located. Generally, if not always, the assessor will accept such report as correct and make no investigation to determine whether or not the description has been entirely or only partly cut, with the result that, if only partly cut, it is undervalued year after year. No doubt in many instances descriptions are assessed without taking into account the standing timber thereon. At least a comparison of the assessed and estimated true value of many of the examples given herein would indicate that this is the case. So far as could be learned none of the assessors give any consideration to young growth in fixing values.

While the practice of undervaluation prevails throughout most of that part of the state now being considered, it should not be understood that this condition is universal. In many localities a conscientious and fairly systematic effort is being made by assessing officers to conform to the law. In a large measure the importunities of the county supervisor of assessment have influenced the assessor in raising the valuation of this class of property; and in many cases, independent of such solicitations from supervisors of assessment, the assessor has endeavored to faithfully comply with the tax laws regarding valuation.

**Views of Lumbermen on Taxation.**

In carrying on the investigation of timber taxation in northern Wisconsin it was manifestly of primary importance to obtain, as completely as possible, the views of lumbermen on this subject. A large part of the work, therefore was devoted to interviews with large operators, and in many instances where personal conferences were impossible, a great deal was brought out by correspondence with them.

The views expressed by these representative timber holders were by no means uniform. There was, however, very little difference of opinion on the question whether the present system of taxing forest lands is or is not satisfactory; and the one pointed criticism directed against this system that stands out clearly above all others, was that taxes at present absolutely forestall any attempt in northern Wisconsin to hold cut-over land for growing a second timber crop. While it may be true that occasionally a company plans, even under existing conditions, to cut over their holdings a second time, there were only two instances of this sort discovered. In neither case, moreover, was there any effort being made to provide for reproduction or to
obtain an actual second growth; but the second cut would include, as a rule, only such trees as were left as culls after the original operation, and which it was expected would in the next ten or fifteen years acquire a marketable value. In both instances it is intended that these areas, after being cut over the second time, shall be disposed of for farm land; and it, therefore, appears that the second-cut idea is largely a matter of covering the costs of holding such lands over a period during which land values are expected to rise. The view was emphatically expressed by most lumbermen that, under the present tax methods, no second cuts of timber could ever be relied upon, and would only be obtained here and there where fires were scarce and taxes low. In one instance where the present mature timber has been held for the past twenty years, the owner maintains that the taxes already paid in have exceeded the present value of the timber. This is exceptional but goes to show the hopeless outlook for owners of young timber in such towns who may desire to hold it until it reaches merchantable size.

Lumbermen, however, naturally show less real concern over so remote a difficulty as their inability to grow second crops of timber than over the more immediate injuries chargeable to the operation of the general property tax. It certainly can not be denied that the average large timber holder has sufficient grounds for complaint over injustices attributable to the unsatisfactory administration of the present tax law and often to the law itself. Assessors will, almost without exception, persistently hold to the illogical conclusion that a large owner of stumpage is not overtaxed so long as his assessments do not exceed the real value of his property. Most lumbermen will acknowledge that, as a rule, timber holdings are assessed at not more than from 40 to 60 per cent of their full values. Yet it is perfectly obvious that great injustice results to a lumberman, if other classes of property are at the same time assessed at only from 20 to 40 per cent of their marketable value. He is then materially overtaxed even though admittedly underassessed. This is exactly the case in northern Wisconsin between the lumbermen and the farmers. Cultivated land, the lumbermen assert, is seldom assessed at more than from 20 to 30 per cent of its true value, while from 40 to 60 per cent more nearly represents the proportion of true value charged against cut-over timberlands.

Very few timberland owners, however, lay particular stress on this phase of the injustice suffered by them. Cultivated land is so
limited in amount compared with timbered areas, that should it be completely exempted from taxation, the actual tax burden on the forests would not be materially increased. Then, too, the lumberman, who desires to dispose of his cut-over land for farms, is not slow to appreciate the influence of low farm assessments as an inducement to settlement. With scarcely an exception, however, the representative lumbermen emphatically assert that the fundamental difficulty against which they, as the heaviest taxpayers, have to contend is the extravagance of town and county governments, which they say is the cause of the abnormally high tax rates characteristic of much of northern Wisconsin. The lumbermen say that this tendency toward needlessly large financial outlays does not necessarily take the form of dishonest appropriation of funds, although in some instances evidence points strongly in that direction. In fact several timbermen did not hesitate to specify certain towns, where they were convinced public funds were being used for personal benefit. Their chief contention, however, with regard to extravagance was that a great many towns are straining every nerve to put in all possible improvements—roads, schoolhouses and bridges—before the timber is gone. In this manner the timber pays in taxes for improvements that are made far in advance of the real needs of the community. Incompetency of local officials is another charge made by large taxpayers, and without doubt it is accountable for a great deal of needless expenditure, such as is too often glaringly evident in the inefficient construction and repair work of public highways. While the other extreme—the strict economy and lack of needed improvements, too often the results where the town is controlled by a large lumber company—is assuredly of questionable expediency, it is certainly preferable to a corrupt local government.

In their efforts to end this irresponsibility and undue extravagance on the part of local officials in the expenditure of public funds, the larger taxpayers, comprising chiefly the lumber and land companies, have organized in several of the northern timber counties of the State taxpayers' associations. These organizations aim to secure in these northern counties more equal tax assessments and to aid in the betterment of highways by looking after the money raised by taxes for road improvements. They believe a reasonable publicity in these matters will largely correct the present abuses and result in the adoption of a lower tax rate. At present the tax rate throughout the region studied is exceedingly variable with the different towns, but
is everywhere abnormally high, seldom below 2½ per cent and in one case as high as 7½ per cent. Almost every company complains of these high rates, especially when combined with the comparatively high assessments already discussed.

