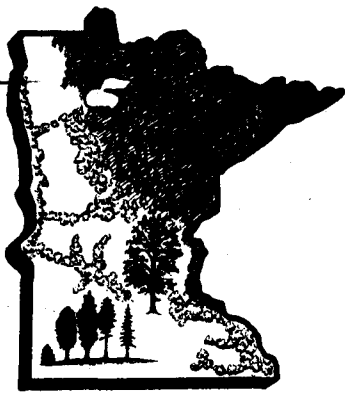
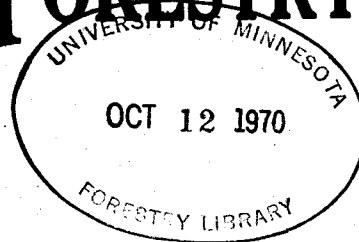


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# MINNESOTA FORESTRY NOTES

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## MINNESOTA TREE GROWTH LAW: TAX RATES AND ACREAGE 1962

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Approximately 191,516 acres of privately owned forest land in nine northern Minnesota counties have been accepted for taxing purposes under the provisions of the Tree Growth Tax Law as of September 1962.<sup>2/</sup> This represents almost a 100% increase in the acreage under this law over the past one and one-half years. Individual county acreages and percent change since March of 1961 are shown on the map. Wadena and Roseau Counties have entered acreage under this law for the first time during this period. St. Louis County showed the greatest percentage gain in entry while Koochiching and Itasca County accepted the largest acreage during the period with about 32,000 acres and 27,000 acres, respectively.

This taxing method is a substitute for the general ad valorem property tax.<sup>3/</sup> While forest land entered under this law usually was subject to an ad valorem tax, a sizeable acreage accepted had been taxed under provisions of the Minnesota Auxiliary Forest Tax Law (a forest yield tax). The largest proportion of forest land entered continues to be in industrial ownership.

Tree Growth Per Acre Tax Rates In Use September 1962  
(Dollars)

County								Forest Type	Range & Average					
Carlton	Cass	Crow Wing	Hubbard	Itasca	Kooch.	St. Louis	Wadena		.10	.20	.30	.40	.50	.60
.19	.37	.21	.24	.23	.21	.23	.35	Spruce - Fir						
.10	.24	.23	.17	.24	.165	.18	.195	Swamp Spruce						
								Other Swamp						
.14	.30	.23	.19	.20	.14	.12	.14	Conifers						
.29	.47	.42	.29	.31	.19	.24	.44	Jack Pine						
.38	.53	.50	.64	.52	.47	.49	.55	Red-White Pine						
.11	.24	.26	.15	.20	.12	.13	.12	Aspen - Birch						
.11	.13	.19	.14	.20	.19	.15	.04	Up. Hardwoods						
.12	.20	.17	.10	.18	.09	.07	.04	Lo. Hardwoods						
.12	.15	.24	*	.24	.12	.12	*	Stag. Spruce						

\* No data

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<sup>2/</sup> The authors acknowledge the cooperation of the county officials contacted in the course of this study.

<sup>3/</sup> For greater detail on this law see: Skok, Richard A. "Minnesota tree growth tax law". Minnesota Forestry Note No. 107. July 1961.

Under this law the tax per acre is specified to be 30% of the value of annual growth for each of nine recognized forest types. The value of annual growth is determined by type as follows:

$$\begin{array}{l} \text{Average county growth rate} \\ \text{per acre in cords} \end{array} \quad \times \quad \begin{array}{l} \text{Average stumpage value/cord based on} \\ \text{county sales during 2 year period} \end{array}$$

Current taxes per acre for Tree Growth land are shown in the table. Considerable variation by forest type among counties was found. This variability is to be expected because of differences from county to county in: (a) species average growth rates, (b) species average stumpage values, and (c) species composition for a given forest type. In absolute per acre rates the aspen-birch type is taxed most consistently among counties with a range of 14¢. The red-white pine type with a 26¢ range and the Jack pine type with a 28¢ range exhibited least consistency.

While growth rates are subject to readjustment under provisions of the law at ten year intervals, stumpage values are recomputed every two years. As a result, the stumpage prices obtained in county sales will be most often responsible for changes in per acre taxes under this law. Factors that tend to increase the demand for stumpage in a county such as the development of new processing facilities or expansion of those already existing should result in higher prices for county stumpage sales and, hence, to a corresponding increase in per acre taxes for the forest types. Obviously, anything that reduces competition for county sales will tend to have the opposite effect on tax rates for the affected types.

