

FOREST TAXATION

The Forest Industry

Close to the front among the industries on which our national welfare and prosperity are based stands "forest products." This industry with its various branches engaged in production, harvesting and fabrication, spreads over 38 states and provides employment for half a million wage earners.

Its annual production of lumber is valued at one and a half billion dollars, while naval stores, pulpwood and other products add many millions to the total.

Supplying the raw material to maintain this industry has made such demands on our reserves that recent estimates indicate that seventy per cent of the original forests are gone, and that present forest growth is only one-fourth of the annual cut.

The absence of forestry policies to encourage the replacing of old crops with new has resulted in the virtual abandonment of large areas of forest land. At present there are over eighty million acres of cut-over land, without seed trees, not producing, and classed as waste lands. There are over one hundred and thirty-five million acres of inferior second-growth timber which is not considered merchantable.

If an adequate supply of domestic timber is to be developed for future needs it is essential that these areas be brought back into production.

Position of the Chamber

The Chamber of Commerce of the United States has called attention to the situation. In its Referendum No. 42, it pointed out the duty of the federal government and the states in cooperatively re-foresting these waste areas and in protecting forests from fire. It also indicated the possibilities for individual enterprise in growing crops of trees—"commercial forestry"—and pointed out some of the obstacles, important among which is taxation.

On this subject the Chamber through referendum expressed itself as follows: "*Taxation of growing timber should be based upon the principle of the yield tax with reasonable uniformity among the states in such taxation.*"