This Land Is Theirs

Many people are surprised when they learn that the owners of private woodlands produce half of the nation’s wood supply; this is as much as all government and forest industry timberlands combined. Nonindustrial private forests (NIPF) contain 32 percent of the softwood timber and 72 percent of all hardwood timber in the United States (Powell et al. 1993). It is anticipated that the NIPF share of US timber production will approach 60 percent within 20 years (Haynes et al. 1995).

The forecast of a rising NIPF production is based on three relatively well-established assumptions: industrial forests will continue their output at current and slightly rising rates (they are already intensively managed and major increases are not foreseen); national forest production is projected to decline over the long term (although in the near term it will recover from the major harvest reductions of recent years); and NIPF lands offer the best opportunity for increased yields through the application of more intensive forestry practices.

The wild card in this scenario is the NIPF owner. There are nearly 10 million of them—an increase of 20 percent (or 2 million) in the last 15 years. Moreover, there is an amazing turnover in their numbers. More than 40 percent of the private owners have acquired their land since 1978 and together they own 24 percent of the acreage. More than one-third say the reason for owning their woodland is that it is part of their farm or residence. This may not mean they are opposed to cutting trees, but could be an expression that they do not need the money or do not see their woodland as a source of profit. In fact, only 3 percent of NIPFs list timber production as their primary objective, but these include the larger ownerships with 29 percent of the total acreage (Birch 1995).

What does this mean? What are the implications? Even those closest to the issues don’t know for sure. The response of the forestry community has traditionally been to reach out to landowners and educate them. As resource professionals, we tend to assume they want to be good stewards and responsible landowners, and make some money from their forestry investment. Certainly that is a reasonable landowner assumption supported by years of experience. Yet after decades of effort, only 20 percent of private landowners take advantage of the services of a professional forester when selling their timber. Furthermore, only 5 percent have a written forest management plan, but they own one-third of the acreage (Birch 1995).

The Role of Foresters

We have a message of stewardship that makes very good sense to most foresters, but is evidently not being heard by a large number of NIPF owners. Did we fail? Not necessarily, although neither did we meet all of our objectives. There have been impressive achievements to be sure, the most recent being the enactment of a nationwide Forest Stewardship program in the 1990 Farm Bill. The results of this broad-ranging initiative are only now being realized, at the very time it is up for critical review. The Forest Stewardship program is opening multiple lines of communication among landowners, the general public, and government agencies. We have already learned much about what appeals to NIPF owners beyond their basic stewardship ethic. Three positive incentives stand out: a good price for timber, fair timber taxes, and costsharing.

Foresters typically advise, but do not regulate, private landowners (except for noncompliance with environmental laws). NIPF owners’ responsibility to society is realistically limited to clean water and clean air, and to a lesser extent, nondegraded habitat for fish and wildlife. A landowner’s decision to provide recreation, timber, range, second-home subdivisions, and any other special products are largely market-driven (and often brought into focus by estate taxes when passing to the next generation). The choice to participate in any of these market options, including timber, is theirs. The bottom line is that the NIPF land is not our land, but their land.

When Woody Guthrie’s ballad, “This Land Is Your Land” was reintroduced in the 1960s, it helped define the “environmental decade.” The refrain, “this land was made for you and me,” played well with the largely urban baby-boomer generation. Though separated from the land, they harbored a growing awareness that natural resources were important and should not be squandered. The lyrics were intended to extoll the beauty and importance of natural areas. The forests and rivers were seen as entrusted to the stewardship of the present generation but belonging to future generations.

Perhaps as a result, more federal environmental legislation was passed during the 1960s and 1970s than in any comparable period in national history. Legislation included the National Environmental Policy Act, the Land and Water Conservation Fund Act, the Wilderness Act, the National Forest Management Act, the Cooperative Forestry Assistance Act, and the Endangered Species Act. Some were debated extensively (the Wilderness Act), and others passed with less review (the Endangered Species Act). All of the laws were well intentioned, but the full effect of this raft of environ-
The Potential and Diversity of Nonindustrial Private Forests

By Keith A. Argow

The owners of private timberlands take pride in their long tradition of forest stewardship as well as their diverse forest products. Meanwhile legislation is only now being felt. For example, the purpose of the Endangered Species Act was clear—to protect endangered species. But few if any foresaw its full impact (the spotted owl, red-cockaded woodpecker, etc.) on public and private lands.

