

Balancing Act: Severance Tax Could Offset Loss of Commercial Timberlands

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Can you remember a time when the timber industry wasn't going to hell? I can't. I've spent much of my adult life reporting and writing about forests, logging and wood products. I've spent countless hours bouncing down washboard roads, plodding through snow-filled forests and sitting on stumps, talking with people whose sense of identity - not just their livelihood - is deeply rooted in the forest. Hard work always seemed the least of their worries. Any heyday for logging was before my time. I've known the industry only as struggling to get and pay for timber, straining against constantly changing rules and public attitudes, and waging a never-ending fight for survival. Yet through the toughest times, Montana's foresters and loggers have always conveyed a fundamental sense of optimism I find infectious. Growing trees invites a long-term perspective. There would be no point to doing it if you didn't trust that the trees planted today will grow and be useful long after you're gone.

I remember, years ago, grilling a Champion International Corp. forester about his company's impending decision to abandon the wood-products business and sell its lands and mills in Montana. He stopped me midquestion and pointed to the forest around us. "The resource is here," he said. "Someone is somehow going to use it." I've returned to those words many times over the years and found comfort in them. Indeed, people and companies come and go, but the forests of Montana endure to provide wood, water, wildlife and so much more. Now, however, I wonder whether such optimism isn't misplaced. I'm not so sure that our forests - at least as we know them - will endure unless Montanans take some radical action. Clouding the future is Montana's largest owner of industrial timberland and its inclination to sell or develop substantial acreages. As my colleagues extensively reported in their "Timber in Transition" series (*Missoulian*, Feb. 4-7), Plum Creek Timber Co. has morphed from a woodproducts company into a real estate investment trust. With this change comes a substantially different notion of land use. Land once valued for its ability to grow timber, generation after generation, has become just more real estate primed for subdivisions, cabin sites, resorts - all sorts of things other than growing harvestable timber. Trees are a renewable resource. Land to grow trees isn't. Land sold for purposes other than commercial forestry may continue to grow trees, but it may be lost from the state's commercial timber base, with profound implications for the timber industry and the people of Montana. Overcutting or mismanaging timberland can affect timber supply, wildlife habitat and other resources for years or decades.

Converting commercial timberland to some other use will affect timber supply for generations - perhaps for centuries, practically forever. Doing so can only intensify demands placed on other timberlands, public as well as private. Filling the woods with houses and cabins and gated communities fragments wildlife habitat, affects watersheds, increases fire risks and immensely complicates land management. Trees will grow, but timberland converted to other uses won't be as productive for timber and perhaps not for wildlife and other resources. Plum Creek is the fortunate heir to the huge legacy of 19th century

railroad land grants. It's also been the successful purchaser of lands once owned by Anaconda Co. and Champion International. All told, Plum Creek's 1.3 million acres in Montana include much of the best, most accessible and most productive timberland in the state. Perhaps recreation- or conservation-minded buyers and homeowners will cut and sell trees from lands bought from Plum Creek if the price of timber rises high enough or doing so suits a particular purpose. But no one should expect such owners to do so. Nor should anyone expect them to manage their pieces of subdivided forest for broader societal purposes - for any purpose other than their own enjoyment and enrichment.

As a timber company, Plum Creek and the foresters to whom it delegated land-management decisions were at least nominally guided by the standards of professional forestry. Those standards are articulated best by the Society of American Foresters. The SAF Code of Ethics says, "Foresters have a responsibility to manage land for both current and future generations." Professional forestry, according to the SAF, stands for land management "that will maintain the long-term capacity of the land to provide the variety of materials, uses and values desired by landowners and society." Although property owners have rights the public must honor, the bottom line for the SAF is this: "Landowners have a land stewardship responsibility to society."

Plum Creek, the real estate investment trust, has no such responsibility. It has a fiduciary responsibility to its investors, a responsibility to convert timberland into strip malls if doing so produces the most money. Don't expect people who buy its lands for purposes other than forestry to assume any land stewardship obligations to society, either. Owners of private land, including Plum Creek, have the latitude to do what they want with their land, including selling it or converting it to other uses. But they don't necessarily need encouragement from the rest of us to do the wrong thing, and in fact, nothing says society can't or shouldn't prod them to do what's right by us.

If a land-stewardship responsibility to society is inherent in forestry, surely public policy can legitimately enforce that responsibility. Permanently converting commercial timberland to other uses effectively consumes a nonrenewable resource. We should treat those transactions the way we do consumption of another nonrenewable resource in Montana - coal. I'm thinking severance tax: Tax the sales price or market value of land effectively removed from Montana's commercial timber base at an appropriately high rate reflecting the profound societal effects of that loss. Such a tax could serve two useful purposes: It would encourage Plum Creek and other landowners to factor legitimate societal interests into their economic calculations, and the state could use revenue generated by the tax to acquire and improve other lands to at least partially offset the lost timber base. After accounting for taxes, Plum Creek and other landowners wanting to sell timberland might find it most profitable to sell to other timber companies or the state, which competently manages some 720,000 acres of state forest to generate money for schools, with additional benefits for all Montanans. My tax would put a dollar figure on long-term forest stewardship responsibilities, making it expensive for anyone to walk away from them. A tax works because it translates a landowner's responsibility to society into the only language a for-profit enterprise understands.

Before anyone shouts that my timberland-conversion severance tax is unfair, I'll hasten to point out that Plum Creek and other owners of timber-growing land have for many decades greatly benefited from

preferential property tax rates. Other landowners and taxpayers in Montana have shouldered a disproportionate share of the tax burden all these years, in part to create a social and economic environment supportive of forestry and wood-products manufacturing. In this indirect way, we've invested heavily in these lands on the premise that perpetuating useful forests is worth doing. Nothing is unfair about the public's recapturing a part of its investment when those lands are effectively subtracted from the timber base. I'd make all tracts previously classified as timberland for property tax purposes subject to an eye-popping severance tax whenever converted to another use. We all are responsible for being good land stewards. Ethical foresters aren't the only ones who recognize an obligation to "maintain the long-term capacity of the land." I do, too. We all should. None of us should quietly stand by as Montana's industrial timber base erodes, washing away jobs, resources and the state's quality of life. "The resource is here, and someone is somehow going to use it," Champion's old forester told me years ago. He was optimistic. I'm less hopeful. The resource is here, but I worry that someone is somehow going to lose it. Steve Woodruff is opinion page editor of the Missoulian