A Comparative Analysis of Industrial Timberland Property Taxation in the U.S. South

Guiping Yin and David Newman¹

Abstract: We present a comparison of fair market values (FMVs) and the subsequent property tax burden of industrial timberland conducted for five southern States – Alabama, Georgia, Mississippi, North Carolina, and South Carolina. Variations between states were substantial, as major differences exist in taxation methods. The results showed that Georgia’s industrial timberland maintains the highest fair market value and incurred the highest property tax burden. Only Georgia assesses industrial timberland at FMV, while the other states use some form of current use assessment. When we include additional taxes, Georgia is still substantially higher than the other states in the study. Thus, Georgia is put into a relatively disadvantageous competitive position because FMVs can be substantially higher than current use values, especially in areas with high development pressure. In addition, since Georgia industrial timberland holders are unable to take advantage of other tax relief programs, which are made available to private forest landholders; they are further hampered within their own state. In regression analysis of factors influencing assessments, the best predictors of fair market value included location, population growth rate, and participation in Conservation Use Valuation Assessment program.

¹Professor of Forest Economics and Policy, Warnell School of Forest Resources, University of Georgia, Athens, GA 30602-2152. dnewman@arches.uga.edu. (706) 542-7649.