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Mass., Laws, Statutes etc.

Forest Taxation Law.

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THE NEW MASSACHUSETTS

Forest Taxation Law

EXPLAINED AND PRINTED IN FULL

25-15-1922
MASSACHUSETTS STATE FORESTER

6 BEACON STREET, BOSTON, MASSACHUSETTS

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Forest Taxation Law

EXPLAINED AND PRINTED IN FULL

"It is believed that this law will popularize and encourage a future forest policy to be enjoyed, from the economic and æsthetic standpoint, by everybody. Let us, therefore, acquaint ourselves with its provisions."

F. W. RANE, *State Forester.*

MASSACHUSETTS STATE FORESTER
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THE STATE BOARD OF PUBLICATION.

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INTRODUCTION

The old system of taxing forest land, still in practice except where the new law, enacted this year, has been taken advantage of, which links both land and trees together, calling them real property, is fallacious in theory and unjust in practice. The trees are a product of the land, a crop, or, in other words, an income, and should be taxed on the income basis, and not year after year while they are producing no revenue. It can be proved, further, that if the stand is put at its full value and taxed at the usual rates such tax will equal or nearly equal the entire annual increment of the forest, so that such a tax is confiscatory, and if applied at its full force would result in the cutting down of every stick of timber in the country. It has been only the leniency or the neglect of the local assessors which permits the forest to stand.

Although the problems of forest taxation have long been discussed by foresters, it is only recently that the general public have taken an interest in the matter. Our State has been one of the first to take an interest in the subject, and as long ago as 1905 the General Court provided for a commission to study the problem of forest taxation. This commission made its report to the Legislature, but its work was without results, because it was found that the Constitution of the Commonwealth practically prohibited any change in the existing system. The energies of those interested in the forestry development of the State were then turned to amending the Constitution. This is a long process, and it was not until 1912 that the amendment which permits of a separate classification of forest land for purposes of taxation was added to the Constitution. The Legislature

promptly provided for a commission to report a law for the taxation of forest lands. This commission, consisting of W. D. Trefry, Tax Commissioner, Prof. Charles J. Bullock, Harold Parker, Charles H. Preston and F. W. Rane, State Forester, after investigation and study, reported the law which is found in this bulletin. This law was passed by the Legislature in the spring of 1914.

Two main problems confronted the commission in producing this taxation law. First, to make a taxation system fair to the owner; and second, not to deprive the towns of needed revenue. Covering these points, and others not so important, made the law lengthy and somewhat complex. On this account the State Forester is herewith publishing the new law, together with an outline and explanation of it, to help the interested landowner to understand it without the necessity of studying the entire act.

Please understand that to get the advantages of this new law your forest lands must be registered; hence the advisability of action on your part.

AN EXPLANATION OF THE NEW FOREST TAXATION ACT.

Purpose of the New Act.

The purpose of the act is to encourage the growing of timber in larger amount and to full maturity. The burden of the present system of taxation is such that much timber is cut before maturity, and no owner can plant trees with a reasonable assurance of a fair return ultimately on his investment. The proposed act does not exempt timberland from paying its fair proportion of taxes, but defers these taxes until the timber is cut, at which time these accumulated taxes are taken in the form of a percentage of the stumpage value. Similar laws are now in force in New York, Pennsylvania, Connecticut and Vermont.

How the Act works.

No owner of woodland is forced to take advantage of the act. It is entirely optional with each owner. If he desires its benefits he must apply to have his land registered. This is done by the city or town clerk, the timber and land being valued separately by the assessors, with an appeal if these figures seem unfair to the owner.

Land which has wood big enough to sell, whether it is large enough to cut or not, will, when registered, be called woodlot.

Land which has no salable wood will be called plantation.

When land is registered it is not subject to ordinary taxation, but instead is subject to certain new taxes imposed by this act.

The New Taxes.

There are three new taxes substituted for the present tax, but these three together do not amount to as much as the present tax.

They are called forest land tax, forest commutation tax and forest product tax.

FOREST LAND TAX.

All registered land will pay this tax every year; that is, an ordinary tax on the land at its value as though it were cut-over land. Such land is usually valued at \$5 an acre, or less, and so this forest land tax would probably be about 8 or 10 cents per acre each year at the most.

FOREST COMMUTATION TAX.

The smaller towns get a large part of their revenue from taxes on timberlands. This tax is devised to protect the town revenue. This commutation tax would only be paid by land registered as woodlot, not by plantations. (See definitions above.)

In each town the amount of tax which the town derived from these registered woodlots in 1913 would be computed and distributed among these woodlots in proportion to the amount of timber on each when it was registered. In this way each town will get from these lands the same tax that it got in 1913, but no more. As the timber grows, this tax does not increase. The town cannot get an increase of revenue from these lands until the timber is cut.

As fast as the timber is cut the commutation tax is proportionately reduced, and when as much has been cut as was on the land when registered, no commutation tax is thereafter paid. Similar reductions are made in case of fire losses.

FOREST PRODUCT TAX.

All registered land will pay this tax when timber is cut. The assessors must be notified before the wood is removed, so that they may measure it if they wish. Then once a year they will assess this tax on the wood that has been cut during the year — a certain percentage of the stumpage value — 6 per cent. if a plantation, and from 1 to 6 per cent. for woodlots, depending on the number of years the woodlot has been registered and enjoying the benefits of the act.

Taxes on Woodlots.

To state these taxes in another way, woodlots (that is to say, land having merchantable timber) will pay annually forest land tax, which will probably vary from 5 to 10 cents an acre; forest commutation tax, which will be about the same as the owner's tax was in 1913, less the forest land tax; and forest product tax when the trees are cut, which will be 1, 2, 3, 4, 5 or 6 per cent. of the stumpage value, according as the woodland has been registered for a short or long period, — 1 per cent. for each five years, until 6 per cent. is reached.

