

LAND ECONOMICS

An Appraisal of the Problems and
a Statement of Recommendations



One of 12 committee reports prepared by representative producers in cooperation with staff members of Oregon State College and other agencies. Adopted at the statewide agricultural conference March 27-29, 1952.



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Federal Cooperative Extension Service
Oregon State College
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Foreword

A State Agricultural Conference was held at Oregon State College on March 27, 28, and 29, 1952, at which reports of 12 major committees were discussed and approved at public forum sessions. This publication contains the report of one of those 12 committees. Reports of the 12 committees are to be issued in the following publications:

Agricultural Relations	Oregon Agriculture 10
Dairy	Oregon Agriculture 11
Farm Crops	Oregon Agriculture 12
Farm Forestry	Oregon Agriculture 13
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The purpose of this state-wide conference was to take stock of the present situation in the agriculture and rural life of the state and to indicate probable trends and desirable developments over a period of years ahead. Members of the 12 committees were private citizens who were invited by the Extension Service to participate in this activity and who willingly donated their time and paid their own expenses to take part in a series of committee meetings during the year preceding the conference. It is felt that these reports contain the considered judgment of a representative group of citizens who carefully studied available facts in arriving at the recommendations presented. They are being published by Oregon State College as a public service for use by individuals and groups who may wish to consider these facts in planning their own future activities.

Statistical data have been checked by Extension Specialists in Agricultural Economics Information and are based on the most recent available reports of the U. S. Department of Agriculture, U. S. Department of Commerce and other sources deemed reliable.

F. L. BALLARD
Associate Director

Summary

Many of the problems associated with optimum production from Oregon's basic resource can be solved by :

1. An immediate classification of Oregon's land resources.
2. A comprehensive program of reforestation, access roads, trails, fire, insect and disease control on timber-producing lands.
3. A coordinated long-range multiple-use plan for developing our water resources.
4. Enacting legislation which will prevent abuse of the mining laws and the destruction of valuable resources.
5. Enacting legislation to encourage livestock operators to make improvements on public and private range lands, also providing funds to rehabilitate the depleted public range.
6. Stepping up the present reappraisal program and employing trained personnel to keep assessments of real and personal property current.
7. Effectuating greater economy in the functions of state agencies.
8. Extending credit to agricultural and timber interests only on the basis of the adoption of known conservation practices.
9. Combining agricultural services to the farmer under one agency at the county level.

Land Economics Committee Report

1952 Agricultural Conference

March 27, 28, and 29, Corvallis, Oregon

Background Data

Oregon's basic resources are land and water. The agriculture, forest and power produced from these together with the minerals and fisheries from coastal areas and streams constitute our basic wealth. To a large extent the contribution that these resources make to Oregon's economy is controlled by the type of ownership.

Area and ownership

Oregon's total land area is estimated at 61.6 million acres. Approximately 58 per cent or 35.7 million acres is publicly owned and thereby controlled by public agencies—federal, state, county and municipal. Approximately 14.4 million acres or 23 per cent is administered by the U. S. Forest Service. Another 15.4 million acres or around 25 per cent is administered by the Bureau of Land Management, most of this being public range lands. Five per cent of the total area or about three million acres including Indian lands is under the administration of various federal agencies. State, county and municipal governments control and administer around 5 per cent or approximately three million acres. Thirty-two per cent of the total area or approximately 20 million acres is in farm ownership. Another 10 per cent is nonfarm private ownership including most of our commercial timber lands and tree farms. A small proportion, probably less than 300 thousand acres, is urban area. As indicated above, ownership determines to a large extent the contribution made to the general economy of the state. National forests are managed under acts of the Congress and administrative regulations; for the primary purpose of watershed protection and other values associated with forestry, including forage, recreation, wildlife and commercial timber production. Public range land under the administration of the Bureau of Land Management is also administered under regulations and legislative acts of the Congress for watershed protection, domestic and game animal grazing, and around three million acres of forest lands, including the so-called O and C lands located in western Oregon, which are administered primarily for timber production.

