneer farmer deforested our State. The mill and the farmer have robbed it of its fertility, and the modern thought is that the modern farmer has got to restore both. (*Applause.*)

MR. J. J. THOMAS (Utah): I would like a little explanation as to the conclusions that both these gentlemen came to — as to how the remitting of the taxes would result in replanting those lands from which the trees have been taken. Would the remitting of the taxes induce men who have gone upon this land for the purpose of taking this timber, and who have sold it to some lumber company, would that induce them to replant the land? I confess I have some doubts on the subject.

MR. SHAW: I heard that answered in Michigan. I heard Mr. Ward, who is the largest timber owner in Michigan, and Mr. Linden, who belongs to an estate that is the largest timber owner, say that they would undertake it. That is in the State I mentioned that has six million acres on its delinquent tax list, and they are utterly worthless; nobody is doing anything about it. The taxes in Michigan are locally assessed, and in some cases excessive, but it would certainly be an item anywhere toward forestry, and in that State which presents about the worst and most extreme condition, these men with the ability and the funds and the experience said they would undertake the work.

MR. THOMAS: By remitting the taxes, do you mean from the time the trees are planted until they reach sufficient growth to cut again?

MR. SHAW: My proposition was somewhat different from Professor Fairchild's — to tax the land at its actual value all the time.

MR. THOMAS: That is what I was getting at.

MR. SHAW: Never release that, because a farmer that raises something else has to pay taxes on his land, and he would not assent to that discrimination; but exempt the timber until it could be reasonably cut, until it was merchantable, and then tax it.

MR. PURDY: In the State of California, I believe I am correct in saying the constitution provides that land under cultivation shall not be assessed at a higher rate than the land similarly situated which is not cultivated.

MR. SHAW: Yes, I understand that.

MR. PURDY: The principle which is embodied in the California constitution would be applicable if the forest is treated and considered as crop, which undoubtedly it is, only it is one of slow growth.

MR. A. C. PLEYDELL: This is a very practical matter in New York. There was a bill before the last legislature to encourage the reforestation of lands by exempting all growing timber from taxation until it had reached maturity. This was the intention of the bill, and I was in conference off and on for two or three months both with the Forest Service and members of the legislature. The bill was amended several times, but not to the satisfaction of the New York Tax Reform Association, and finally they protested to the Governor, who vetoed it; the principal protest was against the feature which Mr. Shaw has pointed out as a possible danger in forest exemption laws. The bill unfortunately provided that when the land, no matter what its value, was replanted, it should not be valued at a higher rate than the most barren land in the tax district. This, as was clearly shown, would encourage speculation in suburban lands, in some instances even in the city of New York.

It is a proper thing to encourage forestry. More trees are needed in New York, — that State is different from Washington,

—and there is a tendency to check reforestation by the tax burden. You all know that trees are a fifty-year crop, and when you put them on the roll every year, they are taxed fifty times before they are cut.

The practice in New York and New Jersey is not really to add much to the assessment — in most cases to add nothing to the assessment — of ordinary farm land because it has some woods on it. The assessor puts down fifty acres of clear land on the same basis as a similar tract that has some trees on it. But where a man undertakes to reforest his land scientifically, and the trees grow well, the assessor looks upon that just as he looks on the repainting of a building, or the putting up of a new barn. — as something that must immediately go down on the tax list. The purpose of the forestry department is to encourage reforestation by exempting the trees while immature, and assessing the stumpage when the trees are cut. I am in entire sympathy with the view expressed by Mr. Shaw.

It seems, furthermore, that there are two things to be borne in mind in discussing the connection between forestry and taxation:

First, to encourage the growth of forests so as to preserve watersheds, we must do one of two things — either make some special provision or agreement with the owners of that land by which, in return for exemption, they will let their matured timber stand so as to protect the watershed within a certain area, or have the State own the watershed land, as is largely done in the State of New York.