Taxes on Plantations.

Land which has no salable trees on it when registered, called plantation, will pay simply two taxes, — forest land tax, which will amount to, say, 5 or 10 cents an acre each year, just the bare value of the land being taxed; and then a forest product tax of 6 per cent. of the stumpage value when the trees are finally cut.

What does the Act require of an Owner after Registration?

It requires him to give the assessors notice before removing wood, so that they may estimate the amount.

It requires him to send a report to the assessors once a year of the amount of wood and other products of the land.

It requires him to keep his land *working* after it is registered. If portions are bare of trees, the State Forester may require him to re-seed or plant them.

When he cuts off his whole crop he must either leave seed trees or scatter seed or set out new trees, — he can follow either method, at his option, — and if the land is not restocked within three years the State Forester may require him to re-seed it or plant it, as the owner chooses.

When the crop is cut the owner must remove the slash, in order that adjoining owners may not have their fire risk increased.

The removal of slash, the re-seeding and the planting must be done in accordance with the printed instructions published by the State Forester.

What does the Act not require?

It does not require an owner to manage his timberlands under the dictation of any one, except in two details, as above. He may let his timber grow for as few or as many years as he wishes. He may thin it or not, as he prefers. The entire management of the growing crop is left to him.

What are the Advantages of Registration?

The advantage for the owner of "woodlot" is the postponement of any real *increase* of tax above what he paid in 1913, until the crop comes in.

Is this enough advantage to be worth while? We believe that it is. Every owner of a good stand of pine knows that the valuation *may* be raised very largely by the assessors at any time, and that a tax on its full value will force him to cut within a few years. It is worth while to keep the tax at the 1913 figure, paying 1 or 2 per cent. of the stumpage value five or ten years later when the timber is cut.

The advantage to the owner of "plantation" is that he pays practically no tax until the timber is cut. He is not required to spend his own money each year, losing interest on it for, say, fifty years before getting a return.

An advantage that owners of both plantation and woodlot will enjoy is that if fire destroys the crop when half or three-quarters mature they will not be out of pocket for what they would have paid in taxes under the present system of taxation. If a fire occurs the loss is shared by the State and the owner; the State loses the taxes, the owner loses his crop.

Lastly, this act permits a man to figure out in advance just what, at the maximum, his crop of timber will cost him, taxes included, and thus see a reasonable chance of a fair return on his investment. The two great uncertainties that make forest investments to-day rather a gamble are fire risk and the uncertainties of taxation. Fire risk we are reducing slowly but surely. This act will entirely eliminate the uncertainties of taxation.

THE NEW TAXATION LAW, A BRIEF OUTLINE.

Section 1. — Division of land into woodlot or plantation. Area must exceed three acres. Woodlot, land with salable
Classification of Lands. wood or timber; plantation, land without salable wood or timber.

Section 2. — Apply to clerk on forms furnished by State Tax Commissioner giving encumbrances and bounds. Clerk
Method of Application. will notify assessors, who will then view the land and value separately the land, buildings and trees. If they decide that the land is not suitable for classification the owner may appeal to the State Forester.

Section 3. — After valuations the assessors must notify Tax Commissioner. Owner can appeal from the valuations
Appeal from Assessors' Valuations. of the assessors to the Tax Commissioner, whose decision is final.

Section 4. — Owner shall notify clerk within ten days, and before April 1, of his acceptance, and clerk will notify the
Recording the Certificate. assessors. Clerk shall file in registry of deeds a certificate of classification and receive a fee of \$2 for so doing. The law is then in operation on the land.

Section 5. — Land exempt from all taxes except those
Land exempt from Taxes. named in this act. All buildings are taxable as real estate.

Section 6. — Land to be taxed as real estate and valued
Forest Land Tax. exclusive of trees and buildings. Appeal can be taken to Tax Commissioner in the matter of assessment.

Section 7. — Land classed as woodlot is subject to forest commutation tax, to be levied annually and based on the
Commutation Tax Previous to 1913. valuations of 1913. The total of this tax will be the tax levied on the classified lands, minus

the amount of the land tax. It is to be apportioned among the different owners in proportion to the stumpage value of each lot.

Section 8. — All classified land, whether woodlot or plantation, is also subject to the forest product tax. Each owner shall report to the assessors when his wood is cut the stumpage value thereof on forms provided by the Tax Commissioner; must notify assessors at least ten days before wood is removed, who may value the wood on their own account. Owner can appeal from their valuation to the State Forester or a board of arbitration.

Forest product tax from 1914 to 1919 shall be at the rate of 1 per cent.; 1919 to 1924, 2 per cent.; 1924 to 1929, 3 per cent.; 1929 to 1934, 4 per cent.; 1934 to 1939, 5 per cent.; and thereafter 6 per cent.

**Forest
Product Tax.**

**Rate of
Product Tax.**

Assessors shall assess product tax between April 1 and July 1, and notify owner before September 1.

The owner may remove wood to the stumpage value of \$25 for personal use, and need not notify assessors or pay tax thereon. If the wood is not for personal use the tax must be paid.

**Wood for
Personal Use.**

After 1919 the tax will be based on the valuations of the year preceding the date of registration.

After 1919.

In case of fire or other damage before 1919, the owner may apply to the assessors for a reduction in the commutation tax proportionate to the size of the loss on the standing wood. Appeal can be made to the Tax Commissioner from the decision of the assessors. Loss must total at least 10 per cent.