Land use

The use of the 20 million acres of farm lands is about as follows: 26 per cent cultivated crops including the whole range of commercial crops produced in the state (from extensive wheat plantings in eastern Oregon, where from 2,000 to 3,000 acres may make a farm unit, to nursery crops where 10 to 20 acres may make a farm unit); 47 per cent pasture and range land; about 18 per cent farm woodlands pastured; about five per cent in woodlands not pastured; and about four per cent in farmsteads, wild hay lands, and other miscellaneous uses. In 1924 products sold from these farm lands together with the forage from publicly owned lands when adjusted to 1949 prices, returned 209.1 million dollars to the state's farmers. In 1950 the returns from these same lands on this basis was equivalent to 390.5 million dollars.

In 1920 there were approximately 13 million acres of public domain, mostly range land in southeastern Oregon, which was not under administrative control. The first stockmen to get there got the forage and sometimes a range war. This land has been brought under close administrative control through the Taylor Grazing Act enacted by the Congress in 1934. Today there is a well established administrative and research staff concerned with the proper use and rehabilitation of these lands.

In 1920 it was estimated that there were 21 million acres of mature timber in Oregon. The most recent estimates indicate that in 1950 our commercial forest lands of around 26.3 million acres were about as follows: virgin timber, 10.5 million acres; mature second growth, five million; pole timber, four million; cut-over and burned-over, 6.8 million, of which about 3.7 million acres were poorly stocked. About $\frac{2}{3}$ of this poorly stocked land is privately owned. About 12 per cent of our total commercial timber lands is not producing forest growth and therefore does not contribute to Oregon's economy.

In 1920 the sheep population was a little over 2.2 million head. In 1950 there were less than 700 thousand head. During this same period cattle increased from 891 thousand to a little over one million head and horses decreased by about 200 thousand head. This decrease of about 250 thousand domestic grazing animal units is partly due to bringing the public range lands under control and in decreasing the animal units permitted on national forest. Both measures have been essential in order to bring about a rehabilitation of these lands due to abuses in the years prior to 1920. Under good management it is expected that the carrying capacity of these lands can be increased to the point where the livestock population is in balance with winter

feed supplies. However, funds are not available to rehabilitate the forage on these public lands as rapidly as needed.

In 1920 wild fowl and game animals were not recognized as an important part of the state's over-all economy. However, by 1950 the wildlife resources were recognized as an important source of income to many communities and a source of recreation to a large segment of our population. In this 30-year interim, research and management of these resources have been materially strengthened by both federal and state agencies. About one-half million acres have been set aside primarily for protection and maintenance of this resource. Through these programs there has been a moderate increase in the production and harvest of both birds and game animals. However, in the management of our wildlife resources conflicts continually arise between divergent interests. Research and investigation have not in many cases kept pace with increased production.

Taxes

In 1920 there were approximately 25.8 million acres of land on the tax roll with an assessed value of 417 million dollars. In 1950 there were only 25 million acres of land on the tax roll, a decrease of 800 thousand acres. The assessed valuation during this same period *decreased* by 123 million dollars. Thus, while costs of local governments have been increasing, the real property tax base has been decreasing. In 1921 the total cost of the state government was only 21 million dollars. By 1950 these costs had increased to 157 million dollars, an increase of about eight times, due partly to increased costs but mostly to the fact that the public continuously demands more and more services from their state and county governments. In 1920 millions of acres of federally owned land, much of which was potential income-producing, contributed minor sums to local taxing units in lieu of taxes. In 1950 these lands returned to local taxing units approximately 4.3 million dollars.

Inequities in assessment by local taxing units in the same classes of property and between classes of property has in a number of cases been glaring. The 1951 sessions of the legislature recognized this situation and enacted legislation providing for a cooperative re-appraisal of real and personal property by trained employees of the State Tax Commission and the County Courts.

Federal agricultural policy

In 1920 few agencies of the federal government were concerned with agricultural policy and its application to the land. In 1950 the number of federal agencies concerning themselves with problems

relating to agriculture and land use are so numerous that one has difficulty in enumerating them.

That some of these agencies have in many cases been of material assistance to farmers and others is not questioned. However, it appears to many farm people that many of the programs being carried out by the numerous agencies could be consolidated to the advantage of both the farmer and the government. For example, agricultural credit is administered by both the Farm Credit Administration, with its three separate divisions, and the Farmers Home Administration. Soil conservation programs on our lands are the concern of several different agencies including the Forest Service, Production and Marketing Administration, Soil Conservation Service, Extension Service, and Bureau of Land Management.

