

Appendix IV.
Family forest owner focus group report



**A Qualitative Report on
The Effect of Taxes on
Family Forest Owners**

Prepared for:
University of Massachusetts,
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I. INTRODUCTION

A. Background and Purpose

In the United States, about 35% of the forestland is owned by 10 million family forest owners. While most of these landowners hold relatively small tracts, their collective management behavior has an enormous impact on the sustainability of the nation's forests. A wide range of policy tools have been adopted to encourage sustainable management of family forests. Tax incentives play a prominent role, including: reduced property taxes, favorable tax credits and deductions, favorable capital gains treatment of timber income, and incentives linked to specific stewardship practices, such as wildlife protection, recreation, and reforestation.

Research on the impact of tax policies on family forest owners has focused primarily on income, property and estate taxes. A number of studies, primarily by academics, have examined federal and state income tax programs, family forest owners' awareness of the alternative treatments of their income, and factors affecting their utilization of these options. Several researchers have examined current use valuation programs, the way property tax reductions affect land use practices, and attitudes of family forest owners towards forest management. In addition, some studies have examined federal and state estate taxes on family forest owners.

There have been no published studies, however, that have documented, analyzed, or compared three types of tax incentives simultaneously across various levels of government. This suggests a great need for an up-to-date, comprehensive understanding of existing tax policies and programs across the country, particularly at the state and local levels, and their impacts on family forest owners.

The qualitative research reported on here is part of a larger research program intended to review and compare existing federal, state, and local family forest tax policies in all 50 states; to analyze the historic and projected impacts of tax policies on family forest owners; and to identify tax policies that would best encourage keeping family forests as forests and increasing sustainable forest management.

A series of focus groups with family forest owners and with forestry professionals has been conducted by the University of Massachusetts' Family Forest Research Center, funded by the American Forest Foundation. This report concerns the landowner focus groups. Objectives of this phase of the research are to:

- Gain an understanding of forest owners' knowledge of, attitudes towards, needs for, and concerns about existing tax policies and programs.
- Identify motivations for and barriers to participation in existing programs.

- Explore the effectiveness of the policies and programs from owners' point of view.

Additionally, the focus groups may be useful in developing new questions for the National Woodland Owner Survey conducted by the USDA Forest Service, Forest Inventory and Analysis Program.

B. Sample

A series of ten focus groups was conducted with landowners in five regions. The areas selected have a high concentration of family forest owners and rising rates of development. Landowner lists were obtained from local property tax assessor offices.

Screening requirements for respondents were:

- Own 10-999 acres of woodland in the state where the focus groups were held. Most owners interviewed had under 100 acres in total (all parcels).
- Own land privately through individual/joint ownership or family partnership/trust/estate.
- Make decisions concerning the land alone or share decisions about equally with someone else.
- A mix of gender, age (21+ years old), and length of ownership.

Two focus groups each were conducted in: Manchester, New Hampshire; Columbia, South Carolina; Calera, Alabama; Wausau, Wisconsin; and Olympia, Washington. The focus groups were originally to be divided by current use program enrollees and non-enrollees in each market. Respondents were asked in screening if they were enrolled in the program, using each state's name for the current use program. However, the sessions ended up being a mix of enrollees and non-enrollees because of respondent confusion about the program. This confusion indicates some issues with the programs, which will be discussed in the report.

The focus groups were conducted between June 22 and July 22, 2010. Each focus group lasted two hours. The sessions were recorded and later transcribed. Due to confidentiality issues, these transcripts are to be used for research purposes only and not released.

C. Discussion Areas

- General ownership
 - Owner's land – number of acres, location, description of the land, when bought/inherited, residence or not.
 - What is valued/enjoyed most about owning the land.
 - Challenges of being a landowner.
 - Future: plans to sell, vision after the owner no longer owns it, concerns about realizing this vision.

- Property taxes
 - Impact on what owners do.
 - What owners have done to reduce property taxes.
 - Current use program
 - Respondents recruited as enrollees wrote a brief description (Appendix B).
 - A written description for the state program was shown to groups recruited for non-enrollees (Appendix A).
 - What the program is/does, sources of awareness, benefits, negatives/barriers to enrolling

- Income taxes
 - Impact on owners who have generated income from their land (e.g., from harvesting).
 - What owners have done to minimize these taxes, people they turn to for information/advice.

- Estate taxes
 - Awareness of lack of estate taxes in 2010.
 - Have owners thought about estate taxes, tools for minimizing them.
 - Impact of estate taxes on owners who inherited; what they did to minimize them.

- Other taxes with impact on family forest owners.

D. Caveat

It is important to emphasize that this study is qualitative in nature and that the hypotheses discussed in this report should be viewed as tentative.

E. Reading Notes

Respondent verbatims from the focus groups have been edited for clarity and conciseness.

II. SUMMARY OF HYPOTHESES

A. Observations on Landowners

Most of the family forest owners interviewed seem to care deeply about their land, loving it for a variety of reasons:

- Privacy.
- Peace and quiet.
- Recreation and other outdoor activities.
- The beauty of nature – the wildlife/“critters” and trees.
- As a place to raise children and bring grandchildren.
- Family heritage/connection.
- Sense of responsibility for conservation and stewardship.
- Self-sufficiency and security.

A small number of the participants had a more pragmatic, unromantic view, thinking of the land solely as a business or investment. And still others resented being saddled with inherited property. A number of landowners interviewed have multiple parcels and fall into multiple camps.

Taxes came up unaided in most focus groups as a challenge for landowners. This is in the context of a number of other challenges:

- Financial pressures some are under because of the recession.
- Development, which threatens many of the aspects of country living they love and can increase their property taxes.
- Trespassers who come on their land, cut their trees, dump garbage, etc.
- “Rules and regulations” related to harvesting and wetlands restrict what they can do, and change too often (“a moving target”).
- Wildlife problems causing damage to property and trees.
- The threat of eminent domain.

Only a few landowners interviewed are currently considering selling part or all of their land. High property taxes are one reason, sometimes combined with other factors, like development, that make owners question whether or not it is worth holding onto their land.

A number of family forest owners hope that their land will remain “intact” after they die or sell it but few have taken action to ensure this. Landowners seem to fall into these segments:

- Planners who have taken or are seriously considering steps to ensure that the land will be used as they desire.
- Wishful thinkers who hope their land will be kept intact but haven’t done anything concrete.

- Avoiders who have not given the issue thought because it seems remote (younger owners) or is uncomfortable (older ones).

Whether or not the land remains intact depends largely on owners' children, of course. Some landowners are confident that at least one child or other heir will keep the land; a few have specifically asked their children not to sell. Others, however, know or are worried that children do not want the land, primarily because they live far away and have no interest in returning to the community where they grew up.

Possible obstacles to owners' vision for their land include some on the parents' side and some in the external environment:

- Parents' reluctance to talk with children about difficult topics that could stir inter-generational or sibling conflict.
- Parents' belief in a hands-off approach to children's lives, not dictating their choices.
- Landowners' unwillingness to pay for consulting with financial and legal professionals.
- Development, which some see as an unstoppable trend
- Rising property taxes, pressuring heirs to sell.
- Eminent domain.

Strategies for keeping the land intact discussed by owners include informal and formal/legal ones:

- Dividing up the property among children through gifts, sales and deeds, in a will.
- Family trusts.
- LLCs.
- Conservation easements, of interest to the conservation-minded landowners, especially those without heirs.
- Donations to the landowner's town.
- Adding all children's names to the deed.

B. Impact of Taxes on Landowners

Property taxes are by far the type of taxes of greatest concern to the family forest owners interviewed. All landowners pay the taxes, so it is not surprising that these are on their minds. Taxes have gone up as land values rose but many owners' incomes have gone down during the recession; there are also more senior landowners on fixed incomes. Many of the owners purchased land in the 1970s and 1980s when woodland was inexpensive but now their tax assessments are much higher.

Property taxes were cited as the sole or a contributing factor to some landowners considering selling the land or thinking that they may have to in the future. Several respondents said that people they know have been pressured to sell because of the taxes; these stories are secondhand, of course. It should be kept in mind that the sample for this study was current landowners, not owners who have sold their land.

Current use programs have helped a number of landowners yet a good deal of confusion about the programs is clear.

- Terminology for the current use programs seems to contribute to the confusion: some names are long and hard to remember, some states have multiple names for variations on the program, terms are different from vernacular usage (current use, common use, agricultural use, crop, etc.).
- Some landowners in New Hampshire had checked off a box on the tax form related to zoning, which several enrollees believe means they had signed up for current use without realizing it. (This conflicts with information given to a member of the AFF research team for this study, who said that a 5-7 page application is required. Zoning and current use are also different, of course.)
- Other tax reduction programs like homesteading and senior exemptions also result in confusion – are these the same or different, owners asked.

Sources of information for landowners for aware that they had enrolled include:

- Word of mouth from other landowners, family members, neighbors, the previous owner.
- Town tax assessors who answered owner questions or proactively suggested the program, usually when the owner complained about high taxes.
- Forestry sources, governmental and private, received a few mentions.
- Community meetings about topics other than current use.

Enrollees interviewed expressed highly positive views of current use programs overall, citing several benefits:

- Significantly lower property taxes. Even in states with taxes that are low to begin with (Alabama, South Carolina), landowners said that current use had made a difference for them.
- Enabled some to keep their land. Whether or not this is actually true might be questioned but it is important to recognize that a number of enrollees believe the tax relief has made this possible. It seemed to be the owners with parcels under 100 acres who felt the program has saved their land.

- Keeps open space/promotes sustainability, which is good for both landowners and society.
- Encourages tree planting and growth.
- Positive management plan experience (Wisconsin, Washington) which has helped owners improve their land while retaining control.

Enrollee criticisms of the current use programs were generally not serious ones, far outweighed by the benefits.

- Low return on trees harvested, which some recognize is balanced out by the tax savings (Wisconsin).
- Public access – an owner who enrolled in this program simply changed to the one allowing posting.
- Land designation in a few cases (buildable, wetland).
- County differences in rules and assessor attitudes.
- Back taxes penalty. Most enrollees were not concerned with this but some recommended others not participate if they might sell.
- Political issue – not a criticism of the enrollees but an observation that the current use program has occasionally come under political pressure (New Hampshire).

It is beyond the scope of this report to evaluate the effectiveness of different current use programs. Some, like those in New Hampshire, focus on preserving open space, while others, like Wisconsin's, aim to ensure timber production. This research suggests that both types encourage landowners to maintain their forestland and, in their own way, both may achieve the different objectives. Obviously, it is easier for enrollees to comply in states without a management plan.

A number of obstacles to participation were seen in this research, in addition to the ones mentioned above. They seem to be a combination of lack of awareness, negative impressions, misunderstandings, rejection of certain provisions and philosophical objections.

- Lack of awareness. A number of landowners are not information-seekers, programs have not publicized since their introduction (in some cases 35+ years ago).
- Difficulties obtaining information from some town assessors, who do not tell landowners about the program, even after hearing complaints concerning high taxes.
- Negative word of mouth leads some landowners to reject the program, even if they have only vague impressions of it.
- Back taxes penalty, a key obstacle for landowners who want the flexibility to sell their land, especially when they get older and retire. Confusion exists about the amount that would have to be repaid for what period of

- time. In some states rollback taxes could wipe out any savings landowners received during their participation.
- Misunderstanding that enrollees must provide public access, although this is an option with a higher tax discount, not a requirement (New Hampshire, Wisconsin). For some landowners this is a deal-breaker.
 - Giving “control” to the government. This evokes fierce and insurmountable objections among some landowners.
 - Strict supervision of the adherence to the management plans, including use of aerial photography to monitor the land.
 - Qualification issues/questions, such as the number of acres enrollees must have, how dense the woods have to be, etc.
 - Savings are not significant enough, especially when withdrawal penalties are taken into account. This is especially true for owners with smaller parcels and areas where the “standard” taxation rate on woodland is relatively low.
 - Lower resale value.

Income taxes on land-related sales affect relatively few of the family forest owners interviewed for this study. Some had cut but often this was a one-time occurrence years ago; others have land-based businesses that generate little if any income. Such income tax has not motivated them to cut or do something else in order to pay their tax bills, respondents said.

Specific strategies for reducing these income taxes were described by more knowledgeable owners:

- Capital gains. Most owners don't have a basis for depreciation, however.
- Deducting business expenses.
- Spreading out income or taxes over multiple years.
- Leaving the timber as is so heirs who can have it appraised and logged at a higher value.

Sources of information owners have or would turn to are financial professionals, such as accountants, CPAs, tax preparers (not necessarily CPAs) and the IRS. There were scattered mentions of forestry specialists.

Estate taxes did not come out as a major factor in this research. Some landowners in the Planner segment are concerned and have taken action to reduce or help their heirs pay the tax; even they find the issue frustratingly complex. Most of the landowners interviewed, however, do not view the taxes as relevant. Federal estate taxes are not in effect this year, of course, and if they are reinstated, may apply to land more valuable than what most hold. Similarly, several owners who inherited their land said that estate taxes were not a problem. But again, many of these owners inherited these lands in the 1970s and 1980s when land values were relatively low.

Keeping in mind that respondents in this study are all current landowners, some did express concern about their heirs being able to afford to pay estate taxes or had problems when they inherited.

Strategies to minimize estate taxes or leave money to heirs include ones mentioned earlier as ways to pass land down in the family:

- Gifting is used by several owners as a way of transferring money to heirs so they can afford future taxes.
- Family trusts to avoid probate.
- Deeding property to the children interested in it, leaving cash to the others.
- Family partnerships and LLCs, used by a few.
- Joint accounts with heirs, either/or survivorship.
- Placing all children on their deeds.

Sources of information landowners have used or would use include professionals specializing in estates (estate planner, wills and trust attorney, tax attorney), general practice attorney, real estate broker and financial advisor. It can be difficult finding an attorney who knows the subject well and a number of landowners resist the idea of spending on professional advice.

III. DISCUSSION

Demographic and regional differences are noted where they appeared. Most of the landowners interviewed have property under 100 acres, are 50+ years old, have owned for 20+ years and are Caucasian. There was a mix of men and women. Respondents were not asked for household income or educational background information.

A. ATTITUDES TOWARD LANDOWNERSHIP

1. What Landowners Value Most

Love of their land is strong for most of the landowners interviewed, whether it is their main residence, second home or additional property. There were a number of multiple-parcel owners who feel warmly about the pieces they live on although they take a cold-eyed view of pieces bought solely for investment purposes. The feelings expressed in this study are similar to ones we have interviewed in other research, including the Sustaining Family Forests Initiative (SFFI) focus groups.

These comments demonstrate the intensity of feelings.

I just love where I am. Not everybody has paradise in their backyard. (New Hampshire)

I think all of us here have different goals and objectives but the one main thing we all have is pride of ownership. (Washington)

More specifically, respondents talked about benefits of ownership, several of which tie in together.

- Privacy – solitude, being able to do whatever they want without others seeing or knowing (walking around undressed, not worrying about making noise, etc.). In effect, landowners feel they have a world of their own.

I just don't like to live close to other people. I like my privacy and I like nature, being close to nature – the solitude, the peace. Walking out and not seeing somebody else, or just seeing the animals. (Alabama)

- Peace/quiet of country/rural living. Tied in with privacy, owners delight in not hearing or being heard by neighbors. “Oasis,” “serene” and “sanctuary” were among the descriptions; some find spirituality as well. Being on the land relieves stress, some said; it is a place to relax and unwind from work pressures, including ones caused by the land in the case of a Wisconsin farmer. Some landowners who tried city living and disliked it especially appreciate the calm of the country.

We plan to move out there [to the other property] when the economy gets better because we love it out there. The peace and quiet. There's something about walking out on a piece of property and the deer. You hear the birds singing. At night when I go down there and build a fire you can look up and see the stars the sky is so clear. (Alabama)

- Nature – the wildlife, trees. Landowners seem fascinated by the “critters” they see on their land. Clearly, some enjoy bragging about unusual animals they have sighted and about some friendly regular visitors.

Trees were specifically mentioned by several owners because of their beauty, role in providing privacy, shade, and buffer. “I grew up appreciating trees,” a South Carolina owner said. Some owners feel a sense of mission to plant, grow, and give away trees.

For a time we had a saw mill but I made my husband stop cutting the white oak for the deer. I'm a feeder, not a hunter. I keep a couple of feeders out there all the time so the deer are prevalent and safe. I've got Canada geese that come in, mallards and other wood ducks that come in, plus all the other critters. I go through about 300 pounds of corn every couple weeks. (Alabama)

It's the wildlife that interests me. We've had a lynx, bobcat, two different critters. And a mountain lion in 2000. (New Hampshire)

I was born and raised in the country. When I was real little we lived in a house and we didn't have air conditioning. I didn't have shoes either. I can remember going barefooted and the sand was very hot but the thing was we had big trees. We would be under the tree on the picnic table and cut watermelons and eat them right there. I guess I grew up appreciating trees. Now the people cut all the trees out of the yard. I don't know why. It was so sad. On my property, of course, we don't cut a tree – even a scrub oak, as bad as they look. We love trees and that's the thing I appreciate about my property. (South Carolina)

We bought the land in the late '70s. At first there was nothing on it and I got a few trees. I had some friends with land up north and so I dug some trees from up north and planted them down on that land. Now they're 50 feet tall and those trees have produced seedlings. I dug up the seedlings and I took them to my classes for the last three years on Earth Day and every kid took home a seedling. We planted them in the class and they took them home. This is a second generation tree that's being shipped off the land. I have friends that come over and we dig little spruce and balsam trees and they're in their yards. It's kind of like that genetic run of those trees that I got from wherever now is all over. (Wisconsin)

I've planted trees on it. The seven and a half acres that we have the house on used to be a pasture and now it is anything but. There's thousands of trees that I planted on that by hand. It was every year just a few at a time. I started planting some trees on the other part so whenever I cut down I also plant. Nothing is static. I'm always changing it. (Wisconsin)

Where we live is kind of our jewel as far we're concerned. We've got a lot of wildlife and deer and turkey. Nice meandering stream goes through the property. Then on the back of it we've got the river. So it's really a sanctuary for wildlife, which is really nice for the wife and I. (Wisconsin)

- For children. The country is a good place to raise children, grandchildren love it and are happy to visit (which of course pleases their grandparents). Animals play a part in this for some owners as well.

We have kids and one of the biggest things for me is that they can just go out and explore and just go play in the woods instead of being inside doing stuff or just playing lawn stuff. They love it to go out and have that opportunity for exploration. The place that our land is on is hemmed in by a curved road behind it. The development that's gone on in there, it's created sort of a buffer in a town where everything ends up being two-acre plots. This creates a zone where the wildlife can stand and the forest is more or less intact. [It's important] for myself but also for the kids' education. We'll have breakfast and a moose walks through or fisher cats coming. It's outstanding. We actually left a big part of the back yard unmowed so that it would lure more animals in. (New Hampshire)

We have two children, 20 and 18. They're no longer in 4H projects, which was the original incentive to buying the property. They each had a pasture to maintain. (Wisconsin)

- Family heritage. Landowners who inherited or bought family land typically (though not always) spoke about their strong desire to keep it. The land goes back several generations for some, the house and area have "history." A few respondents grew up on their property and have nostalgic memories of their childhood there.

I've got pictures in there that's 150, 200 years old of my family. I've got one picture in there – Harold [V's] mama's was grandma's sister. He's 82 right now and she's just about that high in that picture and her daddy and mama's in the picture. I go way back. (Alabama)

My dad was born in a house probably straight shot within three-quarters of a mile from there. He grew up kicking and splashing in that creek right there in front of the house. I've been up and down it all my life. My granddaddy farmed the bottom right there in front of my house. I helped him plow it with a horse and a mule and we raised corn on it. It's a heritage type thing – lot of memories, lot of history. (Alabama)

One of the experiences I had that I cherish is during the time my father had some cows, one was in labor delivering a calf. He wanted me to have the experience of delivering a calf and he held her in labor until I delivered that calf. I remember building sheds and that kind of thing on the property; some of them are still standing. We no longer have cows. We lease it out to a gentleman and have a few cows and a few horses on it. It's been in my family – my father purchased

this property probably in the late '40s – about 60 or more years. My brother and I share portions of it. I guess for 40 years I've basically been directly involved with it. (South Carolina)

I go back to when I was three or four years old and living on the same property. As a kid only the bottom end of the land was wooded, probably about five acres down near the creek. In those days the creek did run because there weren't ponds and dams upstream. There was a railroad track ran across the south edge of it. The trains would come through and little Johnny would be down there waving at the engineers. I spent a lot of time down in the wooded part when I was a kid and some of my friends were there with me. It was something I really grew up with. It's a place where I just feel comfortable hanging out. (Wisconsin)

- Recreation. This is both a reason why a number of landowners purchased their land and what they especially enjoy about having it. Preference for recreational activities varies regionally, as would be expected. Hunting, for instance, was mentioned more often in the Wisconsin and New Hampshire groups. Fishing, camping, hiking, riding AVs (even a three-year-old child of a Wisconsin woman), horseback riding, gardening and outdoors photography also came up.

