

Effects of Federal, State, and Local Taxes on Family Forest Owners

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Objectives

- Document the current landscape of federal, state, and local tax policies affecting family forest owners.
- Evaluate the impacts of these tax policies on family forest owners' decisions.
- Identify the strengths and weaknesses of these tax policies.

Background

- There are over 10 million family forest owners in the U.S. who collectively own 264 million acres of forest land, 35% of the forest land in the U.S.
- Policy tools to encourage the conservation of family forest lands include technical assistance, outreach education, financial incentives, and regulations. Among these tools, financial incentives, particularly tax incentives, play a prominent role.
- Tax incentives include reduced property, estate and inheritance taxes, favorable tax credits and deductions, favorable capital gains treatment of timber income, as well as incentives linked to specific stewardship practices such as wildlife protection, recreation, and reforestation.
- In contrast to the body of literature addressing the financial implications of tax policies, no published studies have analyzed the cumulative impact of tax policies on the decision making behavior of family forest owners.
- This suggests a need for an up-to-date, comprehensive understanding of existing tax policies and programs across the country and their impacts on family forest owners.

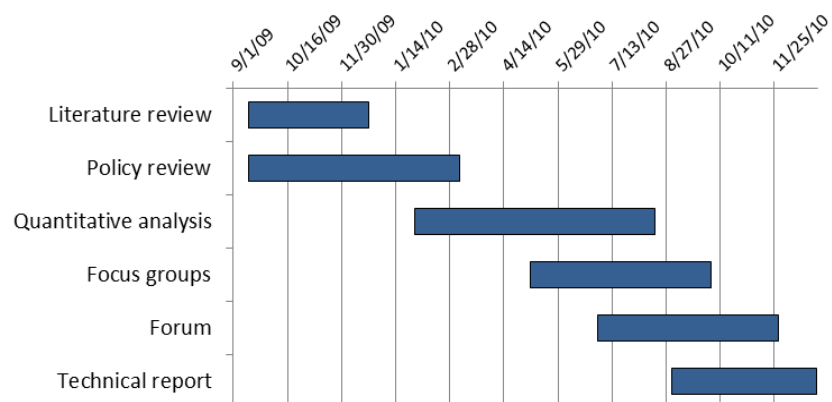
Methods

- The existing literature was reviewed.
- The current tax policies were documented, cataloged, and verified.
- Property tax program administrators were surveyed to evaluate program effectiveness.
- The impacts of tax policies on forest land loss, parcel size, and forest management were quantitatively analyzed.
- Focus groups with family forest owners and forestry professionals were conducted.
- The results were synthesized with the assistance of select experts and owners.

Final Products

- Booklets, articles, and/or fact sheets for family forest owners.
- A technical report for policy analysts, legislative staffers, and other interested parties.
- Journal articles and conference presentations to convey the findings to the research community.

Timeline



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