**Reduction for
Loss by Fire.**

Provision is made for the reduction of the commutation tax. Whenever timber is cut equal in value to the valuation in timber at the date of registration, the commutation tax will come to an end, even though there is still standing wood

on the lot. Thereafter the land will be subject only to the land and product taxes. Applications cannot be made previous to 1919, and therefore land having upon it timber about to be cut cannot be advantageously classified.

When such reductions are equal to the entire value of the standing wood the land shall be classified as plantation.

Section 9. — After April 1, 1919, an owner of two adjoining tracts, or any owner of one hundred acres of classified land, adjoining or not, can have them consolidated, and the clerk will record the classification as per section 4. Taxes will be assessed as of one tract.

Section 10. — When classified land is sold the obligations of this act devolve upon the purchaser. When a product tax is due upon cut wood the assessors may demand a deposit or a bond to cover the amount of the tax before the land can be transferred.

Section 11. — In case of the sale of a portion of the classified land which is subject to the commutation tax, the two parties must agree on a division of the tax, this agreement filed with the assessors, and be satisfactory to them.

Section 12. — The owner may take his land from the classified list by paying all current taxes due, and in addition a product tax based upon the value of the standing wood. Such valuation is made by the assessors, but the owner may appeal from their valuation to the State Forester or to a board of three persons. The clerk shall record the notice of withdrawal in the registry and receive a fee therefor.

Section 13. — Assessors shall annually report to the Tax Commissioner the information called for in section 13.

Consolidation of Classified Lands.

Sales of Portions of Classified Land.

Withdrawals of Classified Land.

Assessors' Reports.

Section 14. — The Tax Commissioner shall give instructions to the assessors and publish data received as per section 13. He may require statements of income from the owners of classified lands.

**Duties of Tax
Commissioner.**

Section 15. — In apportioning the State tax among the towns the commissioner shall not include in the town valuation the trees standing on classified land. One-tenth the product tax shall be paid to the State.

Section 16. — The State Forester is to issue regulations covering the points taken up in sections 17 to 19.

**Administra-
tion State
Forester.**

Section 17. — Owners of classified land are required to seed or plant parts of land suitable for such work that have not naturally restocked within three years from the date of classification. The State Forester may, at his discretion, extend the time.

**Planting Cut-
over Land.**

Section 18. — Seed trees must be left on the cut-over land or the land must be artificially stocked.

Section 19. — Slash on the cut-over land must be disposed of according to the regulations of the State Forester.

Section 20. — Gives the State Forester power to enforce the regulations called for in the act.

Section 21. — If the owner fails to disclose encumbrances on the land a fine of not more than \$1,000 or one year in prison.

Penalties.

Section 22. — For other violations, and where no specific penalty is mentioned, a fine of not more than \$100.

Section 23. — Corporations may be formed to acquire land under this act.

Section 24. — In taxing corporate franchises, such a corporation shall be exempt from taxes on the capital invested in the forestry business on land classified in this act.

**Organization
and Taxation
of Corpora-
tions.**

Section 25. — Acts of 1909, chapter 490, part I., section 6, is repealed. This act refers to certain plantations and their exemption from taxation.

Registration of Land now exempt from Taxes.

ACTS OF 1914, CHAPTER 598.

An Act to provide for the Classification and Taxation of Wild or Forest Lands.

Be it enacted, etc., as follows:

SECTION 1. Owners of woodland or land suitable for forest planting may have such land classified for taxation under the following designations: —

(a) Land with trees of merchantable value shall be known as Woodlot.

(b) Land without trees of merchantable value shall be known as Plantation.

No tract of land containing less than three acres shall be classified unless such tract is to be consolidated with other tracts under the provisions of section thirteen of this act.

CLASSIFICATION.

SECTION 2. Any owner of land suitable for classification as Woodlot or Plantation who desires to have it classified shall make application, in such form as the tax commissioner shall from time to time prescribe, to the clerk of the city or town in which the land is situated. The application shall state whether or not the land is encumbered by mortgages, leases, attachments, or other valid liens, except rights of way; and shall state also whether other persons than the applicant have an interest or interests in the land. In either case, the application shall be accompanied by the written assent to the classification of such mortgagees, lessees, attach-

ing creditors or lienors, or persons having an interest in the land, which assent shall be under seal and in such form as the tax commissioner shall from time to time prescribe. The application shall be accompanied by such description by metes and bounds as may be contained in the last conveyance of the land, or by two copies of a plat showing the location of the land by metes and bounds, and in either case shall contain a reference to the book and page of the record of said conveyance. If the land to be classified comprises a part of the land described in any conveyance, said application shall be accompanied by such a description by metes and bounds as will be sufficient to identify that part, or by two copies of a plat showing the location of the part by metes and bounds, and in either case shall give a reference to the book and page of the record of said conveyance. The clerk of the city or town in which the land is situated shall forthwith notify the assessors of such city or town of the filing of the application. The assessors shall forthwith determine whether the land is suitable for classification; and if they so determine, shall within thirty days make separate valuations of the land and of the value of the trees growing thereon, which value shall be the fair cash value of the trees on the stump, hereinafter called stumpage value. The assessors shall make separate valuations of any buildings on the land. They may also require the forest warden of the city or town to give such assistance as they may deem necessary in making the aforesaid determinations and valuations. If the assessors shall determine that the land is not suitable for classification as aforesaid, they shall forthwith give notice thereof to the owner, who may appeal from such decision to the state forester. The state forester, after investigation and after hearing the persons interested, shall decide whether the land is suitable for classification, and shall notify the owner and the assessors

of his decision. If he shall decide that the land is suitable for classification, the assessors shall, within thirty days thereafter, make the aforesaid valuations.