I guess I'm just a homebody. That's the only place I've ever known. We take a vacation I'm ready to come home after about the third day. I just like to mess around outside. Got a little garden and I deer hunt and everything and just be outside. (South Carolina)

- Being active outdoors – getting exercise, taking care of the land. A retiree said he bought land because he wanted “something to do.” For landowners who are not farmers, animal breeders or otherwise involved in generating (or trying to generate) income, taking care of chores and maintaining their land can be enjoyable. Gardening, whether for practical reasons or enjoyment, is important to several owners.

I retired 10 years ago; it gives me something to do outside. I planted about 20,000 trees. Planting them isn't that big a deal – it's taking care of them once they come up. (Wisconsin)

- Conservation/stewardship – a goal mentioned by some landowners. Their language was notably different from other landowners, including terms like “sustainable” and “ecosystem.” The conservation ethic was most apparent in New Hampshire and Washington. A Washington owner went so far as to say that “we just simply bought our land so we could preserve some habitat.”

We're interested in sustainable living with the garden and our chickens and lots of fruit trees and the water collection system. We've got a wood-burning stove so we use some of the timber for that. That's why it's special to us. (Alabama)

The site that we have is something we're trying to make into sort of an educational nature center, at least the forestry piece of it is. In the Hancock area there's a fairly good conservationist viewpoint of saving forests and to me it's a wonderful place to wander through. There's all these little mossy dells. It's New Hampshire; it's just beautiful stuff. I would like to actually use my two pieces as demonstrations of sustainable forestry because in the middle of them is another piece of land which someone else owns that effectively was regrowth from being pasture around 1900. You can walk from one management to a different management; two steps and all of a sudden you're in heavy pines or you're in deciduous forest. (New Hampshire)

It's really nice to pull away and be surrounded by my land and my birds and my deer who eat everything I plant. I feel like I've been given this piece, this lovely chunk with mixed forest and animals and birds galore. We have a duty to keep this little treasure somehow. I feel like a steward of this land and it's a heavy responsibility. We probably won't move until we just can't drive downtown anymore. So what are we going to do with this? I don't feel like it's our totally. It is ours, we're the ones that pay taxes on it and made the payments on it. (Washington)

- Self-sufficiency, security.

I feel like if you got some land and you've got a lake on it you can always survive. If you can farm a little bit and know how to fish and stuff like that, whatever happens you can raise your family if you had to. (Alabama)

I came up a poor boy and my dad never owned anything. I said if I ever got a chance I was going to buy some land somewhere, have something, be secure. My dad and all, we were sharecroppers. I said I don't want to go down that road, I want to have something for my own self. It was hard to buy. It was 23½ acres at the time I got it 30 years ago. Buying land is security. (Alabama)

Several comments show the mix of appeals country living has for landowners:

I'm actually living on a home now with a horse and donkeys and ducks and geese and chickens and pretending to be a farmer. It's a great life. It's wonderful to be around the animals and among natural things. It's a very wonderful spiritual experience. It seems like that's where we belong. It's what we've been in touch with for several million years before the last few centuries when we all moved to the cities. (Alabama)

There is intrinsic value to living out in the country. You can always go to the city but people who live in the city cannot go out to the country. The ownership of your own land even if it's just an acre or whatever, it's not a contest. There's an infinite amount of things you can do. Both express yourself and hopefully help the land in its expression. Not [to be] too cosmic but there is sort of the essence of the land just like there's an essence of this room. You have some land that just cries like it should be farmed and you have other that should be kept as it is. You see some hill and you say "that's where a house belongs." (Alabama)

It's the aesthetic joy, it's the animals, it's the quiet, it's the exploring, following the old stone walls. I mean, it's just beautiful. I personally hope that development could stop right now and just leave everything that way it is. (New Hampshire)

There's stone walls running through [my land]; there were different paddocks for different uses. You can really tell as you walk across the stone wall what was done in each place. It's a nice look back at the history of it. What I really enjoy about my place is the solitude of being able to get away from the traffic and everything and be out in the woods. I've owned the property for 14 years and I've always been in the woods [so] I can watch how the trees regenerate. You get a sense of geologic time that you can't get when you drive through the other part of town and it's all lawns. In the forest you have this sense of place and I really enjoy that. I do woods walks with kids from the local schools. I try to teach them how trees react on a lawn versus how trees react in the woods and help them understand and be more connected to nature. The other thing I really enjoy about it is it provides a wildlife corridor in the area that I'm in. (New Hampshire)

We've got a creek and it's very desolate. We enjoy it so much because it's quiet. We only have one neighbor; there's nobody around us or whatever. You can hear the whippoorwills. You can hear the coyotes at night. We have a neighbor that actually has a mule. First time I heard it, it scared me to death – I didn't even know what it was. There's cats. There's all kind of stuff, nature. We've got deer, little babies. We've got just a lot of wildlife out there. Living in Florida 21 years, I lived on the ocean. Every chance I got I came home [to South Carolina]. Then we had the opportunity to move back, purchased the house and it's just fabulous. I wouldn't trade it for anything in the world. (South Carolina)

I live in quiet area – relatively quiet; I can hear the trains. Once I built the house in '95 I got hold of the county agent and I found out what to plant to attract more wildlife [including a bird] which has become almost extinct seems like. We kind of like being in a quiet area. It's 2½ miles from town, three miles to Wal-Mart but yet country living. I've got a garden, big garden. (South Carolina)

We've got a creek and it's very desolate. We enjoy it so much because it's quiet. We only have one neighbor; there's nobody around us or whatever. You can hear the whippoorwills. You can hear the coyotes at night. We have a neighbor that actually has a mule. First time I heard it, it scared me to death – I didn't even know what it was. There's cats. There's all kind of stuff, nature. We've got deer – little babies. We've got just a lot of wildlife out there. Living in Florida 21 years, I lived on the ocean. Every chance I got I came home [to South Carolina]. Then we had the opportunity to move back, purchased the house and it's just fabulous. I wouldn't trade it for anything in the world. (South Carolina)

I enjoy being outside. I grew up out in the country. I always did gardening and farming stuff, enjoy doing a little hunting. Just always wanted to be out. Biggest thing when we were looking for some property was I wanted something that was kind of away – not too far away from town for different things – and it's quiet. You can pretty much go outside and do whatever you really feel like doing without worrying about whether the neighbors can see you or what they're doing. I've always lived out there, always enjoyed it. (South Carolina)

It's been in the family for so many generations that I feel like I want to hang on to it and keep the basic property intact, utilize it. We have our gardens on it. Gives us the option to be our own, raise any animals in the future we can, like we did historically. I have done a little bit of logging; a lot of it was after that windstorm. Just to enjoy walking through the woods, not having to reach out and shake your neighbor's hand from window to window. A little bit of breathing space. (Washington)

We bought [our land] for pure recreation and investment, of course. We belong to a club in the area that does off-road motorcycles. We put on a lot of events in the area so we're building trails. It's a place where we go and we go camping. We love to just be out in the woods. I avoid the cities like the plague. I just like to be away from town, have a private place to go. We go out there and there's nobody around. We've thought some day we could build there. It has to be off grid because we're three miles from power. (Washington)

[I] mainly bought [my land] for recreation. I am a dairy farmer and there's a lot of stress in dairy cattle and I like to get away a little bit and I love trees. It's just something I like to walk around and relieve stress mostly. You work sometimes 16 hours a day on the farm seven days a week. My brother and my nephew farm with me and we take about a half a day off in the afternoon and I go up there. I like to see deer, wolves and there are few turkeys but it's pretty wooded so there isn't as many turkeys on that land. Just nice to hear the birds sing, walk around. I make trails through the woods. It's just healthy air, it's peaceful. You don't hear no cars or nothing. Just get away from everyday stress. (Wisconsin)

We only live about a half mile from this land. We have trails on there and we use it for that purpose – hiking and snowshoeing and I do some hunting there. It's kind of like our little oasis, and I get firewood from it. It's multi-purpose. It's recreational but I've always wanted to own some property that I could call home. I like the idea of being able to do something with it. (Wisconsin)

We have trails through the woods from one pasture to the other. It's very relaxing after you get off work just to go out in the evening and walk around. We have turkeys through there and the deer come through. We have a doe that has a fawn with her now that comes through about every night. I think it's the same one but I wouldn't know if it wasn't. It's also not as quiet because we are against the freeway so we do hear some of the traffic noise. I like the woods in there and wouldn't want to cut them away because I think that's a buffer. It buffers the noise from the highway. It just keeps everything fresh and clean around the house area. (Wisconsin)

Our three-year-old son every single night's on the four-wheeler through the woods and fishing with his fishing pole and stuff. Every year we're trying to plant more and more trees. I don't like being able to see neighbors' houses so I want more trees. I like just being secluded. We co-own land, about 300 acres, with [my husband's] parents and brother, too. We have really a lot of trees from up there, too. We're up there at least twice a week going four-wheeling and hunting. We're big hunters all of us. [Trees are] just so pretty all seasons. In the fall I just love the colors and in the summer it's nice to sit under them for the shade. My

husband also logs in the winter so he's totally into the "you chop one now and you'd better plant another one." They've always practiced that up on their hunting land. We do the whole deer management. We have tons of wildlife. We actually have a geese problem right now. About 60 of them won't leave and they're starting to attack us. But we have turkeys and deer every night. There's about six deer that come out every night and morning. It's just nice to be around and quiet. (Wisconsin)

My wife grew up next to a farm and she always wanted horses. We lived for the majority of our life in town. When this property became available, knowing her love for horses, I thought, this would be perfect for her. So we got four horses. She gets her dream of riding them through the woods. My intentions for myself were to hunt. I'm an avid bow hunter. As you grow older you change in your thinking on wildlife. I shot enough [big bucks] in my lifetime but now as I grow older I put the bow aside and now I do my hunting with a camera. I've got two people that come in and hunt the property. We get turkeys that come in the backyard, the deer, raccoons. We've had raccoons come right in the house [and we feed them]. A lot of people would kind of say that's getting extreme but we have a lot of fun with it. I think for us it's just the beauty of the property. We planted over 400 pines on it; we've planted hardwood, maple, oak; just this past spring we planted apple and plum. I never knew there was such a tree, a corkscrew. It's a real goofy looking tree and it's growing like crazy. I think that's the beauty of owning land, just to watch it grow around you. (Wisconsin)

Not all landowners are in love with or "romantic" about their land. A few respondents took a more practical approach (investment, farming). One woman had inherited property without a house she will probably sell because neither she nor her son wants to build there.

I didn't purchase it. I inherited it so I don't have that, hate to say, love of just being out where there's nothing. I'm not an outdoor country person. I grew up here, I was born here, but I was raised in New York. When I retired I moved here. (South Carolina)

I'm not that romantic about it. I harvest the firewood and lumber out of my woods. I enjoy seeing the large trees grow. More interested in what I can get from it I guess than anything else. (Wisconsin)

2. Landowner Challenges

Challenges landowners face came up even during the discussion of what they value and enjoy, and were then probed directly. Key issues on landowners' minds include:

- Taxes – mentioned unaided in a number of the focus groups. One owner said her property taxes are causing her major problems during her introduction. (Taxes will be discussed separately.)

- Financial pressures. Tax issues seem to be exacerbated for some landowners who are in a difficult financial situation currently. Some who are trying to generate income (e.g., a tree farm, raising alpacas, breeding horses) are struggling. The recession is also affecting others who have been laid off or whose non-landowner businesses are hurting (e.g., real estate). “It’s expensive to live out in the country,” a landowner stated.

Doing horses is a lot of work. I'm turning 60 this year and I'm not sure that I want to do that for another 15 or 20 years. We did log it about four years ago and are in the process of getting set to replant. But the horse business does not pay for itself so we had to use some of the profits from the logging to help us move forward. I enjoy the horse business and enjoy the property. (Washington)

We're zoned so that you can't sell small parcels of land at all. I think 35 acres is the minimum. The way taxes are and we don't have any neighbors, it wouldn't bother me if we could because of the economy and not having the money. It's expensive to live out in the country, not only your gas but your taxes and you need some groceries and stuff. (Wisconsin)

- Development – one of the biggest concerns. This issue also came up unaided in some respondents’ introductions and in the discussion of what landowners value most. The pressure on landowners to sell is “tremendous,” especially older owners concerned about retirement, a respondent observed. The intensity of feelings stands out in statements like “I hate them, I just hate them” by an Alabama landowner.

Several reasons for opposition to development were mentioned. It “chops up” the land, resulting in the loss of “green space,” brings in more people as residents and for recreation. Development is seen as directly affecting landowners’ lives and their communities, threatening country living: it results in less privacy, less peacefulness, more noise from traffic and quarries, scares off wildlife (or drives them to some owners’ land), more crime, hunting problems caused by parcels being very close, new residents protesting rural practices (e.g., mud, manure), kills fish and affects the water. More broadly, a few talked about the environmental impact and worried about the long-term picture.

My real concern is encroachment and my biggest gripe are motorcycles. Motorcycles have discovered those landing modes. Apparently in Shelby County there are no traffic laws, no speed limits for motorcycles. They can do anything they want to do. On weekends where it used to be quiet and peaceful and you could hear the birds singing now it's “ya-ya-ya-ya” motorcycles. By the time you hear about 300 go by, even though they're a quarter of a mile away, it'll just drive you insane. (Alabama)

I hate subdivisions. Where I lived all my life, used to I knowed everybody on highway 47 from Columbiana to Chelsea. Now I don't know nobody but the old people. I could drive home at night when I was a teenager from Columbian when

the moon was shining bright and not even burn my lights on the car. Now I can't even get out my driveway. I hate them, I just hate them. Houses stood up side by side, to me it'd be like living in jail. (Alabama)

The quarries are a big problem with the blasting. I think it's gotten a little bit out of hand. When I moved down here I had no idea there was a quarry about four miles away that I would be able to hear it. The land was purchased. Before I went out to sit on my porch and listen to the night, [the] whippoorwills. (Alabama)

The pressure is mounting in my area on wildlife because there's so much development going on all over the place the animals are having less and less place to travel, and less and less room to forage. I'm enjoying that now but I know that it's a short-term thing. The way that the development is going I'm not going to be able to enjoy that for very much longer. (New Hampshire)

We need to think about getting contiguous pieces of land together. Say my 50-acre piece just surrounded by development and all the people [hunters] are there. It becomes the only place for them to go. (New Hampshire)

The hunting pressure. As more and more development go in around me the wildlife is compressed into smaller and smaller tracts. Now I've got hunters just running through and they're just about shooting each other. It's too tight. (New Hampshire)

I at one time could go out on my screened-in porch. I had a sliding glass door from my bedroom onto the screened-in porch facing the lake. If I had chosen to I could have gone out without any clothes on because that's how deserted it was. Nobody wanted to live on the lake in the '40s, '50s, '60s. But all of a sudden the Columbia Ski Club put a ramp outside. I could look out my kitchen window across the cove and they were jumping. You were holding your breath to be sure that they landed safely. Everybody started getting motor boats, jet skis, pontoons and so it's no longer very peaceful. (South Carolina)

In Richland County, the lower Richland area is probably the only area that's not developed. They are beginning to come that way with development, and getting very close to me. You talk about Sumter Highway, all of that area is development. It sort of took away from the environmental area of farm life that I like, the quietness or seeing a deer run across the road or that kind of thing. (South Carolina)

[A developer] has built a subdivision on right there. My property backs up to that subdivision. He came in and put it up in a few months, cut all the trees down and built all these little houses out there. We noticed the pond was muddy. The neighbors' was so muddy they could not go out in it. The fish were laying there dead in their pond. We've been to everybody and they said, "Oh, he did his run-off the way he's supposed to do it." When it rains it washes all of that topsoil and stuff. Who knows what else people are putting in their yards and spraying their yards with – insecticides and everything being washed down into the pond and spread out on our land. I mean, that's just not right. (South Carolina)

In this development you're losing wildlife habitat. This aggravates not only me but my wife because we like our birds and rabbits, squirrels, deer. (South Carolina)

I'm getting fox and all kinds of things because they have nowhere to go. I feel so sorry for the deer. I see them in my yard. I have hit one coming home from Lexington. They travel in pairs and I missed the first one; it was crossing the road right in front of me. They just look so bewildered, like "where'd everything go?" (South Carolina)

A lot of the land around me has been developed into Spence Plantation, a community of the year type thing. Very high-priced homes. I had to have some tall boy cut and I got a lot of flack because the trucks got mud on the road. It messed up their garages. (South Carolina)

When these big subdivisions and, no offense to anybody as far as low income neighborhood, it has its own problems. We all have low income people in our families that have to – and we all probably started out like that at one time. But in our neighborhoods they build them so big that they get so many people in. We had a neighborhood meeting the other day and there's a lot of break-ins. We haven't had any where we're at yet but we did the other day. Two guys ran through the yard with the police chasing them on foot – and my door's wide open. They could have come on in. I lock them now. You shouldn't have to do that. (South Carolina)

Development is huge. I just an argument with one of the neighbors. They bought three acres, want to build a house on it right next door to another neighbor. I said "if you want to build that close why don't you build in town?" They complain about the neighbor's manure on the field. Stay in town then. Why live out in the country and bother everybody else? That's how I feel. It's the country for a reason. (Wisconsin)

The thing that's sad in my lifetime is to watch the silting in of the lands with the cattle and the run-off gets in these streams and these streams are so fragile as far as being able to maintain trout. It's sad to watch these species, these trout, no longer be able to live in the creek. As a world we're doing this across the board. It's sad for me to hear how they're cutting the rain forest in Brazil. I've had property in northern Wisconsin where I had to cut it and I cringed on cutting on the poplar down, but it's a product that has to be harvested. I look at how everybody here loves their property. In 50 years what we all have probably won't be there because of the growth. (Wisconsin)

- Outsiders on the land – another major complaint. Trespassers brazenly come onto landowners' properties without asking permission. They ignore repeated admonishments to leave and, when confronted, some "cuss out" the owners. They apparently feel entitled to use the land for their recreation (hunting, fishing, riding recreational vehicles), and even cut trees down. Interestingly, finding an endangered species (e.g., lady slippers) on one's land allows the owner to "cordon off" an area. A related

problem is break-ins. As one landowner said, being isolated has its advantages and drawbacks.

Dumping of items large and small is not unusual either, anything from broken beer bottles to furniture, appliances, electronics, to cars. An owner in Washington found "marijuana being grown on the property" when she bought her land and later "about 30 sacks of trash."

We're happy to have people in to use snowmobiles. They don't do any damage. But wheeled vehicles, all they do is spin their wheels and dig it all up. You cannot keep them out. You put signs up, they pull the signs down. It depends on who lives in the area, how many high school kids there are. But when they're there you're just at their mercy and that's a terrible problem. (New Hampshire)

The hunting pressure. As more and more developments go in around me, the wildlife is compressed into smaller and smaller tracts. Now I've got hunters just running through. It's too tight. That's one of my problems. (New Hampshire)

We have trails running through the property that are considered the only thruway from one big batch of snow wheel trails to another, so we have a pretty heavy volume on that. The wheeled vehicles do become a problem; we do get a pretty decent number coming through. The conservation ties in with that. We found a big stand of lady slippers on the trail so we actually cordoned off that area for them. It's just a matter of finding those. (New Hampshire)

My kids grew up right there. They could ride their dirt bikes with some other family land that adjoins mine; they could ride over about 450 acres without getting off of land that they had permission to ride on. All of their buddies would bring their bikes out there. It was the same way if they wanted to ride horses. One of the problems I have now is everybody that moves to the country, he may only own an acre, but he wants to have a big four-wheeler. And he thinks that because he lives in the country he can ride that thing anywhere he wants to go. (South Carolina)

We have a pond and we have people that stop every day and ask us to fish. I always tell them because of insurance purposes or whatever, we let family or real close friends but not just everybody fish. I've had people cuss me out. I have had people that will come and go fishing no matter what I say. (South Carolina)

If you've got open land people will drop stuff, their garbage and everything else. They use it as a dump. (South Carolina)

I know that the neighbors hunt on [land I don't live on]. You walk back there and they've built deer stands and all that kind of stuff. I've wondered about the liability of it. I've told them not to but I don't know what else to do. (South Carolina)

I even had somebody cut a Christmas tree that I had picked out. I saw this car parked on the road and they were out in the woods with their chainsaw. I got out and said, "What are you doing?" They said, "We're cutting our Christmas tree."