On the question of the proposed deferred tax on young timber as a solution of the tax problem in northern Wisconsin, there were widely divergent views expressed by the different lumbermen. Almost everyone of them, however, believed that such a tax on yield was theoretically correct and might wisely be given a trial. A representative of one of the companies, however, took exception to this general view and expressed himself as reluctant to see the plan attempted, for fear that the people of the towns would misunderstand its workings and would conclude that the timber owners were in some way escaping their taxes.

On the other hand, the opinion was frequently given that no other plan than the deferred tax on yield would meet the needs of the situation. Nearly every lumberman agreed that a modification to provide for an annual tax on the land appraised as waste or cut-over land would probably have to be conceded. One large operator, however, took radical exception to such a concession which he believed would create speculative values in timberland. He believed that if any change were contemplated it should make provision for deferring all taxes for a definite period of years. His idea, however, was more nearly one of exemption during that period, at least as far as applied to the land. After that a tax on both timber and land could be levied.

One of the largest hardwood operators who had already given the subject much thought believed that the local governments would require a more regular income from taxes than would be possible under a deferred tax system without further modification. His view was that an annual tax should be charged to the land and timber together, at half the present valuation, and that the difference could be deferred until the final cut. There is serious question, however, whether such a variable system would not be subject to as grave abuses by assessors and be as open to objection as the present system. The chief merits of any plan of deferred taxation arise from the relief it would afford the grower of timber from the great risks and uncertainties in his investment, due to variable and unjust assessments which he is unable to forecast. If taxes are to be based on what he knows will be actually produced in lumber and on a definite fixed
land value he can then calculate ahead, and a large factor in the total risk is accordingly canceled. If, however, the assessed values in any proposed tax reform are to be based on present methods of valuation, abuses will continue. He proposed to collect at the end of the rotation a deferred tax based on yield, or rather only so much of it as has not already been paid into the towns by the annual tax on half the present assessed value. Yet it is not at all improbable that this annual tax will by the end of the rotation have amounted to more than the final deferred tax in which case the balance would be on the side of the lumber company. Such complications with their possible resultant litigation would serve to make a timber-growing investment in northern Wisconsin as hazardous as it is today.

If a system can be worked out satisfactorily based on the deferred tax on yield with the added feature of an annual tax on the land considered as waste land, there can be no doubt that the revenue from a given timber tract during a rotation would not aggregate as much as the sum of the annual taxes that would be levied under the present unsatisfactory system. It might at first appear, therefore, that under a deferred tax system the local governments would be deprived of a part of their source of income. In reality, however, the change should logically result in creating a larger amount of taxable property within the towns. No concessions should be granted to the few companies who desire to have their mature timber put under the provisions of this tax law, because there would unquestionably be considerable loss of revenue to the towns. It is distinctly out of the question to apply this reform to any but young and growing timber, and then only where certain regulations providing for the best management and protection of the tracts are fully complied with by the owners. This proposal should result in the successful establishment and continued protection of young stands of valuable timber on thousands of acres of non-agricultural land, and this should afford an important source of future tax revenue to the local governments.

Under existing conditions such cut-over areas are disposed of for farms even when of very questionable adaptability for agriculture with no thought of the probable hardships of the farmers who try to make an existence from them. Where not thus disposed of such tracts are naturally restocked with valuable young trees which through lack of adequate protection from fire are almost surely doomed to destruction before reaching any valuable dimensions. There are
extensive areas of such wild cut-over and burned-over lands in northern Wisconsin which will continue unproductive of taxes or anything else until young stands of valuable species are established on them. Therefore, to materially reduce the taxes on growing timber and to thus encourage a wise utilization and protection of such areas can not be construed as a hardship to a town.

In northern Wisconsin there is by no means a scarcity of fertile hardwood land which affords abundant and varied possibilities to the enterprising farmer. Yet lumbermen frequently emphasize the fact that under existing conditions considerable land has to be put on the market as agricultural land at $3 per acre which is unfit for agricultural purposes at any price. Almost every large timberland owner who expressed his views on the situation acknowledged that parts of his own holdings were of typical forest soil, and that it would be of material benefit to the communities in which such tracts were located if they could be permanently maintained for the production of timber. Possibly half of the large operators stated that under a favorable law they themselves would be influenced to maintain whatever lands of this nature they possessed for growing a second crop of timber.

On the other hand there were not a few companies that advanced reasons why they could scarcely hope to hold any of their lands for future forest growth. For example, certain companies operating in the southern part of the region—as in Rusk county, where most of the land is tillable—naturally argued that their wisest course would be to dispose of all of their holdings for agricultural purposes, including even the scattered non-agricultural areas which in most cases are not large enough to constitute lumbering units. Another company was utilizing even the smallest trees on its holdings for the manufacture of wood alcohol and acetate of lime; therefore, since nothing was left to form the basis of a second crop they did not intend to hold any land for this purpose. Several others possessed holdings of insufficient area to furnish a basis for continuous operations. Many companies were opposed to long-time investments exceeding in duration the average length of life and believed that all such undertakings to provide timber for future needs should be made by the state or local government.