Second, to encourage the general growth of timber through the country districts which are not the chief watersheds, we must exempt the trees from taxation, automatically, without any forest inspection, so that the ordinary farmer can get the benefit of whatever exemption is granted to his wood land on the basis of a fifty-year crop. The ordinary farmer should be able to get that exemption without going through any red tape and applying to headquarters to have his land inspected; that is more routine to which he is not accustomed.

It seems to me the true principle that we must come to is to value timber lands as if the land were stripped of trees;

according to what it would be worth to own that land as an opportunity for planting trees or other uses. Then exempt the growing timber, at least until such a time as it is a marketable crop, if we cannot have entire exemption. We may have to compromise with some kind of a stumpage tax that will put a low rate on timber.

MR. WILLIAM B. FELLOWS (New Hampshire): I wish somebody would answer this question. Now we have a "General Property Tax," as it is termed in the United States, and we shall have it until more people become more conscientious than they are down there; in other words, they won't pay an income tax. Now, what is there between man and man? A person has got a house worth \$5000, and it is taxed presumably for that. Another man has a piece of timber land which will readily sell on the market for \$5000. Is there any reason why he should not be taxed for \$5000 while the other man is taxed for \$5000? That is a question that is troubling us somewhat. New Hampshire has been referred to. Mr. Foster, who represented the department in Washington, was there some months this summer, and he found prevailing those conditions that have been spoken of here to-night. His conclusion was that although what was done there was done illegally, yet practically the problem would be solved by the practical exemptions made by the selectmen. Now, it would be difficult to reforest the White Mountains of New Hampshire. They are owed largely by the farmers, who want to get money out of the timber, and will get the money out of it so long as they can get their price without any question of what they are to be taxed. If the State of New Hampshire or the United States should make a forest estate of New Hampshire, there would be hardly any land left for an individual person, because you know that about all New Hampshire is set up on edge. (*Laughter.*) That causes me to present the question, What is to be fair between man and man in a State like New Hampshire where you tax property and you tax but little of that? All that we tax now is the real estate and a few manufacturing corporations that we have got. People are claiming that public service corporations are not paying enough taxes. I don't know as they are, but certainly the timber people that I have knowledge of are

not paying any greater proportion of tax than are the public service corporations.

MR. PLEYDELL: Answering one point there briefly I would say that as a house usually takes six months to be put up, we do not tax a man while the house is growing, and we don't put a tax on until he gets the use of it, and we do not tax field crops while they are growing. In New York the assessors go out in May when the farmer has sold his crop and has not planted the new one. In practice they don't tax the growing crop, and therefore in practice they should not tax the growing timber. At present it is taxed every year, and it takes fifty years to grow.

MR. SHAW: I think Mr. Fellows lost the point that I intended to make, and that was that the forest was entitled to an exemption if at all because of the public service it performed; because it helps the water flow; it contributes to the health of the State; it protects the farms below. Under this scheme, if enacted, a man will not be at liberty to cut that \$5000 of timber off whenever he feels like it, but he will have to agree with the State to leave a certain proportion that may be fixed by a State officer, and let that stay there to perform those public services.

MR. FELLOWS: The people of Ohio are coming to our State because they say the question of taxes are so much better than they are in Ohio. They would rather give up their residences there and come to New Hampshire and live. (*Laughter.*)

PROFESSOR FAIRCHILD: As I look at it, the scientific taxation of forests does not imply that a forest shall be taxed at a lower rate than other lands. Whether they shall be is rather for the jurist than the economist. The scientific way to look at it is how the forest can be made to bear the same relative burden as other kinds of wealth. That is the idea which I am trying to find a way of putting into practice. But to tax the forest at the same relative rate as other kinds of wealth does not involve that since a house is taxed every year a forest should also be taxed every year. It is perfectly possible to make an income tax a tax of the yield which shall be exactly equivalent to a tax on the value. An income tax coming once in so many

years could be fixed at the same ratio of value as a tax that comes on a house every year.