And I said, "Do you know whose property you're on?" "Oh, we're on the right-away." The right-away? They hadn't seen anybody living there, they just figured it was abandoned. I said, "Do you know that every piece of property somebody pays taxes on and your name is not on that tax notice. I can guarantee you that." (South Carolina)

I've had dumping on my property and I've got fences all around it and I've got locking gates. They still get on. (Washington)

Being isolated is nice, although we were broken into and completely vandalized four years ago which wasn't very nice. The downside of being in the position, the place that we were. (Washington)

- **"Rules and regulations"** – an issue stirring strong emotions. Harvesting, water-related and zoning rules were mentioned, especially in Wisconsin and Washington, where rules are stricter.

Resentment seems to stem from several factors: landowners "can't do what you want with your land"; some rules are "expensive" to follow (e.g., buffers); regulations "are a moving target," causing change and uncertainty. Anger at the Department of Natural Resources was expressed by several respondents.

The regulations. There are so many hoops that you have to jump through now to log on your property and do everything in a sustainable and in an environmental-friendly way. It can cost you thousands of dollars to prepare the roads into your property and then to remove all traces that they were ever there because you don't necessarily get permission to leave a bridge up over a river permanently or something like that. (New Hampshire)

One of my pet peeves is wetland. The government won't let you change wetland. Because I really want to put a duck pond on part of mine and I can't dig it out or move equipment in there. (South Carolina)

Harvesting regulations. They take a lot of money out of your pocket. There are very expensive regulations to follow. They've changed in the last, oh, 12 years, to where there's many forestland owners that are leaving the business. (Washington)

Two sides of my property are bordered by Woodland Creek, which happens to be a salmon-bearing stream. There is a whole lot of my property that I'm just allowed to do anything on; not even cut trails to go down there and enjoy the stream bank. (Washington)

The problem is there's very few of us with any kind of large properties and the burden for saving all of this [land] is on a few of us. The people who are instigating [the rules] live in the city. They want to come out and drive out on Sunday and see the fields and see the farmers and see the cows and see the horses. Then they go back to their little lots and they say "we've got to save this." So the state or the county [says] "more buffers. Save this property. But no, we

don't want to compensate the people that own this property in any way, shape or form.” There's no compensation available. (Washington)

An issue we have out where I'm at is zoning regulations. Part of my property is in urban growth zone. If I want a family member to be able to build one house on the property, they make you plan for 20, 30, 40 houses and design a septic system for that many houses. It limits your options. (Washington)

You own land, 40 or 80 acres [and] depending upon where it is and what it is, you can't do what you want to do with the land. There are so many rules and regulations. If there's a navigable creek running through it, you can't do squat to it. A navigable creek is defined as body of water that has an established edge or bank that can float an eight-inch log any time during the year, which could be for one week in the spring. You can't do squat with it. If you try to do anything, you do all the red tape. You may have to write to the Army Corps of Engineers before you can cut a couple trees down some place. That shouldn't be. That's not the intention of those original laws when they were first put in. (Wisconsin)

We just had a huge problem this year with our driveway where it is. It totally collapsed and washed out. We wanted to widen the driveway. Oh, my lordy. We went without a driveway for so long; we had to park one vehicle on this side and one vehicle on this side because we couldn't get a culvert in there until the DNR came out and checked out the stream. There's never any water in it except for in the spring. That just totally boggled my mind, I was so angry. I understand the whole wetland thing because up at our hunting shack we have problems with that. But it's your land; you should have some say in what you're able to do and what you're not. I understand preserving everything but that was a little extreme. (Wisconsin)

On the other side, a few Washington landowners defended the need for the government to “preserve” the environment and another said the state’s “DNR folks are generally pretty good people.”

We complain about regulation. DNR folks in this state are generally pretty good people. They understand, they're out in the field, they're on the ground, they know what make sense and what doesn't make sense. But they are influenced very heavily in this state by the Department of Ecology and the Fish & Wildlife. (Washington)

Our government, philosophically speaking, has an obligation to somehow try to preserve our lifestyle, our land, our waters. The rules are troublesome when they hit you personally and you can't do what you want to do but [it's different] when you look at it from up here looking down at the whole picture. (Washington)

- Wildlife problems. Disease, damage to property and trees were mentioned by a few owners. The degree of the problem varies from mild to serious. Some landowners have to contend with certain destructive animals that “eat everything” or even “attack” the family, but are generally very happy to wildlife on their land. It is “all these animals that love trees,”

like bears and beavers, that cause the problem, one observed. In New Hampshire it has been necessary to bring “professional hunters to eradicate the deer population.”

There are two sides to that problem [of hunters on your land]. When they don't allow hunting the population of deer gets so bad that they eat everything. That is a terrible problem, too. (New Hampshire)

Just from the standpoint of managing and growing trees, I'll use the term pestilence. Disease and animals can be pretty damaging to the forest. That's not to say that we want to get rid of the pests or get rid of the animals, but it's extremely challenging to the tree farmer. (Washington)

- Eminent domain. A few owners have been involved in the state taking over their land or worry about the possibility in the future.

I'm going through a thing with [eminent domain]. It's been one hassle. They think because somebody in the capitol says you can go take it, they can take it. So I said, take the land, leave the trees, donate the money to the library, because they're not going to give me anything for it. Nothing – I mean, zero. (South Carolina)

We went through the same thing about three years ago when they put a new bridge on our road. I didn't want the money; I'd rather have the land. When I was a kid they rebuilt the bridge but there wasn't a lot of people. They just shut down the road and everybody on one side of the creek had to go around. I tried to talk them into doing that this time. No, they don't want to do that. “We've got to put it beside it and we're going to take your land.” I said instead of that, just give us the land back that the old bridge is on and swap it out. “No, we couldn't do that either.” I have a problem with eminent domain. (South Carolina)

We're right against an expressway. We've been told that eventually that will become a freeway and they will look at expanding it, in which case they would call eminent domain and we would lose the back portion of our property. [That] would just, to me, be devastating because [of] that wooded nature barrier that we have; otherwise the freeway's going to be right at our back door. I don't know if they would buy the entire piece of property. Would they ever require it to be rezoned into a commercial area? It's a battle to hold onto it. (Wisconsin)

3. Future Plans and Vision

Selling land was being considered by only a few landowners interviewed, either short-term or “eventually.” Several reasons for selling were cited: to escape high property taxes (discussed below), to make money (for retirement, etc.), to move away from an over-developed area, and lack of attachment to inherited property. A combination of factors can contribute to selling; for instance, a retired couple spending a third of the year elsewhere with children unlikely to want the land questions whether it is worth paying the property taxes.

The value of that land has went up extremely since all the development right here around central Shelby County. It's one of the fastest growing places on earth now. It's a little over-populated for me. As soon as my son graduates next year, I'm getting out of this high tax county. You can't breathe deep. (Alabama)

We used to live in Alabaster and it's just people right in your face. I felt too crowded and I was unhappy so we moved further south. Now I'm beginning to feel a little crowded there now so I'm looking at Chilton County because I don't like to be around crowds. I like where you can walk out and not see someone. (Alabama)

We absolutely love [the land], just totally in love with it. It's beautiful. I did hear [my husband] say that if someone were to offer a substantial amount of money we might take it. I thought since he had put so much time and effort into everything – the fruit trees and the garden and the medicinal herbs and hiking trails and so forth – that he wouldn't hear of such but he did say that. He has no children. I have a daughter and I can't really say that it means a lot to pass it down. (Alabama)

[I inherited it.] I would never live where my land is. It's too far in the country for me. I'm thinking of selling it. Our family owned it and altogether it was more than 100 and some acres but then it was split to so many people. There's houses on some [but] not the land that I have. (South Carolina)

Our fourth child is getting married in two weeks. They'd love to be able to be there but he's a park ranger and the job is in the southern part of the state so there you go. Our other kids, they're in other positions and nobody's going to want that house or property. Eventually we'll probably have to sell. Right now we spend some time since we've been retired in Mexico in the fall and in Texas in the spring. You figure you're gone four months of the year and you pay so much for the taxes and stuff. Eventually won't be able to do it. (Wisconsin)

I've got a son and daughter. They're both interested somewhat in acquiring some land or some more land. I sold my daughter 100 acres reasonably and my son again bought some, too. We're trying to figure out how in the hell we can keep this intact after I kick the bucket. It's part of my retirement so I have to get some money out of it. It's a lot of money. Taxes are there, also. You can't put everything in Managed Forest Law. Well, you can but it has to be open to the public, which I definitely wouldn't do. (Wisconsin)

Landowners' vision for their land after they "no longer own it" came up spontaneously in several sessions and was also probed directly. Overall, older owners, especially over 60, are more concerned about what will happen than younger ones, as expected. However, a number of older owners have apparently given the subject little thought and a few young ones are already thinking ahead. Personality and socio-economic level may play a part in addition to age; landowners who appeared more affluent (they were not asked their incomes) were more likely to have professional legal and financial advisors.

Landowners who would like their land to remain pretty much as is (not sold for development or broken up into small parcels) seem to be segmented in their approaches.

- Planners – have taken or are seriously considering taking steps to ensure that the land will be used as they desire. “You better have it in writing” with your heirs, one respondent cautioned others
- Wishful thinkers – hope their land will be kept intact but haven’t done anything concrete. Some assume their children will want to retain the property, but don't really know since they have not discussed the subject.
- Avoiders – have given the issue little, if any, thought. The situation seems remote to younger owners. Older owners may be avoiding uncomfortable thoughts about their deaths; some feel they'll “be gone” so it won’t matter to them.

You know “Gone with the Wind”? I feel like Scarlett O'Hara, like [the land] is the most important thing in my life. You follow along with your land and live your life. (New Hampshire)

Several landowners expressed confidence that at least one child or grandchild “loves” the land and will keep it. A few have specifically asked or directed their children not to sell the land, just as some said their own parents asked them. Financial considerations might also come into play since inherited land with a house can be less expensive than children’s own homes.

Part of the covenant when I bought [was] that there would be no subdividing that piece of property so I couldn't go down there and sell off and put houses on my property. That's a good thing for us as far as that goes. My daughter, she's 28, she said to me, “Dad, I don't want you to go but that's my place when you leave here. I love it.” (Alabama)

[My] daughter, she'd probably sell it. But on the other side of the coin the granddaughter and her family, they just love the farm something fierce. It's a strong possibility that Leslie would just give it to Laura and her family. (New Hampshire)

What they do from there [when they inherit], it's theirs then, it's their business. What's their situation at the time? My daughter has a house she just bought last year. Her mortgage is over \$2,000 a month. She's paying taxes of probably another \$1,000 a month or better so they may end up unloading the nice big house and decide “let's stay in this one, it's paid for.” (New Hampshire)

I have quite a bit of land and my kids are basically saying “we're not going to be fanatic like you are but we want to keep it and we're going to manage it.” They'll probably hire somebody to help them manage it at the time. One is taking a little interest. (Washington)

I have four boys. Three of the four just as soon as they got finished with their education left for big cities. But the fourth one wants to take it over when I'm no longer capable of doing it, so I am very fortunate in that I don't worry about where it's going to go. He also will be able to afford it even if it doesn't make any money for him. (Washington)

Owners whose land is bordered by protected forestland, companies or individuals unlikely to develop it also expressed confidence that it will remain intact.

There is a strong belief among some landowners that their children or other heirs should be free to decide whether or not to sell – it is their lives, after all. “I want it to be my children's choice when they inherit” is a typical statement. A key obstacle to land staying in the family is that a number of children simply aren't interested in it. They live far away (or far enough that they don't want a long ride into the country), don't want to return to the area grew up in, have established lives elsewhere and/or prefer city life. The younger generation doesn't have the same feelings about the land, one respondent said. Some landowners are upset by their family members' attitudes but others said they don't worry about it.

We have no children so it'll probably go to nieces and nephews. I'm hoping that somebody will want to keep it in the family. My niece lives in Atlanta right now and she's the one that would be the heir to it. I'm not sure what she would do with it. (Alabama)

The only reason I would like to pass it on [is] if my daughter and wife cared about it but I don't think they care about it like I do. (Alabama)

I would love to see [my land] preserved forever and ever. It dates back to 1774, the house and it's just a wonderful historic old farm. I don't farm it anymore but I cherish it as a beautiful historic entity. It would be devastating to see anything happen to it. The people in my will are my siblings and I know they feel the same way about it. They live in different places and whether they would be able to maintain it, I just don't know. (New Hampshire)

I've got two kids. I worry about it a lot because since the little girl went off to college, I don't know if she'll ever come back to Chapin. I thought the little boy was kind of like me but he got a girlfriend and now I never see either one of them. I'm not sure what I'm going to do but it does worry me. (South Carolina)

You have to trust your child, what they want out of life. We've done what we want to do with our life and bought what we felt like buying. I'm not going to worry about what I'm going to leave them and what they're going to do with it when I'm gone. (South Carolina)

If I don't sell it before I pass, I have it willed already to my son. He will sell it because he's not going to live there. (South Carolina)

It's a different generation that they don't have the same kind of wants or needs or desires and stuff like that. All these chunks of land, beautiful land, that had nice rivers through them, they just went, it evaporated. I thought, no way, I want a chunk of land that's mine, finally. My son doesn't think that way so what he does with it, I don't know. But as long as I'm alive I'm going to enjoy it. (Wisconsin)

The land I've got [is] going to remain pretty much the way it is now until I die. Then at that point it gets sold and who knows that's going to happen. My kids are not going to come back. They're both in the Twin Cities and they've been infected with the city thing so they're not going out there. It's going to be up for grabs what happens to it. (Wisconsin)

Land being split up because of family conflicts among heirs or divided because of the number of heirs is a concern. Plans to keep the land can change when values rise and even one heir (or the spouse) wants the money now.

That happens to land in the South. A lot of kids split it up. That's why I only have 18 [acres]. My granddaddy had 130 acres but it was split and there was 10 kids in my daddy's family; he was the oldest. That still happens. That's why the land [is] getting smaller and smaller with each generation. (South Carolina)

Sometimes they might want to live there but they marry somebody that doesn't. (South Carolina)

I've been a lot of problems with people that pass away. It goes to their kids but it's an undivided interest. Then one or two wants out and the others can't afford to buy him out. Then they have to sell the place to pay him off and nobody has it. (Washington)

When I lived in Oregon we bought a ton of timberland, about 70,000 acres. We bought it for cheap. Then one guy at 62 died and all of his relatives wanted all of the money. It was agreed it would go out slow, that we would only sell 10% a year. That whole thing changed when somebody got a hair that they wanted their money now. It's a tough thing. The property value just skyrocketed. (Washington)

Other potential obstacles to land staying intact mentioned by respondents are development, which some see as an unstoppable trend; rising taxes, pressuring heirs to sell; and eminent domain.

I just see the growth in my lifetime through 60 years. It's inevitable that it will march in those directions. It's kind of sad. (Wisconsin)

We're right against an expressway. We've been told that eventually that will become a freeway and they will look at expanding it, in which case they would call eminent domain and we would lose the back portion of our property. [That] would just, to me, be devastating because [of] that wooded nature barrier that we have; otherwise the freeway's going to be right at our back door. I don't know if they would buy the entire piece of property. Would they ever require it to be rezoned into a commercial area? It's a battle to hold onto it. (Wisconsin)

You hope that taxes won't go so crazy that even the people you pass it down to won't be able afford to hang onto it. (Washington)

Strategies for keeping the land intact discussed by owners include informal and formal/legal ones. Some are discussed at greater length in the section on estate taxes.

- Dividing up the property. Some owners have already “split” up the land among their children through gifts, sales and deeds, and working out the division in their will. They discussed their wishes to keep the land, giving it to the children who want it, although some recognize it may be sold later.

[A parcel that has] been in the family since the 1850s I am in the process of giving to a daughter. The instructions there are unless someone needs it to eat it's to stay in the family forever. The eight acres I'm probably going to give to my other daughter who lives out of town. She loves it, also. I don't know that they'll ever come back. It may end up being sold. I hope that it doesn't. The family partnership unfortunately probably is going to be sold at some point. We'll hold onto it as long as we can but the reality of life is just the taxes and insurance. (Alabama)

We have four daughters. Two were born in Florida; two were born here in South Carolina. The ones in Florida are totally Florida children. They wouldn't come here; they cannot stand it. They will visit me but from the second they walk in the door they're ready to go home. We have actually willed out property out to the two that are here. We had a discussion. It was like, “I am not upset with you that you do not want to live here, but we do not want the property sold, we don't want it subdivided or anything like that.” We've actually split the house and the property with the younger daughter and our other daughter has the other part of it. Because we do want it sold, we do not want a trailer park coming in, we don't want them splitting anything up at all. That might sound harsh but we worked long and hard to purchase that property, we love it and the two love it. The other two, the second the will was read it would be on the market and they would not care what was done to it. (South Carolina)

We have three children. One girl lives in Seattle; she doesn't have any plans to come back to South Carolina to live. My son is a South Carolina person. My [other] daughter, she bought the property next door to us. We went ahead and gave her part of our property; that's why we only have the 26 acres now. We gave her her portion then so that she could have her house. She's got hers. In the will my son's getting the property. They've all three agreed. My daughter in Seattle's getting the lot across the street because we want her to have a little piece of property in South Carolina, and she has one daughter. We said “it's yours, you get to decide what you do with it. If you want to sell that piece of property, you have to give your aunt and your uncle the first choice, and if they don't want to buy it, it is separated by a road and you can sell it if the time ever comes that you need to sell it.” (South Carolina)

I already have it written up where it's going to go to my three boys. They all love the woods, love being out there. I told them it should never be sold. That's a long ways down the road. [They're] 13, 12 and 9. The goal is to be in the family and stay and keep it. That's what I want, my dream. (Wisconsin)

Holding some landowners back from deeding land is concern about what children's spouses (current or potential) might do with it. "If they want to buy a Harley Davidson they can sell the land," a South Carolina respondent said. Another recommended dating the deed "for when you pass and they can't do anything with it until [then]."

My daughter [is] 28. She's not married, she's single. I wouldn't want to sign my ownership over to my daughter. I don't know who she's going to marry. To say "hey, look, when I get old and I'm sitting in a wheelchair and I'm drooling, I'm putting this in your name and I want you to take care of me." Joe Blow might marry her and say "get that old guy out of here, put him somewhere." (Alabama)

- Family trusts – some landowners have or are considering a trust. A few inheritors said they had benefited from their parents making this arrangement. However, family trusts with a number of owners can be "complicated," one respondent pointed out; he is trying to get a larger share in order to "fend off" sale to a developer,

Our situation with the future is a little murky. I'd like to keep it as is forever but it's owned by a family trust. It's my mother plus seven kids owning it as shareholders in that trust. One of my siblings a few years back approached mom about selling it to a developer and that turned into a big battle. Obviously everybody who's not living on it has an interest in trying to see it developed. In terms of trying to preserve the future, I've been trying in lieu of a mortgage [to] purchase more and more of the family trust. I'm trying to get 50% before my mother passes so that I'd be able to fend that off. But it's a complicated situation. I'm not sure if I'm going to be able to pull it off. (New Hampshire)

[A family I know] inherited it from a woman who made a family trust [that] mentioned that it doesn't matter how many kids we'll have, we know it's going to stay in the family. All the kids and the members of the family – 18 now, maybe 36 in a few years – will always be beneficiaries within a trust. They'll never own individual interest. They can't ever say "I want to be bought out. Come up with my money and pay me." (New Hampshire)

My mother did a pretty good job, some kind of a trust so it stays under this umbrella. Everything, unless we deem that we have to sell some trees to pay the inheritance tax or the probate tax or whatever taxes they do. We aren't supposed to touch anything. [She made arrangements] clear to my sons inheriting it. We three, my two brothers and I, can die on the land. It's not like we're going to sell it or anything. (Washington)

- LLC. This arrangement was mentioned by a few owners as a way to reduce taxes and "avoid conflicts within the next generation." A man who

brought up the subject was asked questions by other respondents curious to understand it better.

