



# MINNESOTA FORESTRY NOTES

No. 179  
January 15, 1967

OCT 12 1970

SPECIAL MINNESOTA FOREST LAND TAX LAWS, 1966: ACREAGE AND REVENUE

David C. Lothner and Richard A. Skok<sup>1</sup>

An examination of the current status of (1) the Auxiliary Forest Tax Law, (2) the special section "3e" classification for forest land under the general property tax, and (3) the Tree Growth Tax Law for 20 northern Minnesota counties<sup>2</sup> disclosed that approximately 709,694 acres of privately owned forest land had been entered on the tax roles for these three alternatives as of March 1966. As shown in Table 1, Koochiching County had the largest acreage entered under the special laws with 217,675 acres. Five of the 20 counties made no use of these methods, relying only on the general property tax approach.

Table 1. Total Acres by County Entered Under Special Minnesota Tax Laws, March 1966

County	Auxiliary Law	"3e" Class.	Tree Growth	Total
Aitkin	0	0	0	0
Becker	0	1,232	4,551	5,783
Beltrami	0	0	0	0
Carlton	0	3,000	15,058	18,058
Cass	0	693	22,919	23,612
Clearwater	160	1,463	0	1,623
Cook	0	0	0	0
Crow Wing	0	105	23,220	23,325
Hubbard	2,814	5,707	18,732	27,252
Itasca	24,135	633	80,684	105,452
Kanabec	198	0	0	198
Koochiching	162,368	11,234	44,073	217,675
Lake	0	140,365*	0	140,365
Lake of the Woods	0	0	0	0
Mille Lacs	72	0	0	72
Morrison	0	368	1,657	2,205
Pine	0	0	0	0
Roseau	0	0	1,713	1,713
St. Louis	66,901	0	55,666	122,567
Wadena	0	0	19,704	19,704
Total	256,648	164,800	287,977	709,695

\*Data not available from Lake County officials; acreage was, therefore, estimated using an average tax determined from counties providing both tax receipt and acreage data for this taxing method.

<sup>1/</sup> Research Assistant and Professor, respectively, School of Forestry, University of Minnesota.

<sup>2/</sup> The authors are indebted to the county officials for the cooperation given during the course of the survey.

The total acreage entered under the alternatives accounted for approximately 13% of all private commercial forest land in the counties surveyed. This is nearly equal to the total area of industrial ownership of commercial forest land in these counties.

The three special methods evolved as substitutes for the general property (ad valorem) tax as attempts to more closely link the taxes paid with the value of the land for timber production. The alternatives differ in their taxing procedures as follows:

(1) The Auxiliary Forest Tax is a yield tax in which a proportion of the total tax for a tract of timber land is postponed until the timber is harvested from the land. A fixed tax per acre is paid annually.

Tax = \$.10 per acre + 10% of the stumpage value of timber harvested from the land.

(2) As a sub-division of the general property tax laws, the tax under the "3e" classification is calculated in the same manner as rural homestead real estate under the general property tax. The classification ratio (percent of true and full value) is thus reduced from 33 1/3% (which applies to rural non-homestead - the usual forest land classification) to 20%.

(3) The Tree Growth Law classifies forest land into ten distinct types. The tax per acre for a given type is calculated as follows:

Average county growth rate per acre by designated forest type in cords x ave. stumpage value per cord by type based on county sales during a 2 year period x 30%.

Approximately \$146,000 of tax revenue was received in 1965 from lands under these laws in the 20 northern Minnesota counties. Table 2 shows total and per acre tax receipts received by individual counties by each of the three laws.

Table 2. Total and Per Acre Tax Receipts by County for Each of the Special Minnesota Forest Tax Laws, 1965\*

(Dollars)

County	Auxiliary Law		"3e" Class.		Tree Growth		All Receipts	
	Total	Per Acre	Total	Per Acre	Total	Per Acre	Total	Per Acre
Becker	0	-	272	.22	1,227	.27	1,499	.26
Carlton	0	-	412	.14	1,821	.12	2,233	.12
Cass	0	-	328	.47	7,474	.33	7,802	.33
Clearwater	25	.16	499	.34	0	-	524	.32
Crow Wing	0	-	33	.31	6,955	.30	6,988	.30
Hubbard	281	.10	2,445	.43	4,130	.22	6,856	.25
Itasca	2,210	.10	174	.27	15,508	.19	17,892	.17
Kanabec	20	.10	0	-	0	-	20	.10
Koochiching	30,958	.19	3,163	.28	4,941	.11	39,062	.18
Lake	0	-	43,175	***	0	-	43,175	-
Lake of the Woods	0	-	0	-	7***	0	7	0
Mille Lacs	7	.10	0	-	0	-	7	.10
Morrison	0	-	166	.45	295	.18	461	.21
Roseau	0	-	0	-	749	.43	749	.43
St. Louis	4,927	.10	0	-	8,006	.14	12,933	.11
Wadena	0	-	0	-	5,689	.29	5,689	.29
<b>Total</b>	<b>38,428</b>	<b>.15</b>	<b>50,661</b>	<b>.31</b>	<b>56,802</b>	<b>.20</b>	<b>145,897</b>	<b>.21</b>

\*Per acre data are based on 1965 receipts and 1966 acreages. Some slight changes would be expected if 1966 receipts had been available.

\*\*Not calculated as acreage figure was estimated as noted in Table 1, fn\*.

\*\*\*Results from 20 acres withdrawn in 1966.

The "3e" classification thus yielded the highest per acre (31 cents) tax receipt on an all-county basis even though the classification ratio was reduced from 33 1/3% to 20%. The Tree Growth Tax Law was considerably lower with an average per acre tax receipt of 20 cents. The Auxiliary Forest Tax Law resulted in the lowest average per acre receipt. Where data were sufficient to allow for a comparison within individual counties, the above ranking was consistent.

Published as Sci. Jour. Ser. Paper No. 6152 of the Univ. of Minn. Agr. Expt. Sta.

UNIVERSITY OF MINNESOTA  
3 1951 D02 492 651 E