SECTION 3. Said assessors shall, within ten days after the completion of said valuations, send written notice thereof, in such form as the tax commissioner shall from time to time prescribe, to the owner of the land; and the valuations so determined shall be conclusive unless the owner, within ten days after receiving them, files notice of an appeal to the tax commissioner from any or all of the valuations so determined. In case of such appeal, the tax commissioner or his deputy, after investigation and after hearing the persons interested, shall make final determination of said valuation or valuations, and shall notify the owner and the assessors of such determination, which shall be conclusive.

SECTION 4. Upon the final determination of the aforesaid valuations, the owner, if he desires to complete the classification, shall, within ten days, notify the clerk of the city or town of his acceptance of such valuations; and such notification shall constitute a full acceptance of the conditions and requirements of this act. The clerk may, with the consent of the tax commissioner, receive and file the notification after the said time has elapsed. Upon receipt of such notification, the clerk shall forthwith classify the land and shall notify the assessors of the city or town in which the land is situated; but if the notification from the owner is not received on or before the first day of April in any year, the provisions of this act relating to taxation shall not take effect until the first day of April of the following year: *provided*, that in the year nineteen hundred and fourteen said provisions relating to taxation shall take effect as of the first day of April, if the aforesaid notification from the owner is received on or before the first day of July. The clerk shall also cause to be recorded

in the registry of deeds for the county in which the land is situated a certificate of the classification of the land, which certificate shall contain the name of the owner of the land, the date of classification, the designation of the land classified, and a copy of the description of the land, or of the plat, required by section two of this act. The clerk shall receive from the applicant a fee of two dollars for every such certificate of classification, and shall receive a fee of fifty cents for each subsequent copy thereof; and in addition the clerk shall receive the usual fee for recording said certificate in the registry of deeds, which fee shall be transmitted with the certificate to the register of deeds. Upon the recording of the certificate, the land shall thereafter be subject to all the conditions and requirements of this act unless it is withdrawn from classification; and said conditions and requirements shall be binding upon any owner thereof, his heirs and assigns, upon all persons who have assented to the classification, and upon all persons subsequently acquiring any interest in the land.

TAXATION OF CLASSIFIED FOREST LAND.

SECTION 5. Land classified under this act shall be exempt from taxation except such as is imposed by this act, but shall be liable to the same extent and in the same manner as other land for special assessments. Buildings situated upon such land shall be subject to taxation as real estate under the provisions of chapter four hundred and ninety of the acts of the year nineteen hundred and nine and acts in amendment thereof and in addition thereto.

FOREST LAND TAX.

SECTION 6. Land classified under the provisions of this act shall be subject to forest land tax. Said tax shall be assessed, levied and collected in the manner prescribed in chapter four hundred and ninety of the acts of the year nineteen hundred and nine for the taxation of real estate within the commonwealth, upon its fair cash value exclusive of the value of all buildings and the value of all trees growing thereon: *provided*, that owners of classified land, instead of prosecuting an appeal, as provided in sections seventy-six to eighty of Part I of the said chapter, as amended, may, at their option, within thirty days after receiving the notice provided for by section seventy-five of Part I of the said chapter, appeal to the tax commissioner. If the tax commissioner or his deputy, upon a hearing, finds that the land has been overvalued, he shall make a reasonable abatement and an order as to costs.

FOREST COMMUTATION TAX.

SECTION 7. Land classified under this act as Woodlot shall be subject to forest commutation tax, which shall be assessed and levied annually as of April first by each city and town in the following manner: —

(a) An account shall be opened by the assessors of each city or town for all lands classified as Woodlot on or before April first, nineteen hundred and nineteen, and not withdrawn, which account shall show the sum of the taxes assessed upon such lands, exclusive of buildings thereon, in the year nineteen hundred and thirteen.

(b) From the aforesaid sum there shall be deducted, in each year from nineteen hundred and fourteen to nineteen hundred

and nineteen, inclusive, the total amount of forest land tax assessed for that year in the city or town, and the remainder shall be the total amount of forest commutation tax of the city or town for that year.

(c) The total amount of forest commutation tax thus determined for each year from nineteen hundred and fourteen to nineteen hundred and nineteen, inclusive, shall then be apportioned to the various tracts of Woodlot, in proportion to the stumpage value of the trees growing thereon at the date of classification, as determined in accordance with section two of this act; and the several amounts thus ascertained shall be the amounts of forest commutation tax for which said tracts shall respectively be liable for that year.

(d) Upon the completion of the assessments for the year nineteen hundred and nineteen the account provided for in subsection (a) shall be closed; and each tract of Woodlot classified on or before the first day of April of said year shall thereafter be liable for the same amount of forest commutation tax that was levied in the said year nineteen hundred and nineteen, except as provided in subsections (g), (h), (i), and (j) of this section.

(e) Upon every tract of land classified as Woodlot in any city or town after April first, nineteen hundred and nineteen, the annual amount of forest commutation tax shall be the amount of tax assessed and levied upon such tract, exclusive of the buildings thereon, in the last assessment and levy prior to the date of classification, less the amount of forest land tax assessed and levied in the next assessment and levy subsequent to said date of classification.

(f) Forest commutation tax shall be collected in the manner prescribed by Part II of chapter four hundred and ninety of the acts of the year nineteen hundred and nine for the taxa-

tion of real estate within the commonwealth and acts in amendment thereof and in addition thereto.