If somebody goes to sue you or something they can sue you but they can't sue the LLC. That's been a big help. I find the government when it's in four names they're a little bit more hesitant taking on four people than just one. (South Carolina)

We went to an LLC. The benefit of that is I have three kids and my wife and I are the major partners. It's evaluated every two years and then we gift. We can gift each child \$26,000 under federal law. What you do is you appraise it and on December 31st you gift for 2010 and then on January 1 you gift for 2011. You're gifting it out of your estate but since it's an LLC nobody else wants it so you get to discount the value. If the value of the whole LLC is \$100 the federal government will allow you to discount that anywhere from zero percent up to 50% or greater. If you try and push it for that 50%, then they start really looking at the appeal. The advantage of an LLC is that you're gifting it out of your estate and if you do croak before it's all taken care of, the estate is then valued automatically down 25%. (Washington)

All the tree farms are in a limited liability company. My wife and I who created it are the co-managers. Then each child gets a share of it. We have given away then 20% shares in the total asset to each of the kids. [We will gift more each year.] You can give shares in the company. Whatever you gift away is out of your estate. Right now my wife and I have 20% of the value in our estate left. We can give away up to 2% and still be the managers, be still in control. When we die then there'll be four partners and they decide by not consensus, but majority vote if something should happen, like we're going to sell this parcel and buy another, or we're going to sell this one to raise money to buy one of the partners out. We're trying to avoid conflicts within the next generation, which are going to occur, but in the meantime we're training two of the four on how to run a tree farm. (Washington)

- Conservation easement. Some conservation-minded owners have already put land into easements, and others spoke favorably about the idea. The agreements seem to be of greatest interest to owners whose heirs don't want the property and who don't have children. "The benefit is that the people can't divide it up," one proponent explained to other respondents.

If I didn't have heirs I would really think of a conservancy easement. I would do that anyway except I think that one of my daughters might need to actually sell the land at some point. You can still sell your land but it's sort of limited because before you sell it they know there's that easement there for keeping it natural. (Alabama)

Towns have taken over easement land because they think this is the place where we have to have the hospital. This has happened quite a few times; I'm aware of at least three. There was nothing much that could be done. [The] conservation easement plan plays taxes just like anything else. You pay at the current use

level. If you put an easement on your land the people who watch the easement, the Forest Society, watch it. They have a huge interest in keeping it, where the town might not. Finally, you get credit for a charitable gift on your income tax. After what we did we don't have to pay income tax – I mean, if we live long enough to use up the tax abatement. (New Hampshire)

I have 350 acres. Fifty acres had a cabin on it and I sold it to a conservationist. The whole thing has a conservation easement on it. The thing that's important for me is that it adjoins the Wapack National Forest [and the] state park on Campbell Mountain. The idea is to get a big corridor going. My dad got this in the 1930s and we farmed there. Then he gave it to the Wapack Reserve and the rest to me and my brother; we have been there ever since. I don't feel that I own it. It's a trust. (New Hampshire)

We're concerned [because] our children are not interested. In Richland County there's a conservation area and we've looked into doing that. Matter of fact, we've basically taken a portion of our land and we've put that into the conservation area, meaning that development cannot take place on it. Our children would probably sell it, and they'd even sell it to a developer because it would probably be more money for them if they didn't have anything. I knew that it would be my father's wishes because he wanted the property to stay in the family and move generation to generation. At least we can control some of the use – of a big shopping center coming in there and having this property. (South Carolina)

I'm by myself and have nobody to leave it to. That's why I want it to go into conservation instead of real estate or some of the builders, which I've had many offers to do, especially the 30 acres up on the hill because that's perfect for a subdivision. It's getting hard for one person to manage this. I've got some nice trees on it and I'm holding on until I find out how I can save the trees and bring in a little bit more money for me to live on and upgrade the house so it doesn't fall completely down. I enjoy walking through the woods. I have a horse and she enjoys running on the place. It's just me and the horse. I thoroughly enjoy sitting and watching that sunset every night. Every time I think “how am I going to keep this up? I've got to find a way.” I want it to go into conservation after I'm not here. I don't want to see it subdivided. (Washington)

I've toyed with the idea of putting my land in a conservancy of some sort. Simply because I think it ought to be green space, period – protect it. It can't be used for anything other than what it is right now, even if there are homes going all the way around it. The problem is that, say if I approach Nature Conservancy and say, okay, here's this land with a half-mile so-called trout stream, they won't take that land and treat it that way. They'll use it to sell to buy more important land someplace else. Once you relinquish control over your land anything goes. There is no way to guarantee [what they do]. If there was, I would seriously consider that. (Wisconsin)

I would like to keep it intact. My wife says “what about we would keep the land and sell the house?” but then you have the stuff like development. You've got a house here and neighbors tracking all over it. There's a single guy up the road from us that has 120 acres. He just loves it; he keeps it and he hunts on it. He

doesn't have any heirs and he's going to pass it on to the state to some kind of conservation trust. I kind of like that idea. I can't afford to do that but I would like to see it continue to be a sustainable woods. (Wisconsin)

Awareness of conservation easements seems to be limited. Further, practical and philosophical concerns were also raised: the conservancy may not use the land as the owner hoped, owners "relinquish control," the land is less desirable if owners decide to sell, family members may object, they are expensive for the owner (the survey, etc.). These reactions fit with our other research on easements.

I tried to put my land in it and my children and my wife wouldn't let me because that freezes it. They can never sell it for anything. Well, you can sell it but nobody's going to buy it if you can't do anything on it. It's a difficult problem. (Alabama)

We put an easement on it. The conservancy owns the easement with the Forest Society as a back-up because I don't trust the town; times change. It costs a lot of money to do and survey the whole thing so the town helped me to do this. My hope is that this land stays that way forever. One of the problems is that it's in this corridor. Where does the state go when they want to build a road or put up some shopping center or something? They go where there's least resistance. If you take 20 homes down in the valley where we live that would cost them an awful lot of money to get. Probably easier for them to do a court case taking an easement where there's nobody but the deer. (New Hampshire)

I'm trying to set up a non-profit which will maintain [my land] as somewhat of an educational center. "Grow education center" seems to be the zoning description of it. Because I don't see much guarantee in keeping it as woodland unless there's some sort of structure to it, or at least I'd like it to be as useful woodland as used woodland. We do have a [regular conservation] easement on part of it and I may do that on another part, too. (New Hampshire)

I'm kind of a pessimist when it comes to conservation groups as well. My goal by the time I retire or move on is to have my place established as a training center for wood skills, whether it's cutting trees, tree climbing or chainsaw safety. All the different things that I do, I'd like to be able to teach that and then have my property be known as that place. That way it will last as long as the memory. If a child has gone there as camp, it lives until that child is gone; then if they have a kid. I'm hoping that that will make that last even longer than if I just put it in conservancy because I don't have a whole lot of faith in that. At some point the land loses its advocate. The only thing there is the deer and the trees. Some day the social good will outweigh that piece of paper that's filed away somewhere. (New Hampshire)

I don't believe that sort of thing. I think anybody that gets land in the future should have the right to do with their land what they want. Anything like a conservation easement, you might as well give it to the government to start with. Because they're in control of it. You ain't got nothing to say no more. (Wisconsin)

- Donations. A few owners are interested in giving land to their town. An elderly Washington woman desperate to keep her land was advised to look into a donation to a land trust that would allow her to remain there. (Her story is related below.)

My wife and I have decided the problem is that we visualize the state the way it's been and love it with all the open land and woods. But newer generations don't look at it that way – all they want is the house. Progress is defined by the politicians as more people, more industry, more of everything. So no matter how we set these things up, there's going to be a constant fight to bring them. We would like to leave our land to the town. They're actually buying a lot of land, preserving it. (New Hampshire)

We've within a mile of Canterbury Center. It's quite a reasonable spot, right in back of the school. However, if it goes to a developer, who knows what could happen. That's not what we want. We know that Canterbury is going to grow. We can't stop it. How do you fight this? We have thought of taking 75 to 100 acres and developing on the closest end to the center, a small community of affordable housing. The rest would be common land or would be deeded to the town. That is in a plan in the back of our heads, trying to face the fact of Canterbury growing and growing in a better way than it has and still maintain some open land. (New Hampshire)

B. IMPACT OF TAXES ON LANDOWNERS

1. Property Taxes

a. Pressures on Landowners

Taxes came up early in the discussions as one of the main challenges that landowners face, in some cases threatening their ownership. Typically, the topic was raised by landowners upset about the taxes they have to pay. For the purposes of the discussion, the subject was probed in-depth later in the focus groups after exploring the other challenges owners face. While it is not possible to rank taxes compared to other issues in this qualitative study, it is clear that taxes are at or near the top of the list for a number of landowners.

Property taxes clearly arouse the greatest concerns of the different types of taxes landowners have to pay. These taxes, of course, affect virtually all landowners, in contrast with estate taxes and income taxes on land-related sales.

Property taxes are considered high and always going higher, especially in the states outside the South. Wisconsin residents, for example, declared “We’re taxed beyond belief!” and “we were the highest taxed state in the union.” In the current economy, property taxes aggravate the financial situation for a number of landowners struggling with job layoffs or business downturns. While land values

have gone down in the recession, no adjustments have been made in tax rates, several owners complained. Development contributes to the rise in property taxes as the larger number of residents need and demand more services. A perceived lack of fairness in tax levels add to annoyance with the taxes. (Anger at taxes in the current political environment was also evident in some groups.)

They tax, tax, tax, tax. My little cabin – if the county knowed anything about it they wouldn't have let me build it. You've got to get a permit – excuse me – to go to the bathroom. But I went on and built it and it's there and there ain't nothing they can do it. I run the juice from my house, but you can't do it legally. You can't do nothing legally unless you go ask them and buy a permit. (Alabama)

Used to [be that] your tax was assessed every so many years, four to five years. They've changed the assessment process to every year so now they jack it up. They don't jack it down, to my knowledge. Once it goes up it doesn't come down. (Alabama)

Every year it seems your property taxes go up anywhere from \$100 to \$300 a year. It seems like it's almost inevitable. (New Hampshire)

Everybody – they need to go down there and do something. It's because the economy the way, it is property should not go up because house values went down. (South Carolina)

The city limits are just across the street from us and there's been a lot of development. Every time there's a development the assessed value of your property keeps going up. It never really goes down. I don't make money on the property [other than] a little bit when we did the thinning. Basically I look at it as we're paying rent to the county to live there. We don't own it, we're paying rent. (Washington)

One of the issues is with the property taxes being based on the value of your land and having properties decline, especially newer homes that have property with them. In a certain price range, those properties have declined more so with the economy being the way that it is and there's not been any decline in our property taxes. Our neighbors have been trying to sell their property for more than 3½ years. They've cut the price of it in half and still can't sell it. Every time the property taxes come around he thinks he's going to lose his property because he's paying the property taxes out of pocket as well as his payment. So far he's held on to it but I don't see that there's an adjustment anywhere county or statewide for the losses in the actual value. (Wisconsin)

Wisconsin, we're taxed beyond belief. At one time we were the heaviest taxed state in the union. We thought we were doing great when we dropped to third. (Wisconsin)

I don't care, tax me a million dollars an acre but the thing is, the property should make a million and a half dollars an acre so you can afford to pay that taxes. If you can't get the income back from your property, they shouldn't be taxing you for it. (Wisconsin)

Property taxes are a reason why some owners have considered selling part or all of their land. These taxes may not be the sole reason but instead they can combine with other reasons to make owners (or one member of a couple) feel it isn't worth keeping the land. Even if they love the land, taxes may make it what one called a "sentimental luxury. An Alabama owner said her husband wants to sell because of the tax "burden" but that she has been resisting. (Some owners thought they might have to sell but current use programs enabled them to keep the land, discussed below.)

I got a nice brick home in Jefferson County, in the area where just about everything else [has] gone down. The house is nice but they're charging me almost \$1,000 of taxes. I protested and they come back with the same thing. I'm really trying to sell it. I don't really need that [house]. It's too far away. There's too much disaster in the area, killing and robbing and doing everything else. I want to get rid of it. (Alabama)

The property that we have in the family partnership was family land forever and ever. Taxes have just skyrocketed because the value of the land. We don't want to sell it but we actually have some for sale now because of the proximity [to the airport]. We have a few houses there which can't keep rented with people that pay rent. It's 100 acres in what Shelby County considers very valuable property. Part of it's totally undeveloped, part of it's pasture and the rental houses. The taxes have just skyrocketed 'til between the insurance and taxes it's not a good investment money-wise for us although sentimentally the family would like to keep it. We literally have some of it for sale now because it's a luxury. It's a sentimental luxury. There are seven of us who are partners in the family partnership. Part of it belonged to my great grandfather, my grandfather. My dad expanded part of it. We would all love to keep it. Ultimately we will have to sell part or all of it, probably all of it, because it's a luxury at this point. (Alabama)

I do have a homestead on it but it's ridiculous. I would love to sell it for what they assess it at. I'd sell it to any of them for what they've assessed at today. What I value about the land is the peace, the heritage there, the history there but a year from now I'm gone. I'm looking for something lots better. (Alabama)

They assessed us at the peak. The market's dropped and we're still paying the assessed. Right now people are saying if you can [pay] your tax-assessed value for certain properties, you're doing good. One of my husband's arguments [for selling] was "these taxes keep going up and up" because it is getting to be a burden. But it is not enough of a burden for me to leave the place I love. (Alabama)

I definitely had that consideration [to sell] when I first got my bill because I knew I couldn't afford that year after year after year. I might be able to afford it one year but then the following years I didn't think that I would be able to keep that land. I was just running through all kind of things of what I would do. Did I break it up into pieces and sell large lots and make tracts for people to raise horses on or something like that? Fortunately I didn't have to get to that point. (South Carolina)

Our house value went up 10,000 bucks. [My wife's] always talked about getting rid of [the land] just because she has no use for it. But I say, "I got a problem." I don't mind pines being cut but it hurts my feelings to cut them, just to harvest them. I cut wood, I burn wood; I've got no problem doing that. But as far as coming in and wiping out acres of everything there, that just [another respondent: breaks my heart]. (South Carolina)

I will have to sell my land most likely. I just lost my job. I'm early age for retirement and that's a big part of our retirement plan. I will probably end up selling it. (Wisconsin)

Looking ahead, some worry that property taxes might pressure them to sell in the future.

I look at that land and say it's X amount of value to me. I look at the taxes that I'm paying on it and say "if I cut my firewood out of there that's probably about \$800 to \$1,000 worth of firewood that I go through in a season. That goes against my taxes that I pay. So right now it pays to own the land. Double the taxes? Eventually down the road – without doubling the costs of my fuel and everything else – I face the question, this isn't worth it. That hunting land you have up there, that's an awfully expensive white-tailed deer, awfully expensive venison. At some point the value of why you bought that land can no longer be supported by how much you have to put into that land to keep it. Everybody here is going to cross that bridge at some point. (Wisconsin)

My taxes went up about 75% since I bought [my land]. I paid \$400 the first time I had it and now it's up to \$7,000. If it keeps increasing that way it's going to be more than the value of the trees. Plus you can't manage your land the way you want to manage it when you've got to cut trees to pay the taxes. You make a lot of income if you cut all your smaller trees than the bigger ones. But out in the world you'll make most of your money by getting these big size trees and keep[ing] your healthy trees. If you've got to cut them when they're smaller, when they could grow up to be nice big solid trees, it's gone. You can't make it then. (Wisconsin)

The story of one elderly Washington woman is worth quoting at length. Taxes are "eating me alive," she stated in her introduction; she came to the focus group in hope of getting help. Living alone and without children, she gets by just on Social Security. On the brink of having to sell her home because of property taxes, she has already sold some trees; she is reluctantly considering selling more but realizes prices are low because of the economy. She has looked into putting her land into conservancy but couldn't work out an arrangement with the county. (Her negative experience at the tax assessor's office is described below.)

I'm on Social Security, by myself. That house is absolutely in a shambles. My income is \$1,011 a month, my taxes are \$1,000 a month. I've had to sell everything that I have. I had a nice 40 acres, I had a nice house – all that went

into taxes with nothing left over. I had a couple of loggers come in and kind of give me an estimate. That was before the economy went down. I don't do it now. I'm trying to figure out a way. I only get a small discount because I'm a senior and, of course, the waterfront they don't give me any discount on.

I was trying to figure out a way to keep my trees, because the cedars are good sized, and the firs. If there's a program that I could keep the trees but get paid for doing that, I would look into that. I'm just sitting waiting to see what happens.

I would not sell [the property] except if it goes into conservation. I would sell it to Capital Land Trust and live on the property. I tried to deal for two years with [the] County to sell them 50 acres as a park with me living on it. I had an attorney and an advisor. [The county] wanted to widen the ramp and [add a public] restroom right above my house. Finally I said "this isn't going to work." That puts me back to square one. (Washington)

Several respondents recounted stories of owners and heirs they know who have been pushed to sell their land or trees, or might have to do so. Elderly people on fixed incomes who cannot afford to pay or have lost track of their tax bills are particularly vulnerable, some said.

They can raise taxes to where you have to sell. That's what happened over the mountain. Them people had to sell their places because they couldn't afford the tax. They lived there all their life. Of course, they got big money for it, but what's money? (Alabama)

A neighbor had 32 acres, no houses or anything, just a woodlot. He had the thing basically stripped. Whatever trees were left, half of them were taken down by the ice storm here a couple years ago. There was a little bit of erosion, things like that. He says "the way things are going I've got to sell that to pay my taxes" because he's got other land that he has to pay taxes on. (New Hampshire)

Over the years in the town I've seen a lot of old-timers, which I am now one, really had to sell their land, move out, sell it to somebody else that may have split it up or put it to their own individual use. I'm concerned that the town does not give any credits for being an old-timer. There are people that have been all their life and basically had to move on. If they had to move on to a nursing home or something, the children end up with the land and they can't afford the taxes. Bow at one time had very cheap taxes. Not anymore. (New Hampshire)

I've seen a lot of people get in trouble over those tax things. Last year in the county of Lexington alone they had 12,000 piece of property that they didn't even have a bid on. Taxes [have] been going up and they're getting to the place where the average person can't afford them. You can own your land but actually the county is the one that owns it because they keep charging more and more taxes for school or for something all the time. Those people or even the average person can't afford it. Here is a mama and granddaddy and grandmama that's on a set income. Then that tax jumps up \$600 on them. They ain't got that extra \$600 [so] they throw it to the delinquent tax man. He'll turn around then and sell it and they'll lose it, just puts them in a worse situation. (South Carolina)

I had to deal with this man that I take care of. He had dementia. He didn't know he had gotten behind on his taxes and they were getting ready to take his house. I said "can I read this?" I said "you're about to lose your house" and we worked it out. (South Carolina)

If I'm taxed too much that I can't afford to pay the taxes – that's happened to other people I've known. Taxes got so high where they were that they had to get rid of the land because they could not afford to pay the taxes. (Wisconsin)

My piece of land up by Athens, neither of my children will be able to afford it because of the taxes. They told us it's going to go up probably to \$2,000 this year for the 40 [acres]. (Wisconsin)

One of the issues is with the property taxes being based on the value of your land and having properties decline, especially newer homes that have property with them. In a certain price range, those properties have declined more so with the economy being the way that it is and there's not been any decline in our property taxes. Our neighbors have been trying to sell their property for more than 3½ years. They've cut the price of it in half and still can't sell it. Every time the property taxes come around he thinks he's going to lose his property because he's paying the property taxes out of pocket as well as his payment. So far he's held on to it but I don't see that there's an adjustment anywhere county or statewide for the losses in the actual value. (Wisconsin)

Some respondents spoke in more general terms about owners being pressured to sell.

I'd like to warn everybody: zoning will kill your value or up the taxes so much it'll kill you on land. Most people are probably zoned agricultural, I hope; if you don't know you ought to find out. Agricultural and timber are the two economical zonings to be in. These cities love to come out and grab you and change the zoning to R-1, R-2, R-3. The value immediately skyrockets. It chases you off your land, where you have sell it rather than pay the taxes. (Alabama)

So much of the land is owned in the state by people who are elderly, who got it at a very low value, who don't [have] assets except for land. In order to pay their bills or whatever they have to sell that land. That's the problem. (New Hampshire)

Town officials are not necessarily helpful to landowners worried about high property taxes. A landowner whose taxes jumped said "the town people" told him "if you can't afford the taxes, sell it."

My taxes went up from \$275 when I bought the property up to \$11,000 last year. There is 100 acres of swampland on it and they've got that valued at almost the same price as the hardwood land is. I went there and complained about it a couple years in a row and the last answer I got from them was "if you can't afford the taxes sell it." That's the exact words they gave me, the town people. (Wisconsin)

Property taxes are not a problem in some states where the rates are quite low. Speaking of Alabama, one owner said that these taxes are “basically a joke” there. “We’re at least 48th or 50th in the country as far as our rate.”

b. Homesteading and Senior Exemptions

Reduced homesteading and senior rates were mentioned by landowners in addition to current use programs (discussed below). The homesteading provision applies to the acreage where the home is located; seniors 65+ also receive an additional deduction.

These programs were credited with being very helpful to landowners, especially older people living on fixed incomes. At the same time, some confusion exists between homesteading and current use, which applies to the wooded areas. Some owners urged others to take advantage of the programs and tried to clarify how they differ.

