

2. *The Rate Basis*.—There is a fundamental difference between levying an annual tax on properties producing an annual income and levying an annual tax on properties producing an income at intervals of a considerable number of years only.

3. *Woodland Tax Exemption*.—Whether there be any special economic reasons why lands bearing wood crops should be taxed at a different rate from lands producing other crops.

I.—The Assessment Basis.

It has been the custom and the law of most states and provinces in North America to include the value of the standing timber with that of the soil in assessing woodlands for taxation purposes. This is both unjust and unwise, and is certain to result detrimentally to woodlands wherever practised.

Forest crops differ from field crops in that the product of any one year's growth cannot be harvested at the end of the growing season, as is the rule with other crops. Thus the portion of wood which is produced during, say, the fifth, tenth, or fifteenth year of a tree's or plantations' growth must remain on the ground until there has accumulated fifty, sixty, or seventy years' growth, when the whole may be sold to advantage. The growth produced during the earlier years of the tree's life is to all intents and purposes simply *stored* in the trunk of the tree until such time as the whole has reached a merchantable size. To add the value of a forty year's growth of pine trees to the value of the soil for taxation purposes is really as unfair in principle as to add the value of the last forty year's grain crops to the assessment valuation of a grain field. The forty years' growth of pine is not there for investment purposes. It is there simply because the nature of the crop requires the accumulation of decades of growth to make the whole merchantable.

It cannot be too clearly kept in mind in this connection that the soil and climate, and they alone, are the natural producing factors whether the crop be wood or wheat. To add the value of standing timber to the assessment is clearly a case of double taxation in that to the value of the producing agent—the soil—has been added the value of its product—the trees.

Unjust in principle, taxation of the growing trees is nothing short of disastrous in practice in that it provides an incentive to prematurely harvest the crop, the proceeds from which may then be invested where it will not be subject to taxation.

Fortunately in Ontario the law requiring that woodlands be assessed according to their sale value—including the timber—has not been generally enforced by the township assessors. The law, however, as it stands is vicious in principle and should