MR. MORRILL N. DREW (Maine): We have an area of about ten million acres of spruce that is not in the incorporated townships. Those ten million acres are yielding to the landowner from two and one half to three million dollars per annum net. The property in the incorporated townships and cities bear a burden of about twenty-one mills on the dollar. This forest property bears a burden of about five mills on the dollar. The total tax on wild land in Maine to-day does not exceed one and one-quarter cents per acre; and with that low rate of taxation we have seen no wild landowner starting out to reforest his land where he can cut over or burn. Now, the problem with us, and the problem that we have hard work to make the average taxpayer think is right, is that if he takes \$100,000 and goes down in the town and invests it in a manufactory and helps to build up the town, gives employment to people, he must pay an annual tax of over \$2000 a year on his property, whereas if he invests it in wild lands he pays one quarter of that tax. It is hard work to make a manufacturer and farmer see why that \$100,000 in the wild lands should not pay at least as much as he. Mr. Shaw, in talking about exempting the forest from taxation, spoke of exempting it till it matured, speaking of fifty or sixty years. In Maine our land may be different, and also our mode of operation, but the land agent tells us that those wild lands can yield a crop so as to net the landowner two and one half million dollars per annum for them, provided the forest is not burned. We know that men in operating the spruce only cut the large trees down to 10" or 12" at the stump, and lumber operators tell me that in so operating the land if they cut two or three millions off the township this year in that manner, in ten years from now they can go over the same land and cut the same amount of spruce. Now that is one reason why delegations from Maine have come here, to have Mr. Shaw and others tell us whether or not we can make the wild landowner pay at least as much taxes, but not more. We don't want him to pay more; we want him to pay at least as much. I would like to ask him if he thinks a tax of a cent and a half an acre on green land would have a

tendency to make the wild landowner cut his land hard, or strip it.

MR. SHAW: That would seem to me like a small tax.

MR. DREW: Would three cents an acre do?

MR. SHAW: I would not wish to answer a question as to a particular locality without knowing the conditions that surround it. I do not know the conditions in Maine. You are very fortunate in one thing, as I would gather from your remarks—that the people are cutting conservatively only the large trees. If they were cutting as they do in Michigan, I think you would be more of an advocate of reforestation.

MR. DREW: I am an advocate of reforestation, and I think when the tax is only one and one half cents, it is not prohibitive.

MR. SHAW: I don't know the conditions of Maine.

MR. DREW: We will be glad to have some one coming down from Washington.

MR. SHAW: Mr. Pinchot will be glad to send somebody.

MR. WILLIAM H. CORBIN (Connecticut): We have a law which exempts tree plantations for twenty years after the growth has reached a height of six feet, and the result in Connecticut is that the spare timber is cut off and there has been very little reforestation. It has commenced a little, but mostly by people from outside the towns who are wealthy men and have come in and bought a piece of land and planted forests; but the average owner in the township of the land and the timber has sold his timber and cut it off and allowed the land to remain to grow up to brambles. What we want in Connecticut is something to induce the farmer or the owner of that land, when he cuts it off, to see that it is to his advantage from a business standpoint immediately to reforest. That land is supposed to be taxed the same value as contiguous land that is not used for forest. So that we have the elements there that have been mentioned here; but we would like to know from the gentleman from Washington on what basis he taxes the spruce after he has counted them. Does he tax them at full value or at a lower price?

MR. EASTERDAY: The same as other property.

MR. CORBIN: Is that an incentive to reforest what has been cut off?

MR. EASTERDAY: I don't know.

MR. JAMES M. BROWN (Ohio): I would like to ask the gentleman from Connecticut what he thinks could be done in the way of taxing, or exemption from taxation, to induce his neighbors to fertilize and produce the trees from the land. I once heard a man from Connecticut say that the land was so poor as a general thing that they could not ensure the resurrection of the dead without fertilizer. (*Laughter.*)

MR. CORBIN (Connecticut): Not having been in that condition I could not testify to the effect of fertilizer, but I know I was born in a town where it was necessary to sharpen the sheep's noses so as to let them feed between the rocks. (*Laughter.*) That very town has cut off probably more white pine than any town of its size in the State of Connecticut. They are commencing there to plant white pine forests, mostly by outside capital; but still the people in that small town of Union feel that they ought to replant the land that has been cut off. I think our period of exemption is long enough, but what I would like to do is to show to these men that on a business basis they can afford to plant this land to forest, and that their children, at least, will reap a fair return from their investment. I cannot quite feel that taxation at full value for a period of 26 plus 14 or 15 years would make them see that.