In Baldwin County people who were one time making nice amounts of money but who have retired and are on fixed incomes within a certain price range can appeal to county authorities. If they are homesteading that property will stop it at that rate and they will never have to pay any more taxes than that. That's fair for people who are senior citizens, who have farmed the land for 40 years or whatever, because Baldwin County and Shelby County are the two counties in this state that are growing faster than anything else. (Alabama)

If they ever do away with homestead exemption a lot of us won't be able to afford a home. And they're trying to do it, the state of Alabama. (Alabama)

Everybody that lives on the land ought to have the homestead because that saves you a chunk of money without any penalty. (Alabama)

You get a state exemption so that helps with your taxes. When you get [to be] 65 the state gives you what they call homestead exemption and you get your taxes lower for that reason. I live alone; I've been divorced for 20 years. I'm sitting in a four-bedroom house, three-bath house with a full basement, dining room. I can't afford to leave and go to town and live in a little nice condo with somebody keeping my yard because my house is right in the middle and I'm getting homestead exemption. (South Carolina)

c. Current Use Programs

These programs are designed to provide tax relief to landowners who keep their forestland rather than developing it. The programs vary widely, even in the five states studied, in their names, amount of tax savings, minimum number of woodland acres, enrollment period, withdrawal penalties, and management plan requirements. Some are considerably more stringent than others.

The following chart is a brief summary of programs:

	Alabama	New Hampshire	South Carolina	Washington	Wisconsin
Name	Current Use Assessment	Current Use	Agricultural Assessment/ Use Value	Designated Forest Law, Open Space Timberland	Managed Forest/Forest Crop Law
Tax reduction/rate	75%+	\$1.00-1.50 per acre	4% vs. 6%	90%	50-80%
Minimum acreage	5 acres	10 acres	5 acres	20+ DFL, 5- 20 OST	10 acres
Withdrawal penalty	3 years	19% of land's value	5 years	10 yrs	MFL/current tax difference
Management plan	No	No	No	Yes	Yes

During the screening interviews for recruitment, respondents were asked about enrollment in their state's program, along with other questions. A number of landowners recruited as current use enrollees turned out not to be and vice versa, as mentioned in the introduction.

Several reasons for the confusion about enrollment came up in the focus groups:

- Landowners unaware they are signing up. In some states, landowners just check a box on a tax form, according to several respondents; a number of owners thought the form concerned zoning rather than taxes. Conversely, some believe they are enrolled although they did not apply because their tax rates are lower than other owners they know.

If you pull up the tax records there is a place on the tax records that says "current use." Then it's got "residential, business, farm" or whatever. (Alabama)

I had believed that I've taken advantage of it though I've not done anything other than the fact that my 15 acres in Chilton County is timber and they've taxed it a very low rate. My neighbor who's got 10 acres along side of me built a cabin that he uses on weekends and they've tripled or quadrupled his taxes because of the cabin. I'm assuming that I'm getting the lowest possible current use taxes on my land. (Alabama)

- Program names. Some of the names around difficult to remember and multiple names for variations of the program exist in certain states. In Washington, the Designated Forest Law and Open Space Timberland are basically the same except for the number of acres; the latter is called Open Space Open Space. The terminology confuses some landowners; for example, "current use" suggests using the land for a particular purpose, "crop" refers to harvestable trees, "agricultural assessment" to undeveloped woodland. When a South Carolina owner asked "is there a difference between tree arm and agriculture?" an enrollee said, "No. I have agriculture because of my trees. I don't raise anything." In addition,

names have changed a number of times in some states, making it harder to remember them.

I think it's poorly named. I don't know how many homeowners I've talked to about it and I say "you ought to put your land in current use." They say "I'm not currently using that part and I'm currently using that part." (New Hampshire)

If you're using the land to grow a crop to sell or to consume the produce, or if you're grazing animals to feed humans or to serve humans, as if you were grazing horses on it to ride, you can claim that as agricultural use. Now a "crop" can also be trees. (South Carolina)

There are actually three different Open Space classifications in Washington. There's timber, ag and open space. It varies slightly from county to county but they're more or less all the same. It used to be seven years of back taxes if you pull your land out of the program. You can harvest, you just can't convert it to any other use. You can't build on it or anything. (Washington)

Excerpts from the group of Alabama landowners who did not realize they are enrolled illustrate the confusion. They were asked about the Current Use Assessment program.

That's the name of it.

But is that not the same as what most of us are already doing, the way we're taxed?

I think this is something different.

It's something you actually have to go and enroll in where you state "I won't develop it."

That's correct. It's what Pat's describing. This is a legal law, the name of the law, for what it's worth.

So it's zoning is what you're saying.

If we're all already enrolled in this how are we not aware that we're saving 75% on our taxes?

My guess is that when I bought the land they simply asked me across the table "do you want to do this as current use for timber?" and I said "yeah." I was enrolled without anything more formal than that. That's what I think happened.

- Other tax programs – such as the homesteading and senior exemptions mentioned above. Alabama respondents discussed whether “current use” is the same or different from “common use,” “homestead,” “open space” and “timber.” A man who thought homestead and current use programs

are “one and the same” was told by another respondent that they are not and that “you're paying too much tax.”

If it's open land, just grass, growing trees, Mother Nature's out there in her glory, nothing's going on – that's your current use. If you had some kind of business out there on it, then pfft, it's gone. The price is going up because it's current use, not Mother Nature growing trees. You're doing something. (Alabama)

Here's what we did. On this 140 acres that I live on we took 2.31 acres and pulled it out to build the house on; that is my homestead. All the acres around that is raw, natural land with all sorts of wildlife and creeks and lakes – that's common usage. Now I still pay a lot of tax because the house is big. (Alabama)

Sources of information for landowners for who intentionally enrolled include:

- Word of mouth – from other landowners, family members, neighbors, previous owners of the property (including the parents). A tree farm owner said he often tells owners about the program when they complain of high taxes.

The drawback of such informal sources was shown by the fact that a New Hampshire owner who found out this way ended up missing the filing deadline for this year unfortunately.

It's one of those things that comes up in conversation. As a tree guy I'll come on their property and they'll say “I own 18 acres” and they're all proud of that 18 acres. “But it's awfully expensive.” And I say “do you know about current use?” (New Hampshire)

That's when this agricultural thing came into being and of course the people knew about it because they were still living there. Their fathers had lived there, their grandfathers had lived there. But we were outsiders, the only people who didn't farm. (South Carolina)

Go over to your friend's house and complain about it and they go “oh, you go the assessor.” (South Carolina)

- Town tax assessor. Some owners asked for the assessor's help or were proactively given advice about high tax bills. Assessors who took a proactive approach were much appreciated. Other owners did research to find out how to lower their taxes.

When the land passed to me from my parents, there being three siblings, I got a 9.8 acres piece which included the house. Luckily the town tax people called up and said “hey, you know, you're going to get hit with a large tax reassessment.” What I did is I mortgaged from the rest of the family the contiguous area that had been in current use and then I got over 10 acres and I was all right. It is something that happens on transferring if you're not careful. It's one of those things that you might get caught in in that transition. (New Hampshire)

When I went to the town hall to pay my tax bill the lady that took my money asked me if I was aware of it. That was nice. She just said “are you aware it exists?” I said “nope.” She said “here’s some information. You can go here on the computer and check it out.” (New Hampshire)

When I bought my property in '99 it was under farm land status and it was only 10 acres. I went downtown and I says “this is still a lot of taxes.” [The tax assessor] sat down with me and we drew a map. He said “you have fruit trees here, you have a pond here, you have this and that. Let’s cut out this three acres.” He was very kind, very helpful and patient. Going from farmland status to current use status was a big savings. (New Hampshire)

When we bought the lot across the street from us for my daughter in Seattle we got our first tax notice and it was 600 and some dollars. That’s more than we pay on all of ours across the way. I thought, wait a minute, something’s wrong here. I went up and talked to [the assessor] and they said because it joins our property [the other owners] added it to it and put it in agriculture. So now we pay like \$110. (South Carolina)

I think the affordability of a large tract of land is pretty challenging. I’m talking about taxes. I inherited my property. When it was passed from my father to me it was reassessed. That inheritance reassessment was a huge amount. I called the county tax assessor because the property value had gone up so much. When I explained to him that I was not planning to develop that property it changed it completely. He lowered the taxes enormously when he found out that I wasn’t going to develop it. (South Carolina)

I found out you had to apply for one. It’s not automatic. I found about it fairly early, I think, because I looked at my notices and [the property tax] seemed a little high. I noticed there was a category for agriculture or something like that and I began to inquire about it. Maybe it was so high I said “let me go talk to them about this.” (South Carolina)

It was substantial for me. It went from over \$800 down to \$80 for me for my situation. There was just the one strip of timber in the back of the property. They took one acre for the barn and one acre for the house, so that made 18 acres of timberland. I just went up there [to the assessor office] and said I need help. They researched it for me right there “you’ve got plenty in agriculture” – which is a little bit less – “but you deserve timberland.” He just wrote it up right there and my next bill come out substantially less. (South Carolina)

- Forestry sources – scattered mentions of a local extension agent, universities, a lumber company and Forestry Day by the Wisconsin Woodland Leaders.

[Foresters] – they’re professional people. You would expect them to know the best use of your land. (South Carolina)

Did you ever go up to the Kretz Lumber forestry day? You should do that. They've got all kinds of stations up there that you can go and learn about different things – animal management, bird management and everything like that, log grading. They will take you to a place where they had logged it of like five, six years ago and you wouldn't believe how those trees have grown together and come together to be a forest. (Wisconsin)

I found out about it [at] one of those deals for Arbor Day or Earth Day where you can get 500 trees for little or nothing. We did a lot of planting. They had leaflets about that. It was something about saving money on your forestland. (Wisconsin)

- Community meetings. An enrollee found out about current use when she attended meetings on a neighbor's plans to sell to a developer. She did not specifically go to learn about the program.

I became aware of the Open Spaces program when a neighbor who owned 40 acres and had planned to sell it to a developer as his retirement funding and building 40 condominiums on it found out that there was something called a bog wetland. There were about five different county meetings about it. I went to a lot of meetings because of that and that's how I heard about the Open Spaces. (Washington)

The main or sole motivation for enrolling is to reduce property taxes, as would be expected. Some owners reasoned that they do not intend to develop their land so why not sign up and save. Interestingly, some of the issues that put off non-enrollees (discussed below) were dismissed by enrollees: back taxes are an issue far in the future; a talk with a forester reassured another that he would retain control.

My understanding was I got a large reduction in taxes. If I go to take any of it out I'm going to have to pay 10 years in back taxes at best-use value. If I did harvest anything off of it I'd have to pay taxes on what I took off. I figured it's far enough out in the future I wasn't concerned about it. I'm probably 30 years away from being able to take anything off of it anyway; it could change by the time I go to take anything off. (Washington)

I worked with Marathon County and I did a lot of logging with [one man]. When [he] retired he said I should put my land in the forestry program or something. I thought about it. Then when I got cutting what I wanted out of it, I went and put it in the program. I'm the type of person if I work for something, it's mine. I don't want you to come in my yard and tell me "do this, do that" because I busted my ass for it, not you. I went to the DNR and the forester came out there and we got along good and he drew me little maps. I told him what I wanted to do and he said that sounded good to him so we signed up. (Wisconsin)

Enrollees interviewed expressed highly positive views of current use programs overall. They brought up the programs early in several groups as a way to deal with the challenge of taxes, and enthusiastically recommending that non-

enrollees participate. Property taxes are a non-issue for some enrollees *because* they are in the program. “It’s a damn good program,” a Wisconsin owner declared.

Benefits of the current use programs described by enrollees include financial and non-financial ones:

- Significantly lower property taxes – several landowners described dramatic decreases, for which they are very grateful.

As long as [the land] is zoned timber or agricultural the taxes are very low. My taxes in Chilton County are extremely low. It's practically nothing for the 15 acres. Now the property I live on in Shelby, they're much higher but still very low compared to what a house in town would be. I feel blessed with low taxes. (Alabama)

It keeps your taxes affordable. I forget what the ratio is but it's very, very expensive. For your house and the land that's on it you pay an enormous amount more than you pay for the woods right beyond. (New Hampshire)

I bought this 10 acres which was Open Spaces because they'd cut all the trees off of it before they sold it to me. I thought, heck, I'm not going to do anything except maybe plant trees on it so I went into the Open Spaces. For all my almost 20 acres put together I only pay \$500 taxes. I don't really think for a person in my position that it's that inequitable. I didn't feel it would put any handicap on me because I wasn't planning on doing anything with it. I just wanted to have it for me and plant trees because I just like planting things. (Washington)

I'm not complaining about the taxes. If you're in the forestland thing the taxes aren't that bad. (Washington)

Taxes is probably a concern if that's all you own is a woodlot. In Wisconsin if you own a woodlot that's on an agricultural piece of property you get a pretty good tax break. But if you just own a woodlot those taxes have increased substantially. That's what encouraged a lot of people to get into this Managed Forest Law thing because otherwise, particularly if you own like an 80 that's all wooded, you're paying some big-time taxes, particularly so in the last 10, 15 years. (Wisconsin)

An Alabama owner told this story:

When I bought ours the people who had it before us had current use on it. When I bought it they said “in the closing it shows this is what your taxes are going to be. But if you'll go down and [sign up for current use], you'll keep the same taxes as they did. It went from approximately \$1,200 down to like \$38.

“Get outta town” and “Merry Christmas,” other owners responded.

- Able to keep the land. Importantly, several landowners declared that they could not have kept their land without current use. Whether or not they

would have in fact had to sell might be debated, but clearly these people believe they would have been pressured to sell otherwise.

I will say that having my land in current use has kept me from selling it off and developing it. Three years ago when the downturn really hit me I had a tough year in my tree business because no one wanted to pay for the work that I do. I was beginning to toss around the idea of should I sell this off, subdivide it. I never wanted to do that. Part of that was playing into it but also part of it was the incentive that it creates; the tax liability that the current use program creates kind of maybe knocked me on the head – “hey, don't do that.” That little incentive that they built into it is a good double-edged sword. (New Hampshire)

Without it we wouldn't own the land. The taxes would have been so high I couldn't have paid it. (New Hampshire)

If they change the land use law, none of us could keep property. (New Hampshire)

I would like to be able to keep a large tract of land but in this day and age with higher taxes going up and up it's going to be impossible, I think. We're trying. So far we've been in current use and that's the only way we could have kept it. (South Carolina)

I took my one little acre and used that as my homestead and the rest of it is in timberland, which you have to do that to be able to afford it. I've got a 2,000 square foot house on mine and there's no way I could afford to pay taxes on that if it wasn't for [the program]. (South Carolina)

You cannot afford to keep it if you don't [enroll]. When me and my wife talked about getting married we were going out to her place because she had land in her name. I didn't have any. I was always my granddad's favorite and I said something to him about going out there. He cussed a little bit – “Why you want to go out there? We got all this land around here.” I said, “well, where can I have it at?” He said, “you pick the place and you can have it.” That's how I ended up with six acres on one side of the road. When we got our tax bill then it seemed like it was something like 2,800 bucks, and this was 24 years ago. We about had a fit because we were just married. “You mean we've got to put back \$180 a month just to pay taxes?” (South Carolina)

I got laid off in November 2008. It was like six months I couldn't find work. I'm going “what am I going to do?” Went up to the tax appraiser and he looked at my place and said “you got timber?” I said yeah. They just cut it right in half and man, I was – It got tough last year. This year's okay. (South Carolina)

My dad signed up when the program first came into effect because it's a huge property tax savings. Taxes are very, very reasonable in the Open Space program. If we had to pay full value property tax, there's no way; that would be it. There's no way we could pay full value. If 500 acres of timberland was taxed like it was residential land, it would be astronomical. There's no way that you could afford to pay that on timberland, especially in a time when the market's low and

you're not harvesting. It would not be worth keeping the land. We'd have to sell it or develop it. (Washington)

The reason we got into it mainly was taxes so that we could afford to have the land we have. (Wisconsin)

I'd check out the programs like Managed Forest [rather than sell]. There's two programs, posting and non-posting; you can privately post your property. I don't know if I would own my land with the cost of land today without a program like the Managed Forest program. It would be very tough. (Wisconsin)

- Keeps open space/promotes sustainability – good for both landowners and society. Conservation-minded landowners talked about the program encouraging people to let their trees grow and maintaining forestland.

The great [benefit of] current use for both individuals and society is that it makes [it] financially easier for people to preserve open land and to combat development. (New Hampshire)

The programs are great because they give you the breathing room to grow trees. It helps people that aren't really growing trees on purpose – they want to have them as a park. But the tax increases every year on the timber because the trees don't just sit there one size, they get bigger and bigger. The tax used to increase every year and people couldn't afford [it] so they'd cut. (Washington)

The property we bought from my husband's grandparents, part of that was already in Forestland. So we just inherited those same conditions; it just carries on with us. Now it limits what we can do with it unless we take it out, or if somebody else has it limit[s] what they can do with it until they take it out. It has enabled us to keep the piece of property. We just live there. And live and let live, the creatures around us and so forth. For us we live in a park. We're lucky. (Washington)

For the Open Space Open Space program they look you over pretty carefully. You have to demonstrate some advantages to keeping your land in Open Space. It can't just be a field of Scotch broom or something. You have to qualify on the basis of a point system, quality of the habitat and so forth. It has to be some social advantage to the community as land that's going to be preserved. It's fine. I think it's great. (Washington)

- Encourages tree planting and growth – mentioned by a few owners.

I think [with] a lot of people it does make a difference. When you find out about the program it will make you go and plant trees on it so that they can take advantage of this cheaper tax. (South Carolina)

The programs are great because they give you the breathing room to grow trees. It helps people that aren't really growing trees on purpose – they want to have them as a park. But the tax increases every year on the timber because the

trees don't just sit there one size, they get bigger and bigger. The tax used to increase every year and people couldn't afford [it] so they'd cut. (Washington)

- Management plan experience. Of the states in this study, only Wisconsin and Washington require landowners to have a management plan. Wisconsin is more stringent (landowners must agree on the plan with the DNR, harvest some trees, be monitored), while Washington is so “lax” that several respondents who continued previous owners’ enrollment were unaware a plan exists. Interestingly, the Wisconsin enrollees were generally quite happy with their plans: they have a lot of freedom (“I’m my own boss. It’s my world.”), the forester worked with them (discussed their goals, persuaded the DNR to agree to the ideas). The plan has also encouraged better land use, growing of more trees, and harvesting that has resulted in more wildlife. His woods are “a lot better than it ever was,” one said.

I think the survival of forestry would be plans like the Managed Forest Law. They cut it, they hash. You go past 40s that were slashed away before – they don't belong to the plan – it looks terrible. A program like this I think really helps the whole forestry industry. (Wisconsin)

Our woods is a lot better than it ever was. The clear-cuts are so thick you can't even walk through them, then where it was thin all the young growth is coming up. We've got more deer in it, we've got more rabbits and the grouse population is high. You can see anything. Woodcock are back. That's what I love. I love walking through there. (Wisconsin)

If I go back on our land 14 years, what I've learned is the people that follow forestry plans and cut are much farther ahead by doing it occasionally instead of waiting until that one big splash. They actually ruin the land. These foresters have taught me that. You go past these properties and see them cut, they look horrible. That's that they should have done. (Wisconsin)

The combination of financial and environmental benefits was mentioned by a Wisconsin owner.

It's sustainable forestry. When they buy the land they want to keep it in its natural state. Between diseases and fires and the dangers of it, it's a program where the land is affordable for us. I think a lot [of people] – including me – probably wouldn't be in it if you had to pay the rates today and there was no program. (Wisconsin)

Enrollee criticisms of the current use programs were generally not serious ones and were far outweighed by the benefits in their minds. Some are not problems for the enrollees personally but issues of the program in general.

- Low return on trees harvested. “You don't get the full value of the cuttings, you only get a percentage,” a Wisconsin enrollee complained. Landowners in the program still come out ahead, another observed.

Last year I had my 160 acres logged off. All the money I got from that was enough to pay the taxes for four years. There was good timber on it, too; there was popple, there was a whole variety. But the price went down so far that I got as high as \$3.75 a cord for popple. I had to do it because the trees were dying. I got \$270 a thousand for it. They've got to figure you've got the forester, you've got the loggers. I get a third, they get a third and the loggers get a third. So you don't come out very good at all. (Wisconsin)

It works so good for my father-in-law just for the fact he knows the forester really good. They have the equipment, they have the trucks. If you're in that type of business it's an awesome thing to do, it's going to save you in the long run. But if you have to pay somebody to do it you're not going to make anything; that's what they've heard from people. They've cut many managed forest crops and the owner doesn't get pretty much anything when they're done in their cutting. (Wisconsin)

But the time the owner gets their share of the money from the logs it just about evens everything out for the taxes that they would have paid had they been paying everything all along. It's kind of a deferred payment. (Wisconsin)

- Public access. An owner unhappy with his original agreement permitting public access switched to “closed management” with posting.

