

## Study of young-growth

# Timber

## taxation in Mendocino County

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An economic study of young-growth timber taxation—using Mendocino County as a case area—provides factual information and analysis for the work of the Joint Timber Taxation Study Committee.

The committee consists of representatives of the Assessors' Association, the State Board of Equalization, the State Board of Forestry, and the University of California School of Forestry. It was established in 1957 to study problems arising from a 1926 amendment to the California State Constitution, which under certain conditions exempts immature forest trees from property taxation for 40 years and until the trees are declared mature.

Up to World War II the timber harvested in the 16 timber-growing California counties was mostly old-growth. Young-growth areas were taxed for land value only. After 1946, increasing lumber demands made the cutting of young timber attractive. At the same time, the 40-year minimum period of tax exemption provided by the constitution had expired on certain properties. As a result it became necessary to establish a definition of maturity of timber for purposes of taxation.

The constitution provides that exempted timber shall be declared mature by a board representing the County Assessor, the State Board of Forestry and the State Board of Equalization. Since 1956 such maturity boards have been determining the maturity of young timber in accordance with certain guide

lines. The case study was undertaken to analyze the importance of young-growth timber in Mendocino County and the effect of this young-growth tax policy on forest management.

A preliminary evaluation of the consequences of taxation of young timber showed that under the present policy reclassification of young timber has had comparatively little effect on the management of immature timber in Mendocino County.

The study also revealed that a modification of policies, which would subject young growth to taxation at an earlier age than is the case under present policies, may be expected to have an unfavorable impact on young-growth forest management. This impact would be economically important to Mendocino County because its young-growth timber will be the key factor in the raw material supply on which the county's forest economy will rest within the next 15 or 20 years.

The study further found that some problems of equalization in the administration of young-growth taxation have been eliminated by changes in assessment practice, but that other problems are inherent in the nature of the general property tax applied to timber and can not be eliminated by modification of the maturity guide lines.

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*The foregoing article is based on material included in a detailed report by the same author and now in the process of publication under the same title.*