The effect on forestry is aptly illustrated by the size of US Department of Agriculture handbooks describing the principal laws relating to Forest Service activities. The 1974 book was 265 pages long; the 1994 issue has 1,163 pages, reflecting the stunning growth of regulatory legislation in just 20 years.

Events set in motion in the 1960s are influencing the management of both public and private forestlands in 1996. Small woodland owners are concerned. Forest investments were never a sure thing, and owners experienced wide market swings. Now landowners are also subject to regulatory uncertainty. The rise of the wise use movement and individual private property rights initiatives (regulations have been debated or enacted in 31 states, and a bill has passed the US House of Representatives) clearly indicate a concern among many citizens that government has gone too far.

Portrait of a Woodland Owner

According to the latest survey, Private Forest-land Owners of the United States, 1994, about 59 percent of the nation's timberlands—288 million acres—are owned by some 10 million NIPF owners (Birch 1995). (Loosely defined, this is anyone, including corporations, who does not also own a forest products mill; many people correctly identify these lands with individual family owners.) There are nearly 2 million more landowners—a 20 percent increase—since the last survey in 1978, although overall NIPF acreage remained about the same.

More than half have owned their property for 25 years or less, and these owners represent 38 percent of the NIPF forest acreage. While some come from a farming background and have a long association with the land, others are newcomers to the rural lifestyle. Although a significant number of forest owners say they never intend to harvest trees, this group owns only 12 percent of the land (Birch 1995). Fortunately, many of the rest seem eager to learn about their new property and to practice good forestry. New and old are sharing experiences through the Master Woodland Owners and Coverts programs as well as Tree Farm and 4-H forestry efforts.
A growing number are becoming active in landowner associations.

In our dealings with NIPF owners, we foresters must understand that this land is not "made for you and me," as Guthrie's lyrics proclaim, but that "this land is their land." Their reasons for owning land are diverse. Timber production offers the greatest financial opportunities but usually ranks low on the list of landowner priorities. The growing number of new owners from urban backgrounds has fostered a change in attitude toward posting the land. City dwellers are not accustomed to opening their property to the public. Many NIPF owners appear willing to permit some use of their land, but expect to do so on their own terms and not under conditions set by neighbors, regulators, or the general public.

Attitudes toward forest stewardship vary widely and tend to be conservative. Yet landowners are responding more positively than one might expect, especially given the negative press over the erosion of private property rights. Argow (1994) described the "three Rs" of private forestry: rights, regulations, and responsibility. In January 1995, the National Woodland Owners Association (NWOA) launched the Woodland Owners Responsibility Code. In a clear demonstration of commitment nationwide, 23 state forest landowner associations affiliated with NWOA endorsed the code within six months.

Financial Returns

Both Gifford Pinchot and Carl Schenck (Pinchot's successor at the Biltmore estate, North Carolina) agreed that forestry must pay. This objective remains a goal of woodland owners, although not always the primary one. The steady rise in timber stumpage prices in recent years has focused attention on possible financial returns. Some landowners have locked in the good prices. Though they sometimes harvest too soon, they are responding both to price and to fear of new regulations that might further restrict logging (perceived as a taking without compensation).

