

Recently the Chamber's Committee on Taxation recommended that, "*There should be modifications of the Federal Income Tax Law that will recognize adequately the peculiar nature of the business of producing forest crops.*" The Committee felt that "*to require those engaged in raising forest crops to take deductions annually rather than against the proceeds of the crops to which they relate is a denial of justice.*"

At the Fourteenth Annual Meeting, May, 1926, the following resolution was adopted:

*For reasons stated in the report of the Committee on National Forestry Policy, and in Referendum 42, based thereon, adequate conservation and replacement of our forests is not practicable without relief from present customary methods of imposing annual property taxes upon standing timber separate from the land upon which it grows. The magnitude of the public interest involved warrants the concerted efforts of responsible state, federal and private agencies to plan and to secure the general application in the states of methods of forest taxation which will effectively promote timber conservation and reforestation through private enterprise.*

### Results of the Ad Valorem System

In the past it has been the custom in most states to tax standing timber and other forest lands on their actual assessed value, in the same way that houses, barns, agricultural lands and other real estate are taxed. This is the ad valorem system of taxation, which is still the practice in many states. It offers no incentive for replanting and cultivating young trees and protecting them until maturity. Nor does it give encouragement to those who desire that their commercial trees shall attain full growth. In addition to risks of loss by fire and pestilence there is the certainty of a constantly increasing tax burden during the long period of years while the timber is growing. Not only does the assessed valuation tend to increase but the tax rate itself increases as other mature timber is cut off, and the cumulative burden falls on the few remaining stands.

The decline and eventual abandonment of many communities which derived their subsistence from the adjacent forest industries is one of the inevitable consequences of the removal of the forests without provision for growth. Mining communities frequently fall into decay with the exhaustion of their mineral deposits, but it seems an inexcusable waste to force our timber into the same category, when this