An Evaluation of Forest Property Tax Programs in the United States

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Abstract: Tax treatment of forest land can impact forest management practices and influence landowner decisions to maintain land as forest or convert it to other uses. State and local tax laws can provide incentives for forest conservation and reduce economic pressure for conversion of forest lands. Each state has a unique approach to taxing forest land and some states are considering revising their legislation on forest property taxation.

Property tax programs change periodically, and a current description of each program is essential to understanding forest property tax systems in the United States. A matrix of current systems allows for an easy comparison of programs. Our matrix details the type of property tax, laws and objectives, program requirements, penalties, and administrative responsibilities for the thirty-seven states outside the South. The matrix is detailed enough to provide a good understanding of current state property tax systems and the format allows for easy comparison between different state systems. State forest property tax alternatives include (a) exemptions and rebates, (b) harvest taxes, (c) modified property taxes including flat taxes or productivity (current use) taxes. The forest property tax matrix is useful to landowners, policy-makers, business leaders and forestry professionals.