As to the value of farm land in Connecticut the lowest average assessed valuation for any county returned by the assessors to the tax commissioner last year was \$9 per acre on a basis of not over 70 per cent of a fair value. On the other hand, the best tobacco land is held by the owners above \$500 per acre.

DR. FERNOW: I have listened with great attention to all the discussion. This is the subject that I have thought of for probably thirty years and come to conclusions myself. Exemption from taxation would imply that there is a certain amount of cash to be had. Plantation means an expenditure of money. Now, what you want to do is to balance these two, expenditure and income, and when you find that you have to spend from six to eight or ten times as much as the exemption sum which the release of the taxes would give, you can understand why there is no response to those tax release laws which

have been in existence over in the United States for fifty years. Reforestation can be encouraged, provided there is encouragement in one direction, that is, protection against fire. As it is a long-winded crop, from fifty to one hundred years, there is not an incentive for a private individual to go into the business.

DR. CHAMBERLAIN: Speaking incidentally about Connecticut, I visited my ancestral home on a farm which is now in possession of a cousin, and I saw the finest ten-acre orchard of Baldwin apples, with trees averaging twenty-five bushels to the tree, one of the finest that I ever saw in the United States, on a farm that my father used to own. I went out with my cousin to what my father used to call his mountain lot, and my cousin told me that in thirty years he could cut that over and sell the timber on the stump for \$60 an acre. So much in regard to the poor land of Connecticut, some of it. That is in Sharon, Litchfield County, Connecticut. In regard to our problem in Ohio as compared with the problem in Washington, a hundred years ago when the settlers came to Ohio the trees were a fearful nuisance. They had to be got rid of. Great poplars that would sell for \$50 apiece now had to be cut down and windrowed and burned off in order that the settlers might get bread and butter to eat. That was the problem then. In Washington they came in and took what was fertile as a coal mine — the growth of five hundred years, and it was solid value property just as much as a coal seam is, and ought to be taxed.

In Ohio, land is worth \$100 to \$150 an acre, a good deal of it, for growing corn and wheat and what not, and the problem is so to adjust the question of taxation that it shall encourage reforestation there. I don't know how we are going to do it. I have solved it in my own case partly by orcharding, which has all the climatic effect of forestry so far as conservation of moisture is concerned, — dense orcharding, — and two years ago my orchard yielded \$400 to an acre in apples, ten acres of it, and thirteen acres more growing. That has the climatic effect of forestry, and it has the financial effect of bringing ten times its assessed value in a good apple year in the way of apples; and I am inclined to think that our reforestation in Ohio will largely be in the way of shade trees for beauty, and

in the way of orchard trees of one kind or another which shall serve climatic purposes. I know that the little town in which I lived in, Hudson, Ohio, near Cleveland, was originally cut and burned, and I can remember the horrible drought we used to have, and I remember how the showers would fill the river around in one way, and the Tinker's Creek on the other, and scarcely touch us on the high land every time because it was so poor and so dry. Lately the village planted trees and the college planted trees, and we planted orchards and shade trees, and now the showers do not touch us, and go around.