The financial implications of land management are very different for private landowners than for public timberlands. Federally owned areas rarely give revenue generation a top priority—although this may change. In some states, the state forests do have revenue goals. Corporate timberlands clearly have a money-making objective. Sometimes they mimic national and state forests by providing attractive public amenities (campgrounds, trails, reserved scenic areas, wildlife improvements). Nonindustrial private forest landowners might want to do the same thing but the economics are different. This difference is part of the rationale for the innovative Forest Stewardship Title of the 1995 Farm Bill, which expanded the scope of cooperative forestry assistance. The law also created the Stewardship Incentive Program (SIP), which provides public costshare dollars for wildlife and fish habitat improvements and recreation access, as well for forest practices. In spite of—or perhaps because of—these expanded objectives, the SIP has proven more contentious than its predecessor, the Forestry Incentives Program (FIP). The House of Representatives decided not to fund SIP in 1996. After a bipartisan campaign by several nationwide forestry groups, the Senate did restore some SIP funding but only a quarter of that appropriated in 1995.

A Feasible Balance

If government costshares are not the best solution, what is the best means to encourage private investment in forestry? Good stewardship would assume that spending money on good forest practices enhances returns, as does reforestation following logging. Many individual private landowners follow these practices. But some can't afford to, some don't want to, and some don't understand the benefits. What is the answer? Mandatory regulations to practice good stewardship? There is a trend in that direction—11 states have such a requirement. But recent attention to property rights issues will likely forestall additional mandatory regulations, at least for a while.

One of the biggest burdens placed on private forestlands is paying the costs of local government, including those for schools, roads, and other community services. Woodland owners don't benefit from these programs to the extent that they must pay for them. Annual tax bills range from $1 to $3 per acre per year (under preferred land-use valuation) up to $20 to $30 per acre per year. In most cases, the higher tax rates greatly exceed the growth or appreciation of forest value and cannot be sustained. As a result, they encourage the subdivision and transfer of woodlands into alternative uses such as housing and intensive agriculture. The 288 million acres of NIPFs remain an important source of property taxes to local government for a good reason: they are a reliable source of funding. If the landowner falls behind in tax payments, tax foreclosure procedures are swift and predictable. While some considerations are attached to home evictions, such niceties rarely apply to tax-delinquent timberlands.

A number of states have adopted a form of "land-use taxation" that recognizes the public benefits of forestland by assessing a lower tax rate. At least one state, Delaware, forgives all property taxes for 30 years on acceptance of an approved forest management plan. Other states encourage good forestry through income tax incentives and tax exemptions.

Considerable attention is being given to making federal income and estate taxes more forestry-friendly. At least five bills in the 104th Congress (1995–96) address some aspect of timber tax issues, including restoring capital gains treatment for timber, reauthorizing the deductibility of annual forest management expenses, and excluding all or part of a managed forest property from estate taxes in exchange for assurances of good management or endangered species habitat protection. Some of the proposals have a relatively good chance of passage in 1996.
Adams described a state survey that revealed an astonishing increase in new forest investments. The benefits of forestry advice have been recognized by the National Woodland Owners Association. Others can get advice from four sources: consulting foresters, service foresters, forestry extension educational materials and courses, and industry landowner assistance personnel. To meet the needs of private woodland owners, one might expect society to offer a wonderful opportunity of self-help forestry education programs by extension service foresters and cooperators.

Conclusions

Who owns the forest? Some 10 million people own more than half the acreage, and their numbers are increasing every day at a rate of 2,500 per week. The long-term productivity of their forests will depend on how much effort is made to show them their options. Recent experience with organized landowners is encouraging.

The impact and importance of the private property rights movement is still underestimated by both the forestry and environmental communities. Though many view it as a threat, it could well provide a doorway to profitable private forest enterprise for landowners who choose to participate. The estimated production of 60 percent of our nation’s forest output from NIPF land within 20 years should offer a wonderful opportunity for private woodlands owners, provided there are good markets and prices for their timber. Our nation is more likely to achieve this goal if regulations are limited to reasonable levels, tax and other incentives are in place, and competent forestry advice is readily available. Perhaps 21st-century Americans will be singing a new refrain: This land is not your land, This land is their land, From the hardwood forest, To the pine grove highlands, They’ll be good stewards, And pay their taxes, But this land, It still belongs to them.

Literature Cited


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