I went to the closed management so nobody can go on there other than if I gave them permission. The first time I had it in there without the closed program, I caught hunters in there. They went up the trees, they cut the branches down and they were so sarcastic that they wouldn't even give me their name. I told them when the program was off – “I don't want to see you here again.” I can do anything on my property that I want to do, I can cut trees. The only thing you can't do on that property is to build a building on it after you got it in. (Wisconsin)

- Land designation. Some Washington enrollees disagreed the designation of their as buildable or for having a power line.

Part of the property was not designated as wetland even though it was wetland. I was being taxed as if it was buildable property. The county goes a lot by aerial photography. They see a forest; they don't see a wetland there because they don't see the standing water. I had to go to the county and actually argue with them. “Some of this is not buildable and I'm being taxed as buildable.” (Washington)

I have as many acres as possible in the programs. Now they're going around and saying “that 80 acres has a little strip of power line along the edge. You can't grow trees under a power line so that's highest and best use now.” They're chasing down all these little spots in the county. (Washington)

- The DNR. Some Wisconsin enrollees criticized the agency for buying state land that is not taxed, which shifts the burden to other landowners and citizens; a new administrator they consider tough and unpleasant gives the DNR “negative press”; a landowner was forced to cut his maple trees.

We lost both our county foresters here. [The new DNR forester] came out and toured our land after the cut. First thing she said to me, “this should have been cut a lot harder.” I said, ‘I totally disagree with you but it was professionally marked.’ (Wisconsin)

I heard quite a bit of negative press on [her] in contact with a lot of people. That is really bad for the Managed Forest Law. (Wisconsin)

The two times I met her I had one word for her and it began with a B. I called it to her to her face. She was downright nasty when it came out to the woods. She was very power hungry. (Wisconsin)

I make maple syrup out there and I made them promise me that they wouldn't cut my trees. One man had his nice maple grove. He put his property into the forest management program; [he] was told he had to cut his maple trees down. (Wisconsin)

- County differences in rules and assessor attitudes.

My land is in Designated Forestland. I've got more than 20 acres. That's a wonderful program to be in. You sign up, you're in and most people are going to be in that program for life; they aren't looking to develop their property. There's no hassle. It's the same in every county. But the Open Space Timber varies county by county. Every assessor is different; some assessors are just nasty. (Washington)

- Back taxes penalty. Some enrollees recommended owners who might sell should not sign up for this reason (discussed below). A Washington enrollee was angered when she realized she would owe rollback taxes if she built several houses on her land, declaring “it's robbery.”

I'm really unhappy about it. It was my understanding if I went into the program, and I did for ten years, and I didn't change its designation and I didn't clear-cut it or I didn't sell it or didn't build on it or anything, for those ten years I would have reduced taxes. But if I did change the designation within that 10-year period, then I'd suddenly be liable for all the taxes that I had saved, that I had not been asked to pay. I thought if I devote myself to this for ten years then I'm home free and clear. (Washington)

- Political issue – not a criticism of the enrollees but an observation that the current use program has “come under some pressure politically every once in a while” as an unfair tax reduction in New Hampshire. Some

believe that the situation is improving as “people are catching onto” the program’s benefits to the community.

There's almost a little danger. We that are for current use have to be alert that we always for current use and educate other people. There are a lot of incomers that come into town, buy four or five acres and don't like the idea that they're paying more on their four or five acres than we're paying per acre on our land. (New Hampshire)

Someone who has four or five acres and their tax bill is \$3,000 or \$4,000 and you're sitting on 50 acres and your tax bill is \$3,000 or \$4,000, they're saying where's the justice in that? (New Hampshire)

There are people who say “all this land is out there which could be taxed and therefore our taxes could be lower if we would just tax these foolish landowners out there.” There have been a number of good studies that have talked about the fact that it lowers the tax rate to have land in current use. (New Hampshire)

I think people are realizing that land in current use is the best thing for the tax dollar. It costs nothing. You spend nothing on it and it pays taxes. People are beginning to realize that the lower value land is in fact the best value land. Current use had so many enemies. It has fewer and fewer because people are catching onto this. (New Hampshire)

Non-enrollees have a number of reasons for not participating in current use programs, in addition to the confusion discussed earlier. The difference between them and enrollees does not seem to be one of economic well-being. Several enrollees complained about high property taxes and some are clearly struggling to get by. A tax reduction would help them financially.

Obstacles to participation seem to be a combination of lack of awareness, negative impressions, misunderstandings, rejection of certain provisions and philosophical objections.

The potential to increase participation is also clear. When current use was explained and discussed, several landowners became interested in the program, although others remained wary.

It sounds like something worth looking at. In my particular case, where my property will probably never ever be used for anything other than residential, it has good possibilities. (Alabama)

Specific obstacles and concerns include:

- Lack of awareness – this seems to be a key problem. Some owners are eager for tax relief, on the brink of selling because of property taxes (like the elderly woman described earlier) but do not know it is available to them. The current use program received a good deal of publicity when it

was introduced back in the 1970s, some older New Hampshire residents said, but very little since then. As a result, the younger generation of owners and newcomers to the area are less familiar with it (along with some older ones).

Most people my age probably don't know about it. Obviously fewer younger people own ten acres or more, but [if] they do get a property like that I don't think they'd know to ask and follow up on it. [Another respondent: They would when they got their tax bill. I mean, they'd faint.] It would be a big tax bill but I don't think they'd be aware that there was a way to lower it. (New Hampshire)

- Difficulties obtaining information from local offices. While several enrollees said assessors had been helpful, other enrollees and non-enrollees reported that assessors withhold information. A few persistent landowners were determined to get answers; “you had to pull it out of them,” one said. On the other side, the elderly Washington woman trying to save her house gave up when she was first told about the wrong current use program and then directed to speak with someone else. Some owners suspect that they purposely avoid helping landowners sign up because that lowers the county’s revenues.

I was paying a lot more taxes before I homesteaded my place. The first couple years it was outrageous. I called and told them, I said “look, I can't do this.” The guy at the county tax assessors said “you're going to hug my neck. You go see so-and-so and tell her you want to homestead your place. He never mentioned current use. Now I'm going to go in there and hug his neck with both hands because this was 10 years ago. (Alabama)

I have 23½ acres. When I first moved in there no one at the government [who], said “hey, you need to go fill out these papers,” so they assessed my land at \$516 a year for taxes. That just blew me away because it was open land, had no house, nothing on it. I was talking to someone and they said “why don't you go down to the County Court House in Shelby County, explain to them what you're using that land for?” I said “I'm not using it for anything. I want to build a house down there when I retire. It's open land.” I went down there and told them. “Oh, you shouldn't have been paying all this money.” Why didn't you tell me that when I came down here when I first bought it? They didn't bother to tell me. Now I'm paying \$56 a year for tax. The other guy was telling me what he paid for his [land]. This is crazy, why am I paying this? Then I investigated further and that's when it dropped to \$53 for the whole 23½ [acres]. I actually called the county office and court house and started talking to different ones. They routed me here and I was over there holding [in] telephone jail and I finally got to the right people and I went down to see them. (Alabama)

They're not forthcoming with it. We had to actually challenge it because the timber company was right next door and they were paying a lot less tax than we are. We asked why are they getting taxed at this rate and we're having it at this rate? What's the difference? What do you need to do to get there? Then they told us, but it was like you had to pull it out of them. (Alabama)

You can go to the county courthouse and this clerk'll tell you one thing and another one will tell you something opposite. (South Carolina)

I went up [to the county office] and spent about 45 minutes standing at the counter. This lady had all these folders and everything about Open Spaces. She went through the whole thing because I told her that I owned and I wanted to try and get my taxes reduced. After she was all through with her spiel she said "oh, Betty, I've given you all the wrong information. Go downstairs." I went downstairs and he handed me a bunch of folders and said "here you are." I never even opened the folders because I need somebody to help me digest thing. I don't want to put my property into Open Spaces or any kind of program that I can't get out. I just got disgusted and I haven't gone any further than that. (Washington)

A simple document on state residents' benefits is needed, an Alabama man suggested:

There needs to be a common place for the common man to go and find out this information. It should not be haphazardous for all landowners like us to have to go out and try to find out and by word of mouth, just haphazardly. "You're a landowner – here, you need to take this document and read it. This is your benefits as being an Alabamian." (Alabama)

- Word of mouth. Some landowners had vague but strongly negative impressions based on hearing friends or family members criticize the program. (This dynamic was evident in the focus groups if a respondent spoke forcefully against the program.)

I think you have to pile up like 15, 20 years. If you pull it out early you pay a penalty for it, you pay a lot of back taxes on it. You can't cut the stuff that you want. My neighbor had 40 acres in cropland and they told him what to cut. He didn't get the money he thought he was going to so he paid a penalty and took it back. (Wisconsin)

I had heard that you put land in this program and you had to allow other people to come on to your land to hunt or whatever. And your taxes would be lower. That's pretty much it. That didn't sound too appealing. I don't want anybody just to be able to go on my land. Lower taxes sounds appealing. I didn't know anything about the stipulations for cutting. (Wisconsin)

I've heard of it but I really don't know what's involved or anything. I don't hear any details. I hear some people say they would never do it and other people say they would consider depending on the situation as a way to preserve it, I guess, for their families. (Wisconsin)

My father-in-law has a majority of his hunting land under Managed Forest Crop, I believe. I've heard him talk a little bit about land being posted and being open to anyone. But isn't there something like you have to cut your trees at a certain time? They tell you what to cut and when to cut it basically. They do firewood

and stuff for their own burning and stuff and they can only cut down the trees that are already laying and dead, vs. if they want to go cut down a couple other ones. [Why is he in the program?] I think it's cheaper taxes but I'm not sure. He has a 320-acre parcel, a pretty good chunk of land, so I'm assuming it makes out pretty good there. (Wisconsin)

- Back taxes penalty – a key obstacle. These penalties are paid by enrollees who develop their land and by buyers who do not re-enroll; the number of years for which back taxes are owed varies. Some non-enrollees said they want to have the flexibility of being able to sell their land, especially when they get older and retire, and that rollback taxes could wipe out any savings they received. Because of the penalty, current use is really a tax deferral rather than a tax reduction program, a consultant pointed out; “there’s no free lunch,” he stated.

A good deal of confusion was evident on this issue as well. Some non-enrollees thought the rollback would be for the full amount saved over the entire time the landowner has enrolled, wiping out any advantage. The owner might still come out ahead, other respondents sometimes pointed out. Where the state recoups the taxes based on current rates rather than past ones, the owner might actually lose money. Some owners were also unclear on who pays the penalty if the land is sold: if developer buys it, does the seller in the program have to pay?

When we did current use on the property in Shelby County, they advised us against it. Number one, because they were going to lose money. Number two, we were told that if we ever sold it we would have to go back and pay a compensatory penalty for doing that. They didn't say how much or what, but for the privilege of doing that if we sold it we would have to pay the penalty. (Alabama)

I would say don't get involved in it at all because the clincher right there is they're going to get you before you do anything with it. You better stay out of the program in my meager opinion. You get a little bit of advantage but if you decide to do something with it then they're going to stick it to you big time, interest all along these years. (Alabama)

I have 40 acres. I could take 35 of it and put in a mobile home park. Let me ask you something, if you were to enroll in something like this for a year or 10 years or 15 years and then you decided you did want to develop it, do you just go and take yourself out of it, un-enroll? I wouldn't want the penalty of someone coming and saying “you've enrolled in this and you've agreed to it and [you have to pay]. Can you say at some point I want to stop doing this and I want to go back to regular taxes? (Alabama)

At the time that I choose, but I might save money for five years or 10 years. If I choose to develop in the eleventh year, I go to them and tell them I'm going to be developing next year, unenroll me. I've saved money for 10 years. They're not going to back-bill me because there's no minimum enrollment period. (Alabama)

If we're, quote, automatically enrolled, because I don't think I ever formally enrolled in this, if my land use changes am I penalized for the previous three years even though I didn't formally enroll? If I just stated 20 years ago that this is my use of my land and then I sell, are they going to penalize me for the previous three years? (Alabama)

Does that mean because it's zoned for timber now if I sell it to Wal-Mart, heaven forbid, and it becomes business, are they going to penalize me for the previous three years? (Alabama)

I would recommend to anybody that owned land to put it in land use to keep the taxes where they could afford to keep that land, but not to do it if they were going to be selling it. The cons are if you're planning on selling or subdividing or putting another house lot, you're going to have to pay up the, quote, back taxes, unquote. (New Hampshire)

I understood it as you have to go back to the point that it was put into current use and pay the tax difference all those years. (New Hampshire)

The problem where I live is taxes. The children can't afford to pay the taxes. I have mine in agriculture; when I got it, you have to have at least five acres to have it in agriculture. My children already have homes somewhere else. They want to come back here to retire. The taxes roll back. You can have it in agriculture but when the name changes they go back for five years, I believe, and you have to pay the rollback taxes. It's a problem. (South Carolina)

We have 72 acres [and] we don't have it in Forest or in Open Spaces, basically because I didn't want to get stuck with the seven years' interest and penalties. We wanted to have more flexibility if something came along. (Washington)

Our taxes are pretty hefty. We pay on our 40-acre piece which has our house and our horse boarding a little over \$5000 a year, plus the 20 and the 10 [acre parcels] which are less. We're still paying almost \$10,000 a year in taxes. Real estate has been a little bit slow over the last couple years; it's hurt me personally [he is an agent]. My wife does work full-time. We're like on the border of being overwhelmed financially. The taxes are a burden. Frankly, one of the scenarios we're looking at in the future is selling off the 10-acre piece to help pay the taxes plus do some improvements on the property. That's why I didn't want to go into the Open Space or Forest because when you go that point I didn't want to lose a whole chunk of whatever we sell it for back taxes and penalties. (Washington)

We want to keep this property in the family. I considered some of the programs and I didn't want to get tied down if I ever did have to sell. My understanding is if you sell the property to an owner that owner carries on either the forest part or the ag part, that you're not penalized. But maybe I'm wrong on that. (Washington)

I want all the flexibility with my land that I want. We're getting to the point where we're retiring from [raising] alpacas and we may want to sell it. It's an asset and it's an asset to be managed. You can get into [the programs] and it's really a

matter of delaying what you're going to pay. That just didn't seem to make a lot of good sense to me. (Washington)

We have 72 acres [and] we don't have it in Forest or in Open Spaces, basically because I didn't want to get stuck with the seven years interest and penalties. We wanted to have more flexibility if something came along. (Washington)

If you had Open Space ground and you take it out you've got to pay. I do a lot of plans [as a consultant] for people who they are 57, 58 years old. They retired and they bought 10 acres and they understand they can put it under Forest Open Space and the taxes will go from \$5,000 down to about \$50 or \$60. They say, "Boy, that's a good deal." They don't realize there's no free lunch. Then you ask them, "Do you really want to put it in forestland? What are you going to do?" "In 10 years we're going to move to a community living." That means in 10 years you're going to have to pay all that back and you're going to get stuck. I says, "I'll write you a plan. You go down and see Mr. Jones or whatever his name is and find out what that tax is going to be. When you find that out if you want me to do it you call me back." Never hear from them again. (Washington)

What if, say, you're in a 25-year contract and in the interim of this contract you decide you want to sell the property? Then they retro back on the taxes from day one? (Wisconsin)

- Public access. This is an issue in New Hampshire and Wisconsin where hunting is popular. The misperception that landowners must give public access is a deal-breaker for some non-enrollees. They do not realize they can choice to post but receive a smaller tax reduction than if they permit access. The "extra 10% off" for allowing hunters mentioned by one New Hampshire owners was dismissed as "very small money" by another. (Part of the confusion between the two types of programs may relate to the fact that they are under the same name.)

I think it means that the public can use it; this is fine, in my opinion, except that I hate hunting, and I am not allowed to keep hunters off the land. (New Hampshire, written response)

When you allow it to be used I think you're opening a door that you can't control. If you do that official allowing that lowers your tax rate. I allow anybody to use our land but I don't say so. (New Hampshire)

My understanding of current use is that it reduces the taxes on your land if the land is kept undeveloped. I think it means that the public can use it. This is fine in my opinion except that I don't like hunting and I'm not allowed to keep hunters off the land. (New Hampshire)

I have the lowest rate but I've actually posted the frontage. I've had hunters come up to me and say "you can't post that." They've all gone to town hall and they've done their homework to know what they can and can't be on. (New Hampshire)

I think you have to open it up to anybody that comes in. You have no control over who comes on. (Wisconsin)

- Dealing with the government. Landowners who think current use will make them “relinquish control of your land” to “the government” are adamantly opposed to enrolling, even if they understand they could save significantly. Some refuse to deal with the DNR in general, especially since the rules on the programs can easily change. These views were expressed in Wisconsin and Washington, which require management plans. The owners have deep, fierce feelings about being “told” what they can and cannot do on their property. More specifically, some believe that the DNR can force enrollees to sell their land, or dictate if they do or don't cut. They do not realize that management plans are agreed upon through a negotiation process.

I don't know if I want to have the government have the control over me to make me do this here or that there. (Washington)

If I did put it in managed forest, I can't get go in there and cut three trees down and use for firewood unless they're dead or downed already. There's too many rules and regulations that I have to follow – it's not my own land anymore. (Wisconsin)

The one thing that bothered people when I took this course [on the program] is that if the forester creates in his plan that you have to clear-cut those five acres, you don't have a choice. They're cut. If you didn't want that clear-cut you're stuck. (Wisconsin)

Anybody that goes into [the program] will make more income because those foresters, they do know what they're doing and they will keep your good trees. There should a lot of income coming back. It's just that it takes a person's freedom away. That's what I'm against. If you don't know how to manage your own land you're better off to put it with somebody that does. Some of the taxes you've got to pay you'll get back in extra income; when your trees get matured it'll be a lot better harvest. (Wisconsin)

I think the DNR should be more cooperative. [A landowner] owns over a thousand acres up by Meanqua and I was at his woodlands day when they have conference in the summer. He said “there's no way in hell I'll ever put one acre of my land in any of those things to deal with the DNR.” He just don't trust the DNR and the change in programs. He just said “I don't want the red tape. I'm leaving it open.” He can afford it and more power to him. (Wisconsin)

- Qualification issues. Some landowners believe (correctly or not) that they don't have enough acres to qualify, do not have the “right woods” or even, in one case, that they are “too rich” for the program. Confusion about acreage stems in part from the fact that requirements have changed over the years and also vary county to county within some states.

Another thing that scares me about that, I've got a friend in Newbury County. I think he said they bumped theirs up to where you've got to have 10 acres. (South Carolina)

I looked into it. They say I'm too rich to have any reduction in taxes. "Well, you've got this and this. You shouldn't be able to have all of that so you can't get a reduction in taxes." That's the honest God truth is what the guy told me. (Washington)

I don't have the proper woods to put it in forest management. It's not dense enough; it's not arranged property enough. I've got enough trees; they're just in the wrong places so I can't take advantage of that. (Wisconsin)

A New Hampshire landowner who wants to will his land to his sons with like to see "parcels smaller than 20 acres" qualify. Current use does allow this in some other states.

I have two boys and I'd like to leave half to each, but then that takes it out of current use because there won't be enough. Once you put a house on each property, the land that the house sits on is not part of current use. So although current use for me now is very, very good, I'd like to see [it] on parcels smaller than 20 acres. (New Hampshire)

- Savings are not significant – if other parts of the land are assessed as higher use, or if owners have to pay a withdrawal penalty (discussed below). Asked what would make them interested in enrolling, a New Hampshire landowner said "a more substantial tax savings on the balance of my property."

My house lot is \$150,000. And without current use it's like \$172? That's just not worth enrolling. (New Hampshire)

I manage 45 acres for a woman and [her land has] probably been in the family for many, many years. She's always had it under the higher and better use. She decided she was going to put it under the Designated Forestland so I wrote a plan. She wanted to keep out five acres and the house which was pasture. The rest was timber so she put it together. The county said "instead of having 45 acres in higher and better use you now have five acres. That goes up ten times." When she got done the reduction on the 40 acres was less than 5%. She just said forget it. Even when they have these programs, the idiots downtown can work things around so that the Designated Forestland doesn't help you. (Washington)

Someplace you pay the taxes. You either pay it when you harvest it or when you sell it. They're not forgiven taxes; they're deferred taxes, just like your IRAs. You're going to pay for it in the end when you sell your property. (Washington)

- Lowers resale value. People don't want to buy land with the current use restrictions, a few said.

