major portion of its waste land, and if under proper administration
our forests are perpetuated then and only then may it be said to be
successful legislation.

Applied to Wisconsin it is legislation for the purpose of perpet-
uating an industry that employs 116,000 people, represents an invest-
ment of $423,000,000, and has an annual output of $463,000,000.00.
To continue our past policy means more waste lands, denuded for-
est, wrecked communities, and that's progress in reverse gear. Let's
not tax property out of existence—let's tax it into being!

(Note: Senator Blanchard is chairman of the Wisconsin Legislative
Interim Committee on Forestry and Public Lands which framed the Forest
Crop law. This committee held a number of public hearings, consulted tax
economists of the University of Wisconsin and of the U. S. Forest Service,
county officials and timber growers. The entire committee worked over the
provisions of the law continuously for many weeks before reporting it to the
legislature. Its passage was practically unanimous.—The Editors.)

ITS ADMINISTRATION

By Eugene Wengert

I shall attempt to bring under this topic the outstanding features
of the Wisconsin Forest Crop Law and discuss a little of the eco-
nomics of the new industry of raising trees. This new industry is
just beginning to come to the front. Heretofore very little thought
was given to the undertaking of growing trees. It was just sup-
posed that trees grew without any cultivation. The Nation did not
realize that the virgin forests would one day disappear. No doubt
lumbermen were held under the spell of illusion that there would be
no end to his industry. He could not have freed himself from the
grasp of his environment. He built sawmills, cut the forest and then
moved on to a new frontier. Because he was so close to the forest,
ever looking forward and never backward, he did not see the disap-
ppearing forest line on the horizon.

It was the layman looking on from a distance who first raised
a warning about the dwindling forest and urged legislation by the
National and State governments to encourage the planting of trees.
The adoption of such laws mean the overthrow of a deeply rooted
taxation policy of long standing. I think the fundamental prin-
ciples in any law attempting to encourage growing of timber must be
based upon the philosophy that growing timber is the same as any
other kind of crop. While other crops recur periodically with the advent of the seasons, trees require scores of seasons to mature. Naturally, therefore, tax systems dealing with this new industry must be so arranged that they proportionately place no greater burden on the grower of trees than on the growers of any other crop. If agriculture were to be taxed on the same basis as the growing of trees has been in the past, then the annual crop would have to be taxed weekly. I believe this similarity is now coming to be recognized; at any rate, it is in our Wisconsin law.

Attempts have been made to embody such principles of taxation so that payment of any tax was postponed until the harvest takes place. The burden of paying taxes for the timber grower must be in harmony with the taxation principle of ability to pay. This, I think, we have nearly accomplished in our Wisconsin Forest Crop Law. The law provides in its preamble that its purpose is to “encourage a policy of preserving from destruction or premature cutting the remaining forest growth in this State, and of reproducing and growing for the future adequate crops of forest products on lands not more useful for other purposes, so that such lands shall continue to furnish recurring forest crops for commercial use.”

I shall outline briefly the operation of the tax law as it applies to those who wish to register lands under it: After the registration, the Conservation Commission determines whether the lands are primarily adapted to the growing of forest crops and I might say here that the Wisconsin Commission has adopted a very liberal policy in the registration of land under the law. It has gone so far as to include forest lands where the process of selective logging has taken place. This is in accordance with the broad purpose of the law: “the law shall not only encourage the growing of trees, but prevent premature cutting”. The procedure of registering under the law is very simple and the requirements have been made very easy where the Commission had discretion to prescribe. After the Commission has determined that a stand of merchantable timber will be developed on such lands within a reasonable time and that such lands are to be held for the growing of timber, then the advantages of the law immediately become effective and attach to the land for a period of fifty years. This is a contract with the State. It cannot be altered or modified by the action of future legislatures and even after fifty years the benefits of the law may be extended by mutual consent.
What are the advantages? Immediately after the land is registered for the growing of timber, the timber thereon is no longer considered part of the real estate for taxing purposes. The real estate must be taxed cheaply and growing timber not at all. Secondly, the local taxing authorities have no further control over such lands nor over the growing timber crop for taxing purposes. These lands are placed in charge of the Commission. This arrangement assures equality as to taxation policy. Thirdly, tax on real estate is permanently fixed in the law as is also the tax when the timber is cut. The tax on the real estate is 10c per acre during the life of the contract. This is not left to local taxing authorities. To compensate the local governmental units for any loss of tax revenue, the State pays out of the general treasury to local unit 10c per acre. Thus there is paid 20c per acre as real estate tax. I believe this is low enough to encourage the land owner to register the lands. It certainly should be an inducement since generally 10c an acre tax is considerably lower than the rate of taxation on land not registered under the law. While the owner is paying this tax, his timber can grow and he may have peace of mind, free from the harassing spectre of the local assessor.

Finally, after some years, the crop is ready for harvest. He now pays a severance or yield tax, but again this is not left to the chance or whim of the local assessor. When he is ready to harvest the crop, he notifies the Conservation Commission that such is his intention. The Commission then determines a reasonable stumpage value of the wood product as usually grown in several towns in which the crops lie and if there is any material variance in stumpage value in the different communities, the Commission fixes zones for the purposes of equalizing value. When once fixed the Conservation Commission notifies the Tax Commission which proceeds to levy a 10% tax on such value. This whole procedure assures equality before the law. Nothing is left to chance and in case of a disagreement between the owner and the Commission as to value, a simple arbitration method is provided and resort may be had to the courts if that fails.

At present approximately 50,000 acres have been or are in the process of registration under the law. The Commission realizes that its policy toward the law must be liberal. A new industry must be nursed and the Commission is willing to play “wet-nurse”. The law
itself is liberal in all its features touching the interests of any one who has determined to invest private capital in this new industry and become a timber grower.

ITS APPLICATION TO THE LUMBER OPERATOR

By John Schroeder

The public does not appreciate what it means to the operator to carry cutover land. In checking over some of our lands I find an example where we are paying one-third of the value of that land in taxes per year. This shows it would be suicide for the lumber operator to attempt to carry cutover lands over any definite period.

The Forest Crop Law has been explained quite thoroughly by Mr. Wengert. It has a cumulative effect that gives the lumber operator a breathing spell, so as to speak. It allows selective cutting and while selective cutting has not been carried on intensively, nevertheless it can be developed; it has been carried on in Europe for some time and I think that in time it will be worked out favorably here. This forest crop law will naturally interest the large operator rather than the small operator. He can reduce the fire hazard through selective cutting and will be better able to handle his brush disposal.

In a recent questionnaire sent out to lumber operators of the State, it was discovered that a great majority were interested in the forest crop law. Some of the questions in this questionnaire are as follows: The first was: How many were willing to enter land? And it showed a majority were. The next item asked for suggestions for improving the fire service and co-operation with the State organization. Some operators in Wisconsin have their own organization and all are willing to co-operate with the Conservation Commission; some suggested that settlers be given the opportunity to patrol the areas and another suggestion was made that the people in the cutover areas be educated along the lines of fire prevention. The question of natural reforestation was brought up in this questionnaire and it showed that except where the land has been burned over quite thoroughly natural reforestation would take place, if given the opportunity and fire were kept out.

In our own operations in Ontario we have observed White Pine come in as second growth—the fire was kept out as much as possible—and it proved that something could be done in this area. We