**Property Taxation and Forest Fragmentation in Kentucky Watersheds**

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**Abstract:** This study examines the current practices utilized in assessing forest land for property tax purposes in thirty-seven counties in the Green River and the Lower Cumberland River Watersheds in Kentucky. These watersheds are among the top fifteen watersheds in the United States expected to experience increased development and fragmentation according to the U. S. Forest Service. The goal is to build a foundation for future studies related to forest land taxation and for changes in tax policy to promote sustainable forest management. By promoting forest management through tax policy the rate of fragmentation and conversion of forest lands to other uses may be reduced. A survey was conducted with the property valuation administrators for the counties in the Green River and Lower Cumberland River Watersheds. The survey provides data on how properties are valued for taxation in each county. After the valuation methods were identified and grouped they were applied to a hypothetical property that could be found in the watersheds to allow for the comparison of the net present value under different assessment methods. A sensitivity analysis was performed to determine the impact of each of the assumptions used in calculating net present values.

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