(g) In case of the destruction by fire or otherwise on or before April first, nineteen hundred and nineteen, of trees standing upon land classified as Woodlot, the owner of the land may apply to the assessors of the city or town for a reduction of forest commutation tax. Such application shall not be made except in respect of trees of a value equal to or in excess of ten per cent of the stumpage value of the trees standing on the land at the time of classification. The assessors shall determine what proportion of said stumpage value of the trees has been destroyed by fire or otherwise, and shall make a proportionate reduction in the valuation of said trees in determining the amount of forest commutation tax which the land shall thereafter pay. The assessors may require the forest warden of the city or town to give such assistance as may be necessary in determining the proportion of stumpage value so destroyed. The assessors shall also deduct from the total amount of forest commutation tax thereafter levied in the city or town an amount of tax proportionate to any and all reductions in valuations made to landowners in accordance with the provisions of this subsection. From the aforesaid determination of the assessors, the owner may appeal to the tax commissioner in the manner provided in section six of this act.

(h) In case of the destruction by fire or otherwise, subsequent to April first, nineteen hundred and nineteen, of trees standing upon land classified as Woodlot under this act, the owner of the land may apply to the assessors of the city or town for a reduction of forest commutation tax. Such application shall not be made except in respect of trees of a value equal to or in excess of ten per cent of the stumpage value of the trees standing on the land at the time of classification.

The assessors shall determine what amount and proportion of said stumpage value of the trees has been destroyed by fire or otherwise, and shall make a proportionate reduction in the forest commutation tax for which the owner shall be liable. The assessors may require the forest warden of the city or town to give such assistance as may be necessary in determining the proportion of stumpage value so destroyed. From the determination of the assessors, the owner may appeal to the tax commissioner in the manner provided in section six of this act.

(i) On and after April first, nineteen hundred and nineteen, any owner of land classified as Woodlot may, as hereinafter provided, apply to the assessors of the city or town for a reduction of the amount of forest commutation tax for which the owner is liable. Such application may be made only in respect to trees upon which forest product tax has been paid; and may not be made except in respect of trees of a stumpage value equal to or in excess of ten per cent of the stumpage value of the trees standing upon the land at the date of classification. Upon receipt of such application, the assessors of the city or town shall reduce the forest commutation tax for which the owner is liable in any subsequent year, by a percentage equal to the percentage which the stumpage value of the trees bears to the stumpage value of the trees standing upon the land at the date of classification.

(j) When the reductions in valuations made in accordance with subsections (g), (h) and (i) shall equal the stumpage value of the trees determined to have been standing on the Woodlot at the date of classification, the Woodlot shall no longer be liable for forest commutation tax and shall thereafter be treated as if it had been classified as Plantation.

FOREST PRODUCT TAX.

SECTION 8. All land classified under this act shall be subject to forest product tax, which shall be assessed, levied and collected in the following manner: —

(a) Except as provided in subsection (e) of this section, every owner of land classified under this act shall, on or before the first day of May in each year, report to the assessors of the city or town in which the land is situated, under oath, in such form as the tax commissioner shall from time to time prescribe, the gross amount and stumpage value of all wood cut from the land during the twelve months preceding the first day of April, as well as the gross amount of all other products of the land and such other income derived from the land as does not constitute an element determining the value of the land for the purpose of assessing forest land tax. In the case of wood, the aforesaid value shall be the stumpage value, and in other cases it shall be the fair cash value.

(b) Except as provided in subsection (e) of this section, immediately after the cutting of trees and not less than ten days before the removal of any wood from land classified under this act, the owner shall notify the assessors of such intended removal and shall report the amount and stumpage value of such wood. Every such owner or his agent or representative who fails to comply with the foregoing requirement shall be liable to a fine of not less than ten nor more than one thousand dollars. The assessors shall have the right, after inspection, to make an independent determination of the amount of such wood or the stumpage value thereof, or both, and shall forthwith notify the owner thereof. The assessors may require the forest warden of the city or town to give such assistance as may be necessary. Such determination

shall be final and conclusive unless the owner shall forthwith file with the assessors either a notice of an appeal to the state forester or a written request for an arbitration. Such appeal or arbitration may be had as to the amount or stumpage value of the wood, or both. Upon such appeal, the state forester or his assistant shall, after inspection, make final determination thereof and an order as to costs. If arbitration be requested, the arbitration shall be by three disinterested persons, one to be chosen by the owner, one by the assessors, and the third by the agreement of the two thus chosen; and the decision of the arbitrators shall be final and conclusive. The fees and expenses of the arbitrators shall be paid by the city or town, and one half the amount thereof shall be assessed upon the land and included in the next warrant committed by the assessors to the collector of taxes for the collection of forest product tax.

Under such regulations as the tax commissioner may prescribe, owners of land may, with the written consent of the tax commissioner, be exempted from the requirements of this subsection; and the aforesaid regulations shall govern the determination of amounts and stumpage values of wood for the assessment and levy of forest product tax.

(c) Except as provided in subsection (e) of this section, forest product tax shall annually be assessed and levied upon the gross value of all wood, other products and other income ascertained as provided in subsections (a), (b), and (d) of this section, at the following rates: —

For wood cut or other products or income derived from the land prior to the first day of April, nineteen hundred and nineteen, the tax thereon shall be one per cent; from said first day of April, nineteen hundred and nineteen, to the thirty-first day of March, nineteen hundred and twenty-four, inclusive, two per cent; from the first day of April, nineteen

hundred and twenty-four, to the thirty-first day of March, nineteen hundred and twenty-nine, inclusive, three per cent; from the first day of April, nineteen hundred and twenty-nine, to the thirty-first day of March, nineteen hundred and thirty-four, inclusive, four per cent; from the first day of April, nineteen hundred and thirty-four, to the thirty-first day of March, nineteen hundred and thirty-nine, inclusive, five per cent; and on and after the first day of April, nineteen hundred and thirty-nine, six per cent.