But the question is, Is there any way we can induce foresting by removing the taxation? The southeastern quarter or third of Ohio was never glaciated, the glacial action did not pass over there, the coal seams lie over there, the land is set up on edge almost as much as it is in New Hampshire. I can say now that if somebody big enough, if the owners of the coal mines, for example, would take hold of it scientifically, and be exempt from taxation of land, trees, the timber trees while it was growing, you could reforest that land that is too poor for almost anything else. The question asked by one of the delegates why a man who has a house worth \$5000 should pay taxes and the man who has timber worth \$5000 should not pay taxes, may be answered in this way: the house is a personal benefit absolutely and nothing else; it is no public benefit whatsoever; it is for that man himself; it is his property; he owns it and uses it. So far as a forest is a cause of public benefit to the State, to the watershed, to the farmers below, it looks as if there was some justice in exempting it from taxation, and I take it that land actively used in growing forests may be justly exempted from taxation. You cannot do that in Ohio now under the constitution, and so the assessors and the trustees have to whip the devil around the stumps, as I may say, and they have said, "Well, here are forty acres of timber, now it is not bringing a cent to you, and we will value that for taxing at about \$5 an acre" — for ten years they do it, a decennial appraisal — and so they virtually exempt it from taxation as long as it is exclusively in timber. (*Applause.*)

(VOLUME TWO.)

ADDRESSES AND PROCEEDINGS.

Second International Conference.

on

State and Local Taxation.

Held at Toronto, Canada, October 6-8, 1908.

Price Two Dollars, postage prepaid, International
Tax Association, Columbus, Ohio.

Ready for distribution before January 1st.

This volume contains a discussion of methods of taxation and assessment, by officials and educators from all parts of the United States and Canada. Problems of administration and the economic effects of legislation are considered from different viewpoints. Many of the speakers are members of State Tax Commissions or local boards; others are economists viewing the problems from a different angle, and still others, speaking for those who pay the taxes, present a side of the question that often does not obtain a hearing.

The discussions following the addresses and reported in the volume, add much to its interest and practical value.

The addresses at this Conference cover a number of subjects that were not fully discussed at the first conference. The pre-

sent volume is a valuable addition to the volume of Addresses and Proceedings of the First Conference held at Columbus in 1907. The two volumes represent the latest conclusions of administrators in regard to practical problems, and the best modern economic thought. Officials, students, and taxpayers, will find these volumes exceedingly useful.

List of Papers contained in Volume Two.

Scientific Division Between State and Local Taxation.

Professor Isaac A. Loos, School of Political Science, University of Iowa, Iowa City, Ia.

Forest Taxation.

Fred R. Fairchild, Professor of Economics, Yale University, New Haven, Conn.

A. C. Shaw, Law Department, U. S. Forest Service, Washington, D. C.

Forest Taxation and Conservation, as Practiced in Canada.

Dr. B. E. Fernow, School of Forestry, University of Toronto.

Cooperation between State and Local Authorities in the Assessment of Real Estate.

Matthew B. Hammond, Professor of Economics, Ohio State University, Columbus, Ohio.

Taxation of Intangibles.

Professor Charles J. Bullock, Department of Economics, Harvard University, Cambridge, Mass.

Farmers and General Property Tax.

F. A. Derthick, Master State Grange, Mantua, Ohio.

Taxation of Moneys and Credits.

J. H. Easterday, Former Member State Tax Commission, Tacoma, Washington.

Canadian Methods of Taxing Corporations.

Professor James Mavor, University of Toronto.

Inheritance Tax Laws.

William H. Corbin, State Tax Commissioner, Hartford, Conn.

Taxation of Inheritances.

Professor Solomon S. Huebner, University of Pennsylvania, Philadelphia, Pa.

Joseph H. Underwood, Professor of Economics, University of Montana, Missoula, Montana.

The Importance of Precision in Assessments.

Professor E. R. A. Schigman, Columbia University, New York City.

City Real Estate Assessment.

Lawson Purdy, President, Department of Taxes and Assessment, City of New York.

Publication of Assessment Lists.

James E. Boyle, Professor of Economics and Political Science, University of North Dakota, Grand Forks, N. D.

Business Assessments as a Substitute for Personal Property Tax.

James C. Forman, Assessment Commissioner, Toronto.

Tax Systems of Northwest Canada.

Theo. A. Hunt, City Solicitor, Winnipeg, Manitoba.

Taxation in Alberta.

John Perrie, Tax Commissioner, Edmonton, Alberta.

Taxation in British Columbia.

John B. McKilligan, Provincial Surveyor of Taxes, Victoria, B. C.