One non-enrollee is worth quoting at length. He had seriously considered enrolling in current use, “spent hours” on a course by the University of Wisconsin Extension. Arriving at the focus group with the course’s thick binder, he was quite knowledgeable, except on the length of enrollment (saying 50 years is not longer an option). In addition to thinking his woods are not “dense” enough, he decided against the program for a combination of reasons despite the tax savings.

[In] Marathon County if you've got 40 acres, land not enrolled in forest management the annual property taxes would be \$1,320. If you had land closed to hunting – you can hunt on it but you're not going to let anybody else hunt on it – your taxes would be \$334. If you open the land to hunting your taxes for that 40, it would be \$67. If you are in Managed Forest and then you opt out of it, you have to pay the difference in the taxes from that \$1,320 to whatever, \$67. You have to pay that all out up front to back out of it. That can be a bundle because that's a significant savings. That's why people put it in managed forest. But the offset to that is you have to have a timber sale. Your managed forest is just that. You have to have a forestry plan that says you need to cut these trees this year and five years from now you need to cut those trees. Then 10 years from now you need to cut those trees and you have to stick to that plan. If you don't stick to the plan you've broken a contract. You relinquish control over what it is you can cut because somebody's going to have to go in there and cut them. They can selectively cut, they can clear-cut, they can thin, they can do a whole bunch of different things. The forester that comes in has to create this plan and then you have to stick to it. You sign off on it. Now you don't have any control over it. You can cut your dead and dying trees. (Wisconsin)

Questions about the programs came up often, reflecting the general confusion, even among enrollees. In addition to some mentioned above, these include: How much land do you have to have to put on current use? Does the land in current use include the house? What do you have to pay for the survey? Can you build a house on the land? What happens when a person dies or needs to sell is the contract null and void? Do landowners need to reapply? How much income, if any, do landowners need to show? Do enrollees have to pay more if they buy adjoining land? Who pays the penalty if you sell and the buyers don't continue the enrollment? Who writes the management plan? Is a management plan “just something in your head or do you have to go to some official and get it written down?”

If one were to buy another piece of land that abuts yours, say it's only a couple acres, the previous owner would have been paying taxes on it. Now if I add it on to my current use property, is the town going to come after me for anything or how does that law read in that situation? (New Hampshire)

Once it's in a category and you're in the agricultural do you have to go back and sign up any more papers? We bought five years ago. It was agriculture and it is now. I didn't know if you had to be reassessed or you had to fill out any more paperwork. (South Carolina)

It's not as easy now that they've come out with the new laws. It used to be, if you're going to use it for farming, are you going to have a garden, are you going to do this? They told my daughter if she raised animals to sell or vegetables and sold some of them, she would have to show at least \$2,000 in that income on the property. But the trees, she didn't have to show anything. They qualified. So we planted some more pine trees. (South Carolina)

Put that land in the forest program you've got to sign it up for a minimum 25 years of 50 years. But from that first date to the 25 years if you sell it they guy that's buying it's got to pick up all the taxes, right? (Wisconsin)

In this program what happens when a person dies or they need to sell the land? Is the contract null and void? Or your estate has to pay the back taxes on it? (Wisconsin)

2. Income Taxes

Relatively few of the family forest owners interviewed for this study have had significant taxable income generated by their land. Timber cuts were mentioned by some, often one-time occurrences from years ago they vaguely remember. Struggling small business owners (tree farms, animal breeding, etc.) have not produced enough income, some said.

I don't think I'll ever have a tax liability from owning this land. (New Hampshire)

The problem is not having enough income to pay taxes on. (New Hampshire)

We did capital gains. I was very careful, didn't sell alpacas that year. You minimize your income and you just manage your resources. I really didn't want to cut the timber but I wasn't going to let it rot. (Washington)

Income taxes on land-related sales played little role in motivating these landowners to take actions they would not have done otherwise in order to pay their tax bills. Instead, some declared they will never cut. It “destroys the atmosphere of what you've got, what you're working for,” an Alabama owner stated.

Timber taxes drew criticisms for being unfair by a few owners. These taxes can discourage cutting.

I'm just going to postpone cutting my timber because I don't want to pay the timber tax. (New Hampshire)

There is no timber tax on Christmas trees so I raise Christmas trees instead. (New Hampshire)

You cut your trees you're going to owe the tax on the stumpage or the net to the landowner. Small landowners, which we all are, pay less; it's way under 5% of the timber tax revenue in the state right now. If they would just cut that off so we didn't have to pay it that would be a big gain for the individuals but it wouldn't hurt the state much at all. It's a very small percentage of their total timber tax revenues. (Washington)

With growing trees, taxes are a moving target. You plant your trees, you figure taxes are at this rate when you plant them. Then later the whole picture changes. All of a sudden there may be a loss or less of a gain. The way that taxes are a moving target is a real impediment to growing trees over the long run. (Washington)

Awareness of ways to minimize income tax on forestland sales was limited among the landowners affected by them.

My experience is that if sell timber it just adds to your personal income and you pay tax at whatever bracket you're in. (Alabama)

Specific strategies for reducing taxes were described by more knowledgeable owners, a minority of those interviewed. Interestingly, other respondents were eager to hear their comments and suggestions.

- Capital gains. An obstacle to using this deduction seems to be that most owners don't know about the need to have a basis for depreciation. Further, a Wisconsin owner said, "It was not enough to make a whole heck of a lot of difference."

If I sell a tree with its roots on then I'm a nursery and I have to pay regular tax on that. But a tree that's cut off you can go the capital gains route. Actually the effect of it is such that you take a small loss on your farm each year because the stumpage that they allow is greater than the overall cost of your operation. (New Hampshire)

You pay capital tax anyway; you couldn't have to be paying income tax on it. You should be able to put that in capital gains – it's still pretty low, about 15%. Plus you can take credit for all the stuff you've done to improve that land. Let's say, for example, you've been out there maybe 20 times and you've kept records of all the things you've done. You can deduct all that before you even get to the bottom line as to what you're going to claim. (Wisconsin)

The logs are a crop, okay? So if you're going to go into the business of having woods and selling it, then when you sell something off now you've taken value off the land so now it has less value. You have to have your running basis. That's why you need to have your tree basis because now your land is valued less because you took \$40,000 worth of pulp off of it. (Wisconsin)

- Deducting expenses – just as any business does. Owners may "shortchange" themselves by not keeping records. Alternating itemized

and standard deductions on harvesting is a strategy one owner said larger landowners he knows have used.

Buying and selling horses is taxable income. You have your expenses of raising them so it's just like a business. If you run it like a business you can take advantage of the tax breaks. You've got a home office, you've got a barn that you rebuilt for the horses, you get deductibles for the materials or whatever. It can help a lot. (South Carolina)

- Spread out income or taxes – do the cutting over two years, income averaging.

One year because of the income tax thing we had them log part of it in one year and then the next year finished it. It was on two years of taxes instead of one fell swoop. (Wisconsin)

- Heirs reappraise forestland. One approach is for owners to pass down their land with the timber; the heirs can have it appraised and logged without paying capital gains, a forestry professional advised.

One wise thing to do is if you're elderly and you really don't need the money, just don't go cut your timber. Die with it because then it's appraised. My father-in-law died, had bought the land in '24 for ten dollars an acre. We had it appraised at \$500,000. We logged it for \$500,000; because the new value was \$500,000 we paid zero capital gains on it. (Washington)

Sources of information owners have or would turn to are financial professionals – accountants, CPAs, tax preparers and the IRS. There were scattered mentions of forestry specialists: foresters and loggers, a woodland owners association (Wisconsin), Forest Service pamphlets, and a “forestry day” held by a lumber company mentioned earlier. One owner cautioned others that a lot of financial generalists “are not into that woodlands effect and what the value of the woods is.”

You could [get] general information, say “I need to have somebody before I go see this accountant” or who you're going to go see, through extension or some of these agencies. At the DNR you can get a pamphlet on forest taxation or the Forest Service has a publication called Federal Income Tax for Timberlands. You can read all that stuff so you understand what they mean by capital gains. You don't become an expert but you understand when you get to the accountant, the buzzwords he's using, a little bit better by reading these things beforehand. (Washington)

When Kretz [Lumber] has their forestry day they have two people up there that will explain the whole program to you of what you can save and everything. Actually a lot of them that have cut their timber have gotten away without paying a cent extra on their taxes. (Wisconsin)

3. Estate taxes

The overall level of concern about estate taxes was low. The subject came up unaided in some sessions and several landowners in the Planner segment have taken action concerning this tax. Most of the landowners interviewed, however, have not considered estate taxes, which they do not view as relevant to their situation. When knowledgeable owners in some groups offered advice on avoid the tax, some respondents in some groups were eager to learn but in others they immediately lost interest and digressed.

The following comment succinctly states why property taxes are more salient: they must be paid by the landowner now while estate taxes may (or may not) be paid in the future by someone else.

I don't think we're worried about estate taxes. We're worried about "being-able-to-keep-it" taxes because of the price of living and owning the land. Estate taxes is nothing compared to [that]. (Wisconsin)

Awareness that there are no estate taxes in 2010 was mixed. Some owners recognize that uncertainty exists about whether or not the taxes will be reinstated next year. Jokes about dying this year (or being helped to do so) were made in several groups. Plans made to deal with possible taxes may well have to be remade if/when the laws change. The value of the estates that might be taxed was discussed – one, two, three, three and a half million dollars, etc.; this contributes to landowners' confusion about whether or not they might be affected.

It may be better to have your land appraised and tell them you want an appraisal for estate purposes and pass that land along to them. Right now I think it's 3½ million that can be passed without any tax being paid. No estate tax; even next year there's got to be some break in there. (Alabama)

The end of the year, unless we all decide to die this year, we're in trouble. There's estate taxes if you own much property at all. Because our, quote, Bush tax credits will expire the end of this year. As of next year, I'm not sure if it starts going up gradually or jumps back to what it was 10 years ago. I doubt if our current administration is going to reenact those. (Alabama)

Estate taxes shouldn't exist. We've already paid taxes. My dad paid taxes when he earned the money, he paid taxes when he bought the land, he's paid taxes on it every year. When it's inherited there should not be a lump sum. (Alabama)

Since we don't know what they're going to do we'll never figure them out. You can predict all day and those people down in Montgomery will never do what you think they're going to do. (Alabama)

I told my children pull the plug in 2010 if I was on a respirator. The law changes this year nationally. Through 2010 your estate can be three million without having to pay estate taxes, but then it goes back to what it was before. [Another

respondent: It's up to 45%.] Yeah, off the top. Your children have to sell or to pay that estate tax off the top. (South Carolina)

Right now you don't pay any death tax. If you died this year, it all is free. Next year if you have a three million dollar estate it goes back to a million and anything over that you're going to pay 55%. A small business who owns a business and everything's tied up in the business and they get stuck for a big bill, they're going to have to sell the business. They can't stay in it. (Washington)

There was an article about this and the last sentence is "Grandma, when you go to Thanksgiving this year put your back against the wall." (Washington)

You don't know what it's going to be right now with Obama. Right now we have what's called step-up in value. For example, if I have \$100,000 worth of property that I only paid \$50,000 for and I give it to my children, they don't get taxed on that \$50,000 difference. They get [the] step-up in value, whatever the value is as of the day of your death. But I don't know for sure what the hell that's going to be because the Congress is talking about making substantial changes. (Wisconsin)

I think your state and federal exemption for estate tax may be a million dollars for the federal government now. Unless you were very wealthy you wouldn't have to contend with them. If you were very wealthy it wouldn't bother you. Estate tax shouldn't really be involved there too much. (Wisconsin)

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The question of whether or not estate taxes push owners to sell their land is difficult to answer from this research. Few of the current landowners interviewed have directly been affected by this, although some had problems when they inherited. Anxieties exist about heirs being pushed to sell in the future. "Some people worry about the tax bill and will that put pressure on the kids to sell," a South Carolina owner said. Stories were told of people respondents knew personally who sold because of estate taxes.

I know a man who lost as much as half of thousands of acres that he inherited in an inheritance tax. When his daddy died he lost about half of all that timberland they had. He had to sell just to pay the inheritance tax [15, 20 years ago]. (Alabama)

Landowners concerned about minimizing the impact of estate taxes on their heirs seem to be Planners and have larger and/or more highly valued estates. Not surprisingly, they are also more likely to use professional advisors, although some have found ways to avoid using attorneys. More knowledgeable owners took on the role of advice-givers in the sessions, suggesting ways others can avoid or reduce the tax. One stressed the need "to do prior planning."

Just got to do prior planning. There's ways around it before it happens like giving it to the people years ahead of time, putting it in their name, doing the survivorship deeds so it doesn't roll over into your estate. Of course you get into the thing about the Medicaid and Medicare laws. If something happens to you and you end up having to go in a nursing home, they can steal everything you got to pay that nursing home. That's an eight-year thing, I think. If you think you're going to give it to your kids you need to give it to your kids eight years ahead of time or else they can go back. You've just got to start thinking about it head of time. There's trust, there's all kind of things you can do but you've got to work at it. (Alabama)

The complexity of the subject was shown in the frustration some knowledgeable owners feel, despite having studied and received professional advice.

I take the advice of my attorney and my CPA. But when you sit down and start talking about it, honest to God, I can't even tell you what the hell to do because it's so damn confusing. All I know for sure is that, depending on what you need for income, we're in a line of gifting because we intend to keep things intact. That's definitely going to have to happen. (Washington)

I think everybody is challenged with that estate tax. I figure you're going to get 10 different answers on estate tax today. Because if you titled it with your children, you're susceptible for any car accident, health problem, anything that would happen down the road. You could be sued. I've studied this for two or three years and not come up with a good answer. (Wisconsin)

Strategies to minimize estate taxes or help heirs to pay for them included several discussed earlier in the section about passing land down in the family. "There are a lot of ways around estate taxes," a Wisconsin landowner said. One of the difficulties in dealing with estate issues for landowners is to avoid conflicts in the family, treating their children fairly in splitting land and other assets,

- Giftng – mentioned by several owners. This is seen as a good way to transfer money to heirs so they can afford future taxes; it "reduces that tax burden where it's not all at one time." Some confusion exists, however, the amount that can be given annually and about the difference between gifting money and land.

You probably can give each child, each heir. I think right now it's \$13,000 a year tax free. If my husband and I own a piece of property together and we have two children, the two of us together could give one daughter \$26,000 worth this year and the other daughter \$26,000, and next year do the same. But you have to have your property assessed if you're talking about acreage so that the powers that be have a record of how much they deign is worth the \$13,000. (Alabama)

How did you find out about doing that? We looked at that sort of incremental gifting of land to the next generation but it sounded much too difficult. We were going to get caught in the middle of it with only half of it given and then we'd have these people with only a quarter of the land and who'd make the decision on it

and who owned what and how would you eventually transfer it to the one person that really wanted [it] – and that kind of stuff. (New Hampshire)

We divided up some land amongst our five children. We did that over a period of time because you could give X number of dollars to each child a year and in that way it took care of the whole thing. It wasn't equal but we worked out a formula for that one, too. (New Hampshire)

The limit on what an estate is has been raised to such an extent it's like several million dollars now, where it was quite low [like] half a million before. At the time my parents were thinking about this move across it was certainly quite a concern. My parents gave me a gift of the farm which would eventually be taken off against the inheritance tax when they actually died. Three years, five years later – you set a time. The IRS discounts the value of the land because they're still alive. (New Hampshire)

- Family trusts. Some adult children have worked with their parents to create such arrangements to avoid probate. Revocable trusts do not reduce estate taxes but avoid the probate process, one landowner stated.

The advantage of a family trust [is] you can set it up like you want to, you can subdivide it by name. You have two trustees or four trustees or six trustees. If you wanted, one for each child. It's real simple to set up and there's no downside to it. It simplifies life. (Alabama)

A revocable family trust – everybody here ought to have one. Put all your land in it. You're the trustee; can't change anything. You've birthed another entity, your family trust. The second you die the successor trustee owns everything, without probating the will, without doing anything. It's a beautiful set-up. You can add stuff to it, take stuff out of it. There's no tax difference for it but rather than going and probating a will it's a lot better in my meager opinion. It solves 90% of the problems of landowners and the next generation. Doesn't change taxes on it but it simplifies going to probate for two or three years and paying a lot of lawyers to go through a process. (Alabama)

My timberland is in a trust, my husband's is in a trust. Then of course after we spent lots of money with an attorney to do that they changed the laws. It used to be if your net worth was like 600,000, then it went up a million. Now if you die this year, there's no inheritance tax – they totally changed the laws. They're still working on it and it might be if your net worth is under three million or jointly six million you won't be taxed. It becomes a concern because if your property's only going to be worth a million dollars, you don't need anything fancy because that is going to be covered. (New Hampshire)

We've put the land in a trust for our kids because we were concerned about not being able to hold onto it or we didn't want it lost and divided up or have something else happen to it. We want it as it is, if that's possible. But it is in a trust. That's all seven of the children plus both my parents. My father's passed away so it's going to be complicated with a lot of the estate taxes. It's going to be people buying shares from one another and that sort of thing. (New Hampshire)

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- Deeding property. Some landowners deed land to the children who want to keep it, giving cash to the others. This arrangement enables owners to continue living on the property while ownership shifts to their children.

I make out a deed every year to each one of my children for one-sixtieth of my undesignated land. So they don't own this piece over here, they own a chunk of the whole thing. In a few years they'll own it all. (Alabama)

I have a professional financial advisor. I am working on signing over, where you actually give your house and property to one of your kids but you still live in it. You plan that your estate will grow so the kid that's really interested in the property gets the property and the rest will split up the cash. You've got to make sure that your kids are really still all going to be your friends by then. A lot of families have been falling-outs over this. Make sure you have a very good will that tells exactly what's going to happen so there's no big fights after you're dead. (Washington)

- Family partnerships, LLCs – mentioned by a few respondents. (LLCs are discussed above.)

My understanding on the family partnership [is that] if any of the partners die the whole property has to be assessed and then go from there so far as estate taxes, their portion of it. The way [my parents'] particular one is written up it's supposed to stay within the family unless A, B or C. To be honest, I really don't know enough to be discussing it, other than I know that my parents used a very, very reliable law firm and I've since confirmed with a second one. Supposedly it's done about as well as it can do. (Alabama)

- Joint accounts with heirs. “Either/or” survivorship rights give heirs money with which they can pay the taxes

I didn't consult a lawyer. I have a will and I didn't consider estate taxes because I assume that if either of us dies the spouse would automatically take over the property. Most of my other funds I own jointly with my children; any investments I have they are co-owners of the investment. I think that's one way to avoid [estate taxes]. (Alabama)

It's all marked as “either” or “survivor” so if somebody goes the state doesn't have any inheritance tax coming. There's so many different things you can do but the laws can change. This is one of those things that they can't change because now they're actually an owner as far as the law sees. Not going to say “what about this car, what about that chair, what about that painting?” The state's out of it. I'm safeguarding so my children don't have to pay some

exorbitant tax if I pass on to keep what I have. I think it has to be over a year that their name is added otherwise the state looks at it cross-eyed. (New Hampshire)

Some of the things I've done in terms of trying to avoid estate taxes is in terms of bank accounts and that kind of thing, to make sure that they're joint account with survivors. By doing it that way it really doesn't go through probate court. [It's] right of survival. I had my wife as 100%. I have two daughters; if anything happened to both of us each of them would be 50% inheritance of it. In your bank accounts check whether it's "and" or "or," especially with children. You have to talk to your bank to get the details of it. (South Carolina)

Wisconsin provides that you can transfer on death. In other words, you own the property, you can do anything you want with it, you can sell it, do anything you want. However, you can also put a little clause on there that says "transfer on death" so if you happen to own it when you die it just automatically transfers over to whoever you have on there. (Wisconsin)

- Life insurance policies – mentioned by a few landowners.

My parents went to estate planning specialists and set this up. What they did was they bought an insurance policy years and years ago for the express purpose of paying the estate taxes on the land that was transferred. So, whew! (New Hampshire)

[The life insurance trust a neighbor had] made us think, well, gee whiz, no tax on anything. We will do the same thing and leave it to our children. If we say it's divided equally among the three of them, they can just equally divide the money and that's all it goes to. (South Carolina)

My insurance agent suggested that I put [my policy] into a life insurance trust. Life insurance is not considered part of your estate. This was giving about \$400,000 out of my estate that couldn't be taxed at my death. Then the children could use that if they had to pay the taxes on the land. (South Carolina)

Inheritors interviewed generally said they themselves did not have major problems. (Again, these are people who were able to keep their property.) Land was worth less and taxes were less when most inherited. Strategies to avoid problems had also been used by their parents and by them: parents who did gifting or deeds, children purchased land from parents, children used inherited money to pay off the estate taxes. An Alabama man said his land was deeded to him by his father, who stipulated that he had to build a house on the land; he has never paid property tax on the land itself.