(d) Except as provided in subsection (e) of this section, the assessors of each city or town shall annually, between the first day of April and the last day of July, assess and levy a forest product tax upon the persons or corporations owning classified land upon the first day of April in such year. They shall receive as true the reports required in subsection (a) of this section, except as such reports may be revised in accordance with the provisions of subsection (b), but upon information, may add thereto the value of any products not reported, and, upon information, may revise the amount and valuation of products other than wood and of the other income derived from classified land. Notification of all assessments shall be sent to all taxable persons not later than the first day of September in each year, and taxable persons aggrieved by such assessments, other than assessments of wood, may apply for an abatement thereof in the manner provided by sections seventy-two to eighty-two, inclusive, of Part I of chapter four hundred and ninety of the acts of the year nineteen hundred and nine and acts in amendment thereof and in addition thereto.

(e) Any owner, other than a corporation, of classified lands may remove from such lands annually an amount of wood not exceeding twenty-five dollars in stumpage value, without making the reports, giving the notifications, or being liable

for the tax required in subsections (a), (b), (c) and (d) of this section: *provided*, that the wood is for his personal use, or for the use of his tenant. Such wood may subsequently be sold upon making the aforesaid reports and paying forest product tax thereon.

(f) Forest product tax shall be a lien upon the land in respect of the product or income from which it was assessed, and shall be collected in the manner prescribed in said chapter four hundred and ninety: *provided*, that if the assessors of the city or town, to insure the collection of said tax, deem it necessary, they may require of the owner either a cash deposit of the amount of forest product tax as estimated by the assessors, or, at his option, a bond with good and sufficient sureties conditioned upon the payment of the tax when levied. When such demand is made, the wood in respect of which forest product tax is payable shall not be removed from the land until the owner has complied with said demand, and any person who shall so remove said wood shall be liable to a fine of not more than five hundred dollars or to imprisonment for not more than sixty days, or to both such fine and imprisonment. Forest product tax shall constitute a lien upon the wood or other product in respect of which it was assessed for so long as the wood or other product is in the possession of the owner of the land from which it was produced, or of a person taking the same with knowledge that the assessors have required security for the tax and that such security has not been given, and any person taking said wood with such knowledge shall be liable for the amount of the tax.

CONSOLIDATION OF CLASSIFIED LANDS.

SECTION 9. On and after the first day of April, nineteen hundred and nineteen, any owner of two or more adjoining tracts of land classified in any city or town as Woodlot or

Plantation, and any owner of more than one hundred acres of land so classified, whether the land consists of adjoining tracts or not, may apply for the consolidation of such tracts under a single classification. The application shall be in such form as the tax commissioner shall from time to time prescribe, and shall be filed with the clerk of the city or town in which said tracts are situated. The clerk shall forthwith classify the tracts as a single tract, shall record the classification in the registry of deeds, as provided in section four of this act, and shall receive therefor a fee, together with the fee required for such recording, as provided in said section four. He shall forthwith notify the assessors of the city or town of such consolidation, and the assessors shall, on or before the first day of the following April, consolidate the valuations and assessments of all taxes imposed by this act, which taxes shall, on and after the aforesaid first day of April, be levied and assessed in respect of the entire tract of land classified, and not in respect of its constituent tracts of Woodlot or Plantation. Such consolidated tract shall be known as Forest.

SALES OF PORTIONS OF CLASSIFIED LANDS.

SECTION 10. No sale or other conveyance of classified land shall release the purchaser thereof, or other person acquiring an interest in such land, from any obligation or liability imposed by this act. Not less than ten days before the sale or conveyance of classified land upon which forest product tax has accrued or has been assessed, the owner of the land shall notify the assessors of the city or town in which the land is situated of the contemplated transfer, and the assessors may, if they deem it necessary to insure the collection of the tax, require of the owner either a cash deposit of the amount of forest product tax estimated to have accrued or actually

assessed, or, at his option, a bond with good and sufficient sureties conditioned upon the payment of the tax.

SECTION 11. In case of the sale of any part of any tract of land, the owner of which is liable to the payment of forest commutation tax, the parties to such sale shall agree upon an equitable division of the aforesaid tax. A copy of this agreement signed by all of the parties to the conveyance shall forthwith be filed with the assessors of the city or town in which the land is situated, who shall accept the aforesaid division as the basis for the future assessment and levy of forest commutation tax, unless they find the division so unequal as to reduce the security of the city or town for the collection of any part of the forest commutation tax thereafter. Until such division of tax shall have been accepted by the assessors, the parties to any such sale or conveyance, and their heirs and assigns, shall be jointly and severally liable for all forest commutation taxes thereafter assessed in respect of the entire tract of land.

WITHDRAWALS.

SECTION 12. Land classified under this act may be withdrawn from classification by the owner at any time upon payment to the authorities of the city or town in which the land is situated of the amount of forest land tax and forest commutation tax which may be due for the current year and for all previous years, and upon payment of forest product tax upon the stumpage value of the trees then standing upon such land, as though the said trees had then been cut. The owner shall give the assessors of the city or town in which the land is situated notice in writing of his desire to withdraw the land from classification. The assessors shall forthwith make a valuation of the trees then standing upon the land,

and give notice of such valuation and of the amount of forest product tax due thereon for such withdrawal; and may require the forest warden of the city or town to give such assistance as may be necessary. If the owner of the land is aggrieved by the valuation made by the assessors, he may, within ten days after such notice, appeal to the state forester, or make a written request to the assessors for an arbitration, which arbitration shall be in accordance with the provisions of subsection (b) of section eight of this act. Upon the payment of the forest product tax thereon and of all other taxes due on account of the land, the land shall be withdrawn from classification. The clerk of the city or town shall forthwith record a certificate of such withdrawal in the registry of deeds for the county in which the land is situated. The owner of the land shall pay to the clerk a fee of one dollar for every such certificate of withdrawal, and a fee of fifty cents for each subsequent copy thereof; and in addition, the usual fee for recording said certificate in said registry, which fee the clerk shall transmit to the register of deeds.