Taxation of Life Insurance Companies in Canada.

T. Bradshaw, Managing Director, Imperial Life Assurance Co., Toronto.

Taxation of Life Insurance.

Robert Lynn Cox, General Counsel, Association of Life Insurance Presidents, New York City.

Taxation of Mineral Resources in Canada.

Professor Oscar D. Skelton, Queen's University, Kingston, Ont.

Assessment of Oil, Gas and Coal Land.

T. C. Townsend, Chief Clerk, Department of Taxation of the State of West Virginia, Charleston, W. Va.

Taxation of Minerals.

Frank L. McVey, Chairman, State Tax Commission, St. Paul, Minn.

Taxation of Mines in Utah and Nevada.

J. J. Thomas, Secretary, State Board of Equalization, Salt Lake City, Utah.

Growth of State and Local Expenditures.

Professor W. F. Gephart, Ohio State University, Columbus, Ohio.

Work of the Kansas Tax Commission.

Samuel T. Howe, S. C. Crummer and W. S. Glass, State Tax Commission, Topeka, Kas.

The Work and Problems of State Tax Commissions.

E. E. Woodbury, Chairman, State Board of Tax Commissioners, Albany, N. Y.

Taxation of Public Service Corporations.

Milo R. Maltbie, Member, Public Service Commission, City of New York.

Discussion.

Harrison Williams, General Land and Tax Agent, Erie Railroad Company, New York City.

Frank P. Crandon, Tax Commissioner, Chicago and Northwestern Railway Co., Chicago.

Problems of Local Administration.

Oscar Leser, Judge Appeal Tax Court, Baltimore, Md.

Double and Multiple Taxation.

Theodore Sutro, Chairman, Committee on Taxation, American Bar Association, New York City.

History of Constitutional Provisions Relating to Taxation.

Robert A. Campbell, University of Wisconsin.

INTERNATIONAL TAX ASSOCIATION

The objects of the Association are:

"To formulate and announce, through the deliberately expressed opinion of an annual conference, the best-informed economic thought and ripest administrative experience available for the correct guidance of public opinion, legislative and administrative action on all questions pertaining to state and local taxation, and to interstate and international comity in taxation."

The Conference is composed of delegates appointed by governors of states, premiers of provinces, universities and colleges.

OFFICERS 1908-1909

President, ALLEN RIPLEY FOOTE, Commissioner, Ohio State Board of Commerce, Columbus, Ohio.

Vice-President, United States, LAWSON PURDY, President, Department of Taxes and Assessments, City of New York.

Vice-President, Dominion of Canada, ARTHUR J. MATHESON, Provincial Treasurer, Province of Ontario, Toronto, Ontario.

Corresponding Secretary, United States, A. C. PLEYDELL, Secretary New York Tax Reform Association, 56 Pine Street, New York.

Corresponding Secretary, Dominion of Canada, G. R. GEARY, K.C. Traders Bank Building, Toronto, Ontario.

Treasurer, FOSTER COPELAND, President City National Bank, Columbus, Ohio.

Secretary, MARY C. SNYDER, Board of Trade Building, Columbus, Ohio.

Executive Committee: THE OFFICERS OF THE ASSOCIATION and PROFESSOR CHARLES J. BULLOCK, Harvard University, Cambridge, Massachusetts.

ERNEST C. KONTZ, Attorney-at-law, Atlanta, Georgia.

F. M. LEE, President of Railroad Commission, Jackson, Mississippi.

N. S. GILSON, Chairman, Wisconsin State Tax Commission, Madison, Wisconsin.

J. J. THOMAS, Secretary State Board of Equalization, Salt Lake City, Utah.

JOHN B. MCKILLIGAN, Surveyor of Taxes and Inspector of Revenue, Victoria, B.C.

The work of the Association is carried on by means of membership fee and contributions.

All persons interested in the study and improvement of tax systems and assessment methods are invited to join the Association. For terms of membership, and list of publications, address the Secretary, Board of Trade Building, Columbus, Ohio.

END OF
TITLE