My land was passed on to me on the assumption that I would build a house on it. That's the only way I could acquire that; that was my dad's stipulation. I built there in '98. I've been paying the taxes on it since then but I've never paid one cent for the land per se. (Alabama)

The limit on what an estate is has been raised to such an extent it's like several million dollars now. It was quite low, half a million or something like that before. At the time my parents were thinking about this move across it was certainly quite a concern. My parents gave me a gift of the farm which would eventually be taken off against the inheritance tax when they actually died three years, five years later. You set a time and the IRS discounts the value of the land because they're still alive. (New Hampshire)

Everything that [my father] had ever saved I had to pay that. If he hadn't had \$200,000 – that's what the estate tax was when he died – I would have had to sell my house. (Washington)

I inherited the money that bought the land and I didn't pay taxes on it. I got the money when my mother died and I turned it into land. (Wisconsin)

As my parents were getting elderly we bought 13½ acres from them and recently we sold one more acre. (Wisconsin)

On the other side, an Alabama owner talked about the “nightmare” that occurred when she and her siblings divided the land.

My father passed away and left the land jointly to six children and it was a nightmare. We didn't own 10 acres of the parcel; we owned one-sixth of a hundred. Just trying to divide [it when] you've got six kids – one of them wants to keep it, one of them wants to sell it. (Alabama)

Sources of information landowners have used or would use include professionals specializing in estates, such as estate planner, wills and trust attorney, tax attorney, along with a general practice attorney, real estate broker and financial advisor. Listening to another respondent, a New Hampshire owner said, “My trust lawyer didn't know what his trust lawyer knew.” Further, such lawyers are “very, very expensive.” Landowners have a resistance to spending money on professional advice (“we’re tighter than ticks”), sometimes to their detriment, one said.

Small forestland owners, we're tighter than ticks. That works to our advantage most of the time. But there are a lot of times when you just need to suck it up and hire somebody that knows that the hell they're doing and get it done right. I've made many mistakes because I was trying to save a buck. I ended up costing myself a hell of a lot more. (Washington)

Educating landowners about their options was suggested in a New Hampshire session.

A little booklet that somebody gave me that said “hey, here's five different options of the way you're going to pass on land to be careful with things like inheritance taxes.” (New Hampshire)

They should focus on having some sort of arm of information to give to landowners in terms of how to structure things so that you don't have to break up your land – making sure they know about current use, estate planning in regards to the land and not breaking it up, that sort of thing. It would be a one-time fee and then making sure you keep updated on the changes. It would allow private owners to have more flexibility in how they preserve the land. (New Hampshire)

APPENDIX A

Current use descriptions shown to respondents recruited as non-enrollees

Alabama

Alabama's Current Use Assessment provides for a lower tax rate when landowners agree not to develop their land. Current use assessment can reduce property taxes by over 75%. Qualified landowners must have at least five acres of woodland. There is no minimum enrollment period or proof of active timber management required. If any part of the land is subsequently developed there is a penalty of roll-back taxes that's the difference between the lower current use taxes paid and the taxes that would have been paid otherwise without current use for the three preceding years.

New Hampshire

The New Hampshire Current Use program makes it possible for landowners to pay a lower tax rate if they agree not to develop their land. Land under Current Use is frequently taxed at \$1.00-\$1.50 per acre. Qualified landowners must have at least 10 acres of woodland. If any part of the land is subsequently developed, a penalty of 19% of the full value of the land that changes use must be paid.

South Carolina

South Carolina's Agriculture Use program makes it possible for landowners to pay a lower tax rate if they agree not to develop their land. Land is considered to be in "agriculture use" if it is used for crops, trees/woodland or pasture. Qualified landowners must have at least 5 acres in agricultural use (not counting their house). The assessment is at a lower rate (4%) than the usual (6%). If any part of the land is subsequently developed, there is a penalty of rollback taxes that is the difference between the lower taxes paid on the basis of agricultural assessment and the taxes that would have been paid otherwise for the five preceding years.

Washington

Washington's Designated Forest Law (DFL) makes it possible for landowners to pay a lower tax rate if they agree not to develop their land. Qualified landowners must have at least 20 acres of woods. Depending on local property tax rates, the DFL can reduce property taxes substantially (90%). Landowners must have a management plan. If any part of the land is taken out of DFL, there is a withdrawal penalty for back taxes of up to 10 years. There is a similar program, Open Space Timberland, for owners of 5 to less than 20 acres.

Wisconsin

Wisconsin's Managed Forest Law (MFL) makes it possible for landowners to pay a lower tax rate if they agree not to develop their land. Qualified landowners must have at least 10 acres of woods. Depending on local property tax rates, the MFL can reduce property taxes substantially (50-80%). Landowners have a choice of enrolling some or all of their land and an enrollment length of either 25 or 50 years. They must follow an approved management plan based on sustainable forestry principles, including harvesting wood products. If any part of the land is taken out of MFL before the end of the enrollment, there is a withdrawal penalty that is the difference between the lower MFL taxes and the current property tax rates.

APPENDIX B

Current use descriptions by respondents recruited as enrollees

New Hampshire

A tax on land appraised for its particular use, i.e., horticultural, the highest tax rate to forest. Forest is divided into various categories and their relative values. These assessments are a % of its appraised value.

Most people who own over 10 acres of land would pay much higher property tax without “current use.” Put in place by Gov. Walter Peterson, it was designed to allow landowners to retain their land by paying substantially lower taxes if the land in question was/remained undeveloped. Current use is also the most beneficial tax category v. residential, commercial, industrial, etc. Current use pays tax but uses no services, no kids in school.

1) Allows land ownership without paying huge taxes (only current use value, i.e., woodland). 2) Apply to town. 3) Don't do it if you plan to sell because town gets 10% of sales. 4) Long term you can't go wrong.

Current use is such a good idea to lower your taxes. While keeping your 10+ acres (not including your house lot) as natural for the environmental protection of the future.

Current use is or should be a program that evaluates the land according to its use and service burden to the town and gives a tax break.

My understanding of current use is that it reduces the taxes on the land if the land is kept undeveloped. I think it means that the public can use it; this is fine, in my opinion, except that I hate hunting, and I am not allowed to keep hunters off the land. The great benefit of current use, for both individuals and society, is that it makes it financially easier for people to preserve open land – and to combat development, which is a terrible thing.

Current use is a N.H. state program which allows a lower tax rate on land greater than 10 acres in size in exchange for not developing the land + public access. Penalties apply.

Current use reduces undeveloped land tax as long as it stays wild. It is good for watershed areas, wildlife, managing the forest.

By having forestland classified as current use (for example, “tree farm”), get highly decreased tax rates without ceding control as you do via an easement.

This can allow you to leave the land undeveloped when otherwise you might be forced to sell because of financial/tax pressure.

If 10 or more acres, apply for "current use" status to lower your taxes. Pros: lower taxes. Cons: public access to your land; must fill out paperwork (one time); if you subdivide you must pay the "back" taxes up to date, i.e., the difference between "current use" rate and regular tax rate. Your decision is based on you're proposed use of the land.

South Carolina

You cannot afford to keep it if you don't.

Tax break for landowners.

You would have to purchase at least 7 acres of land in the future plan to live on it. The house and one acre would be assessed at 6% of the balance at 4%. If it's less land, you pay 6% on all of it.

Agricultural assessment at a lower rate (4%) versus 6% for other land. To qualify for agriculture usage you have to own at least 5 acres. (Pine trees or woodlands are considered agriculture.)

The agriculture use program is good to have. 1) If you are a residence out of town you will pay a very large tax. 2) If you live in S.C. and do not know about the program, you still pay approximately half of the amount, oppose[d] to living out of town. 3) So if you have land with only trees, the program is the best way to go.

Land used for crops, trees, pasture. Lower tax rate on property tax. Cannot have house of AG declared land. Parcel of 1 acre for house, rest could be declared AG.

If your land is used as farmland, it is taxed at a rate of 4% if it is 5 acres or more. This is for agricultural use. You can have trees on the land.

If you are using the land to grow crops to sell or conserving the produce and if you are grazing animals to feed humans or to serve humans, you can claim agricultural use.

Agricultural use program in central S.C. right now, 2010, the use of land is pretty much what the landowner wants it to be; however, with encroachment for more housing, it is more of a strain for the agriculture aspects to remain... too many people with limited amount of land.

Washington

Forest or greenbelt? Open space. I understand that my taxes would be reduced if I kept my land in trees for 10 years (after which time the tax reduction would continue) but if I took the land out of that forested green belt use, before the initial 10 years was up, I (or the owner, if I sold) would have to pay the balance or what the full tax would have been) for up to those first 10 years. (?) Years later the assessor or treasurer told me that was wrong, that ever after 10 years of adhering to the agreement, if I changed or sold I (or new buyer) would still have to pay full back taxes. Huh??! If you can, please clarify. This is re Mason Co[unty].

Designated forestland (20 acres) to reduce taxes. If you have 20 acres or more in timberland you get a good reduction of taxes. If you take out of the timberland use, must pay either 7 years or 10 years of back taxes.

Open Space is the only way to have your land for tax purposes as long as you have no intention of developing it in the near future. If [leave?], need to pay back taxes.

Open space tax designation. Parcels of land 20 acres+ can enroll in open spaces program. As long as it is working land without no development, taxes are reduced to the rental value of the land for forestry purposes. Property tax is very reasonable. If you pull out, you must pay 7 years of back taxes at full market value.

Designated forest: reduction in taxes; to take it out, pay 10 years taxes at best use value; tax paid on harvested timber.

Open space/open space – 90% reduction in property taxes because land was approved for recommendation by Thurston County and enrolled in land trust.

Designated Timberland Tax Status – An appropriate program to encourage folks to keep land in timberland. Timberland in these “current use” taxation programs still pay local governments more than services provided – developments pay more taxes but not as much as the services provided by government. Farmland trust studies verify.

Designated Forestland Program allows me to pay only 10th of what I would otherwise pay. If property pulled out of program, I will pay back taxes at higher rate for up to 10 years. (Less than 10 years if I was in program less than 10 years.) When I sell timber I will pay “timber tax” to county, get \$. Pay timber tax regardless of property tax program.

Designated Forestland = much lower real estate tax than a higher best-use taxation. (60 acres in Harbor County less than \$160 a year.) Applies to 20+

acres (I think). If less than 20 acres and more than 5 acres, then can apply for open space or "Forested tract."

Designated Forestland. If removed from program, liable for 10 years of taxes at the development land rate, plus a penalty. To be in the program, must be more than 20 acres. Tax rate is much less than development land rate. Open Space Timber program is for 5 to 20 acres of timberland. Landowner must have management plan.

Wisconsin

The purpose of the Managed Forest Law program is to promote sustainable forestry which supplies wood/pulp to the paper mills. Paper production is a major industry in Wisconsin. The landowner gets a tax break to entice him/her to participate in the program. Requires landowner to have a plan for sustainable forestry.

The managed forest plan is a very good program. A must to keep woodlands healthy and viable. Also can be affordable to own and maintain the land.

The MFL program is good in the future can agree with the forester. It gives you a great tax break. Above that, it is extremely beneficial to the woods and wildlife. Contact your county for more information.

Forest Management helps with the high cost of taxes by paying a lower rate. It is also a great way to manage the logging to best promote the best timber growth and bring out the true beauty of the woods.

The Managed Forest Law program is designed to encourage sustainable management of woodlands by offering tax incentives for participation. For reduction in taxes participants must agree to develop and carry out a forest management plan and to pay a fee on stumpage after a cutting. For greater reduction in tax, owner must agree to allow public access.

This forest management program is good for tax purposes. I would advise those who would take this program to put it into the closed program. That way you keep control over who can go on it.

Went to the forestry program for tax purposes. To lower the taxes on the land.

Own 80 acres, about 50+ in forest cropland preservation. Save money on the woodland taxes – must have woodland inspected by forester periodically; trees that should be cut are marked for that purpose. Every 10-12 years or so the woodland must be cut judiciously. Land is not posted but we have various hunters for all seasons.

II. SUMMARY AND IMPLICATIONS

A. Observations on Landowners

Most of the family forest owners interviewed seem to care deeply about their land, loving it for a variety of reasons:

- Privacy.
- Peace and quiet.
- Recreation and other outdoor activities.
- The beauty of nature – the wildlife/“critters” and trees.
- As a place to raise children and bring grandchildren.
- Family heritage/connection.
- Sense of responsibility for conservation and stewardship.
- Self-sufficiency and security.

A small number of the participants had a more pragmatic, unromantic view, thinking of the land solely as a business or investment. And still others resented being saddled with inherited property. A number of landowners interviewed have multiple parcels and fall into multiple camps.

Taxes came up unaided in most focus groups as a challenge for landowners. This is in the context of a number of other challenges:

- Financial pressures some are under because of the recession.
- Development, which threatens many of the aspects of country living they love and can increase their property taxes.
- Trespassers who come on their land, cut their trees, dump garbage, etc.
- “Rules and regulations” related to harvesting and wetlands restrict what they can do, and change too often (“a moving target”).
- Wildlife problems causing damage to property and trees.
- The threat of eminent domain.

Only a few landowners interviewed are currently considering selling part or all of their land. High property taxes are one reason, sometimes combined with other factors that make owners question whether or not it is worth holding onto their land, such as development in the area.

A number of family forest owners hope that their land will remain “intact” after they die or sell it but few have taken action to ensure this. Landowners seem to fall into these segments:

- Planners who have taken or are seriously considering steps to ensure that the land will be used as they desire.
- Wishful thinkers who hope their land will be kept intact but haven’t done anything concrete.

- Avoiders who have not given the issue thought because it seems remote (younger owners) or is uncomfortable (older ones).

Whether or not the land remains intact depends largely on owners' children, of course. Some landowners are confident that at least one child or other heir will keep the land; a few have specifically asked their children not to sell. Others, however, know or are worried that children do not want the land, primarily because they live far away and have no interest in returning to the community where they grew up.

Possible obstacles to owners' vision for their land include some on the parents' side and some in the external environment:

- Parents' reluctance to talk with children about difficult topics that could stir inter-generational or sibling conflict.
- Parents' belief in a hands-off approach to children's lives, not dictating their choices.
- Landowners' unwillingness to pay for consulting with financial and legal professionals.
- Development, which some see as an unstoppable trend
- Rising property taxes, pressuring heirs to sell.
- Eminent domain.

Strategies for keeping the land intact discussed by owners include informal and formal/legal ones:

- Dividing up the property among children through gifts, sales and deeds, in a will.
- Family trusts.
- LLCs.
- Conservation easements, of interest to the conservation-minded landowners, especially those without heirs.
- Donations to the landowner's town.
- Adding all children's names to the deed.

B. Impact of Taxes on Landowners

Property taxes are by far the type of taxes of greatest concern to the family forest owners interviewed. All landowners pay the taxes, so it is not surprising that these are on their minds. Taxes have gone up as land values rose but many owners' incomes have gone down during the recession; there are also more senior landowners on fixed incomes. Many of the owners purchased land in the 1970s and 1980s when woodland was inexpensive.

Property taxes were cited as the sole or a contributing factor to some landowners considering selling the land or thinking that they may have to in the future. Several respondents said that people they know have been pressured to sell because of the taxes; these stories are secondhand, of course. It should be kept in mind that the sample for this study was current landowners, not owners who have sold their land.

Current use programs have helped a number of landowners yet a good deal of confusion about the programs is clear.

- Some landowners in New Hampshire said that they may have checked off a box on the tax form related to zoning without know they had signed up for current use. (A local assessor told a researcher on this project that a 5-7 page application is required.)
- Terminology for current use programs in some cases seems partially responsible: some names are long and hard to remember, some states have multiple names for variations on the program, terms are different from vernacular usage (current use, common use, agricultural use, crop, etc.).
- Other tax reduction programs like homesteading and senior exemptions also result in confusion – are these the same or different, owners asked.

Sources of information for landowners for who intentionally enrolled include:

- Word of mouth from other landowners, family members, neighbors, the previous owner.
- Town tax assessors who answered owner questions or proactively suggested the program, usually when the owner complained about high taxes.
- Forestry sources, governmental and private, received a few mentions.
- Community meetings about topics other than current use.

Enrollees interviewed expressed highly positive views of current use programs overall, citing several benefits:

- Significantly lower property taxes.
- Enabled some to keep their land. Whether or not this is actually true might be questioned but it is important to recognize that they believe the tax relief has made this possible.
- Keeps open space/promotes sustainability, which is good for both landowners and society.
- Encourages tree planting and growth.
- Positive management plan experience (Wisconsin, Washington) which has helped owners improve their land while retaining control.

Enrollee criticisms of the current use programs were generally not serious ones, far outweighed by the benefits.

- Low return on trees harvested, which some recognize is balanced out by the tax savings.
- Public access – an owner who enrolled in this program simply changed to the one allowing posting.
- Land designation in a few cases.
- County differences in rules and assessor attitudes.
- Back taxes penalty. Most enrollees were not concerned with this but some recommended others not participate if they might sell.
- Political issue – not a criticism of the enrollees but an observation that the current use program has occasionally come under political pressure (New Hampshire).

A number of obstacles to participation were seen in this research, in addition to the ones mentioned above. They seem to be a combination of lack of awareness, negative impressions, misunderstandings, rejection of certain provisions and philosophical objections.

- Lack of awareness. A number of landowners are not information-seekers, programs have not publicized since their introduction (in some cases 35+ years ago).
- Difficulties obtaining information from some town assessors, who do not tell landowners about the program, even after hearing complaints concerning high taxes.
- Negative word of mouth leads some landowners to reject the program, even if they have only vague impressions of it.
- Back taxes penalty, a key obstacle for landowners who want the flexibility to sell their land, especially when they get older and retire. Confusion exists about the amount that would have to be repaid for what period of time. In some states rollback taxes could wipe out any savings landowners received during their participation.
- Misunderstanding that enrollees must provide public access, although this is an option with a higher tax discount, not a requirement (New Hampshire, Wisconsin). For some landowners this is a deal-breaker.
- Giving “control” to the government. This evokes fierce and insurmountable objections among some landowners.
- Strict supervision of the adherence to the management plans, including use of aerial photography to monitor the land.
- Qualification issues/questions, such as the number of acres enrollees must have, how dense the woods have to be, etc.
- Savings are not significant enough, especially when withdrawal penalties are taken into account. This is especially true for owners with smaller parcels and areas where the “standard” taxation rate on woodland is relatively low.

- Lower resale value.

Income taxes on land-related sales affect relatively few of the family forest owners interviewed for this study. Some had cut but often this was a one-time occurrence years ago; others have land-based businesses that generate little if any income. Such income tax has not motivated them to cut or do something else in order to pay their tax bills, respondents said.

Specific strategies for reducing these income taxes were described by more knowledgeable owners:

- Capital gains. Most owners don't have a basis for depreciation, however.
- Deducting business expenses.
- Spreading out income or taxes over multiple years.
- Leaving the land to heirs who will have it reappraised.

Sources of information owners have or would turn to are financial professionals, such as accountants, CPAs, tax preparers (not necessarily CPAs) and the IRS. There were scattered mentions of forestry specialists.

Estate taxes did not come out as a major factor in this research. Some landowners in the Planner segment are concerned and have taken action to reduce or help their heirs pay the tax; even they find the issue frustratingly complex. Most of the landowners interviewed, however, do not view the taxes as relevant. Federal estate taxes are not in effect this year, of course, and if they are reinstated, may apply to land more valuable than what most hold. Similarly, several owners who inherited their land said that estate taxes were not a problem. But again, many of these owners inherited these lands in the 1970s and 1980s when land values were relatively low.

Keeping in mind that respondents in this study are all current landowners, some did express concern about their heirs being able to afford to pay estate taxes or had problems when they inherited.

Strategies to minimize estate taxes or leave money to heirs include ones mentioned earlier as ways to pass land down in the family:

- Gifting is used by several owners as a way of transferring money to heirs so they can afford future taxes.
- Family trusts to avoid probate.
- Deeding property to the children interested in it, leaving cash to the others.
- Family partnerships and LLCs, used by a few.
- Joint accounts with heirs, either/or survivorship.
- Placing all children on their deeds.

Sources of information landowners have used or would use include professionals specializing in estates (estate planner, wills and trust attorney, tax attorney), general practice attorney, real estate broker and financial advisor. It can be difficult finding an attorney who knows the subject well and a number of landowners resist the idea of spending on professional advice.