In case of all trees cut on said land within three years of the date of such withdrawal, a Forest Product Tax shall be assessed in accordance with the provisions of this act; and if the amount of tax thus assessed in respect to the land shall exceed the amount of tax assessed and levied at the time of withdrawal, the owner shall be liable for the payment of such excess under the conditions and requirements of section eight of this act.

REPORTS OF ASSESSORS.

SECTION 13. The assessors of each city and town shall annually report to the tax commissioner, in such form as he shall from time to time prescribe, the following information: —

(a) The amount of land classified in accordance with the provisions of this act.

(b) The valuation of said land for the assessment and levy of forest land tax.

(c) The amount of forest land tax levied and assessed.

(d) The amount of forest commutation tax levied and assessed.

(e) The amount and valuation of wood and the value of other forest products and income upon which forest product tax is levied and assessed.

(f) The amount of forest product tax levied and assessed.

DUTIES OF THE TAX COMMISSIONER.

SECTION 14. The tax commissioner shall from time to time prepare instructions which shall be followed by the assessors of the cities and towns in the assessment and levy of the taxes authorized by this act, and shall prescribe such forms and procedure as he may deem necessary for the administration of said taxes. He shall compile and cause to be printed annually in the aggregate returns required by section sixty-two of Part I of chapter four hundred and ninety of the acts of the year nineteen hundred and nine the information furnished by the assessors of the various cities and towns in accordance with the provisions of section thirteen of this act.

He may also call upon individuals, firms or corporations owning land classified under this act for a statement of the amount and value of the wood or other products and income derived from such land, and may examine the books, accounts and papers of such individuals, firms and corporations so far as may be necessary for the verification of the said statement.

SECTION 15. In determining the basis for the apportionment of state and county taxes subsequent to the passage of

this act, the tax commissioner shall not include in the valuation of property subject to taxation in any city or town, the valuation of trees standing upon land classified under this act. Of the whole amount of forest product tax levied and assessed in any city or town, ten per cent shall be for the use of the commonwealth, and the treasurer of each city or town shall, on or before the fifteenth day of November in each year, pay to the treasurer and receiver general of the commonwealth the said proportion of forest product tax.

ADMINISTRATION.

SECTION 16. The state forester shall from time to time issue such regulations as are required by sections seventeen and nineteen of this act, and shall furnish copies thereof free of charge to the clerks, assessors and forest wardens of the cities and towns of the commonwealth and to such other persons as may apply therefor.

SECTION 17. Owners of classified land shall, within three years after the date of classification, seed or plant any parts of such tracts that are suitable for seeding or planting and have not been naturally restocked: *provided*, that with the written approval of the state forester the time for seeding or planting may be extended. The state forester shall from time to time make regulations to insure such seeding or planting, which regulations shall permit any approved forestry methods and shall not require the expenditure of more than ten dollars per acre.

SECTION 18. Whenever any area of classified land equal to or in excess of three acres in extent is cleared of trees, the owner thereof shall either leave a suitable number of trees to provide for the re-seeding of the tract; or shall, unless the land is naturally re-stocked within two years, re-seed or plant

the land in accordance with the aforesaid regulations. If the owner shall elect to leave seed trees, and the land is not naturally re-stocked therefrom within a period of three years thereafter, the owner shall re-seed or plant the land or parts thereof, in accordance with the aforesaid regulations of the state forester. In either of the above cases, the state forester may extend the time for re-seeding or planting.

SECTION 19. When trees are cut from any classified land, the owner of the land shall make such disposition of the slash as may be required by such regulations as the state forester shall from time to time prescribe: *provided*, that such regulations shall permit of any approved forestry methods.

SECTION 20. If any owner of classified land fails to comply with the regulations of the state forester as to the seeding and planting of the land or disposal of slash required under sections seventeen to nineteen, inclusive, the state forester may cause the land to be thus seeded or planted or such slash to be disposed of, and the owner of the land shall be liable to the commonwealth for the expense thereof: *provided*, that such planting shall not exceed in cost ten dollars per acre.

If the owner, after notification from the state forester that the requirements of said regulations have not been complied with, fails to comply therewith within a reasonable time thereafter, the state forester, after a hearing, shall have the right to direct the clerk of the city or town to cancel the classification of the land. The clerk shall forthwith cancel the classification, notify the assessors thereof, and record a certificate of cancellation in the registry of deeds. The assessors shall forthwith make a valuation of the trees standing upon the land, and assess a forest product tax thereon, which shall forthwith be levied and shall be collected in accordance with the provisions of section eight of this act.

SECTION 21. For services rendered under the provisions of

sections two, seven, eight and twelve, the forest warden of a city or town shall receive from the city or town the compensation provided by section twenty-three of chapter thirty-two of the Revised Laws.

PENALTIES.

SECTION 22. Any applicant for the classification of land under this act who fraudulently fails to disclose all encumbrances thereon or interests therein, then existing, shall be punished by a fine of not more than one thousand dollars, or by imprisonment for not more than one year.

SECTION 23. Any person violating any requirement of this act for which no specific penalty is provided, shall be punished by a fine of not more than one hundred dollars.

ORGANIZATION AND TAXATION OF CORPORATIONS FORMED FOR THE PURPOSE OF OWNING CLASSIFIED LANDS.

SECTION 24. Section seven of chapter four hundred and thirty-seven of the acts of the year nineteen hundred and three, as amended by chapter two hundred and eighty-six of the acts of the year nineteen hundred and six, and by chapter five hundred and ninety-five of the acts of the year nineteen hundred and twelve, is hereby further amended by adding at the end of said section the following words: — and *provided, further*, that corporations formed for the purpose of owning classified forest land under the provisions of the forest classification and taxation act may be organized without limitation of the term of their duration, — so as to read as follows: — *Section 7.* Three or more persons may associate themselves by a written agreement of association with the intention of forming a corporation under the general laws for any lawful purpose which is not excluded by the provisions of section one: *provided*, that the agreement of association of a corpora-

tion formed for the purpose of acquiring, holding, managing, improving, leasing, buying and selling real estate shall state the term of the duration of the corporation, such term not to exceed fifty years; and *provided, further*, that corporations formed for the purpose of owning classified forest land under the provisions of the forest classification and taxation act may be organized without limitation of the term of their duration.

SECTION 25. In the taxation of corporate franchises, under the provisions of sections forty to forty-three, inclusive, of Part III of chapter four hundred and ninety of the acts of the year nineteen hundred and nine and acts in amendment thereof and in addition thereto, corporations organized for the purpose of owning classified land classified under the provisions of this act shall be exempt from taxation upon such proportion of their capital stock as is actually invested and employed in the business of forestry upon land classified under the provisions of this act.

REGISTRATION OF LAND NOW EXEMPT FROM TAXATION.

SECTION 26. Section six of Part I of chapter four hundred and ninety of the acts of the year nineteen hundred and nine is hereby repealed, but this repeal shall not affect exemptions existing at the date of the passage of this act. Owners of land exempt from taxation under the provisions of said section may, at the end of the period provided by said section, classify such land as Plantation under this act. When such land is thus classified as Plantation, the assessors shall not be required to value the trees standing thereon, but shall make the other valuations required by section two of this act.

SECTION 27. This act shall be known as the forest classification and tax act.

SECTION 28. This act shall take effect upon its passage.
[Approved June 2, 1914.]

REGULATIONS OF THE STATE FORESTER.

Under section 16 of the taxation law the State Forester is required to make regulations covering the requirements of sections 17 and 19. Owing to the various circumstances to be met with on different lands these regulations will be made as general and as simple as possible. The intention of sections 17 and 18 is to insure that all the classified land shall be growing a forest growth of value, and will not be lying idle and non-productive. As long as this condition is attained the State Forester is not particular as to the means employed.

Under section 17, lands classified under this act must contain a sufficient number of seedlings or sprouts of species of commercial value to produce at maturity a well-stocked stand of timber or cordwood. Generally speaking, if the average age of the trees is under ten years, there should not be less than 500 seedlings or sprouts well distributed to the acre. If under twenty-five years of age not less than 250 to the acre.

When there are seed trees on the land or adjacent to it which there is reason to believe will stock the land by natural means in not more than seven years, the State Forester will extend the time for natural seeding beyond the three-year limit. To insure a well-stocked stand by natural seeding there should be not less than two to five seed trees per acre, depending on their size, wind firm, and of a character to produce a good crop. Adjacent growth must lie on the west or south boundary of the land. No part of the land should be more than 500 feet from the source of the seed.

Blanks and openings in otherwise well-stocked land, as long as they do not exceed one-half acre, and do not aggregate more than 5 per cent. of the total area of the classified land, need not be considered.

The State Forester requires that all artificial reforestation shall be done by means of planting small trees, unless there is reason to believe that the cost of such work will exceed \$10 per acre, in which case he will allow the sowing of seed in seed spots by seed-planter or in plowed furrows. The indiscriminate sowing of seed seldom gives any results, and is not an approved method of reforestation.

Under section 19, when land is cut off the owner shall cause to be cleared of slash a strip not less than 40 feet in width where such land adjoins a highway, railroad or the woodland of another owner. If the local forest warden, however, decides that the lot in question is not a sufficient fire risk he may amend this regulation so as to require none or only a part of the stipulated clearing. This regulation is practically identical with the slash law, Acts of 1914, chapter 101, and so involves no additional hardship on the owner of classified land.

The State Forester has the right to amend or change the above regulations at any time.

It is recommended that the owners of classified land subject to the above regulations shall consult with the State Forester and obtain his advice concerning their treatment. In this way they will avoid any trouble from the penalties of section 20.

The purpose of the new law, in fact, is to encourage modern forestry throughout the Commonwealth, and the State Forester stands ready to assist in every way possible to this end.

Scotch pine artificially planted, four years' growth. Land classed as plantation,
and pays no commutation tax.

Waste land which has no present value and which contains no growth-offering prospects of future value. Such land must be seeded or planted in order to be eligible for registration.

old mountain pasture naturally restocking to spruce. Trees too scattered for good forest growth, and must be artificially filled in before the land can be registered as plantation.

White pine coming up under gray birch. Land to be classed as plantation, and pays no commutation tax.

Young sprout hardwoods which have no merchantable value. Such land can be classified as plantation,
and pays land tax only.

Land cut over and pines left for seed trees. Notice the young seedlings marked by white cloth. Land to be classed as plantation, and no artificial planting will be needed.

Young sprout hardwoods. In many sections of the State such woodland has no commercial value and can therefore be classified as plantation. Where small size cordwood has a market value such land must be registered as woodlot and pay a commutation tax as well as land tax.

Mature pine forest to be classified as woodlot. Where it is intended to cut such land off in a few years the law gives no inducement for registration.

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