Land Use and Federal Land Management

Compilations from a recent reconnaissance land capability classification of Oregon's land resources made by the Soil Conservation Service indicate that there are only 4.3 million acres of land in classes 1, 2, and 3 which are the classes suitable for cultivated crops; on some of these lands special practices such as terracing, strip cropping, contour cultivation, cover cropping and longer rotations are required to prevent serious soil losses. There are around 1.7 million acres of class 4 land best suited to pasture and hay with cultivated crops only once in 4 to 6 years. One hundred eighteen thousand acres of class 5 lands are suited only to range and woodland use. The remainder, 53.8 million acres, should be used only for range, woodland, watershed protection or recreation uses.

A further analysis of these data indicates that there are 3.8 million acres of cropland, 348,000 acres of grass and 161,000 acres of woodland in classes 1, 2, and 3. In the second group or class 4, there are one million acres of cropland most of which should be in long-time grass rotations. In groups 6 to 8 there are 93,000 acres of cropland which should either be converted to permanent pasture or woodland. The committee believes that an adequate job of land classification is essential for the development of a sound land use program.

We recommend that the Oregon State College take the necessary steps to bring about a coordinated program for making a detailed classification of Oregon's land resources through the cooperative efforts of the various state, county and federal agencies concerned. Through extensive field work the boundaries of those areas primarily suited to forestry, grazing, cultivated crops, recreation, watershed

protection, wildlife or combinations of these uses could be determined. Detailed surveys could then be carried out on those problem areas to determine the best economic use of the land. The maps and other material prepared should then become the guide for county, state and federal programs on these areas.

The final solution for the problem areas, after they are delineated, will require studies of comparative returns from the several uses with relation to the conservation of the soil resource.

Forest lands

About 47 per cent of Oregon's land area is in forest and woodlands. The area of commercial forest is estimated at around 26 million acres, about 16 million acres being in federal ownership, the remainder being mostly private. Some 800 or 900 thousand acres are under state ownership mostly acquired through the tax delinquency route. Oregon's economy is vitally tied to these lands not only for their timber crop but also for watershed protection. Much of the privately owned and state-owned lands have been cut-over and burned-over within recent years. The federal lands have just recently seen extensive cutting, but are not yet being cut to the allowable capacity. As the supply of private timber decreases, the demands on federal holdings will increase. The state has recently inaugurated an extensive program for reforestation on their holdings. Private operators are in many cases adopting the "tree farm" as a means of keeping their lands in productive condition. Recent state legislation requires certain practices on private holdings which should be helpful in maintaining these lands in production. On the other hand federal agencies charged with the responsibility of administering most of our timber lands have been unable to secure sufficient funds to maintain them in optimum production. Also in connection with our forests, a paradox exists. Immature stands on private lands are being destructively cut while over-mature stands on federal lands are allowed to deteriorate further for the lack of access roads. Fire and insect control in some of these areas is greatly handicapped by lack of roads and usable trails. If these lands are to make their optimum contribution to Oregon's economy, it is essential that progressive steps be taken to correct the above condition.

We recommend: (1) that immediate steps be taken by county, state and federal agencies to reforest or reseed denuded areas; (2) that a greater portion of the receipts from the sale of timber on accessible federal lands be set aside or appropriated for the construction of roads and trails; (3) that the federal timber sales program be stepped up to the full allowable cut consistent with economic re-

quirements; (4) that the lumber industry take all practical measures for the maximum utilization of wood material.

Use and conservation of water supplies

The committee recognizes an increasing demand for water by all users including irrigation, power, domestic, industrial, fish and water fowl. There is an acute need for coordinated, long-range planning for equitable multiple use of all waters. These plans should provide for the following:

- Maintenance of plant cover on watersheds.
- Expansion of irrigation facilities by construction of dams and efficient canals to divert available waters to irrigable lands.
- Construction of upstream impoundments to assure stable stream flows.
- Concentration of power and other dams on certain streams and the preservation of some streams for maintenance of migratory fish runs.
- Maintenance of adequate stream flows and temperatures by:
 - Headwater storage facilities.
 - Adjudication of water rights.
 - Low level release gates in reservoirs.
- Maintenance of stable underground water levels by controlled adjudication on basis of available supplies.

Multiple use of public and private lands

There is need for more intensive research on the management and rehabilitation of range lands for the maintenance of our game resources.

The committee recognizes that occasionally problems will arise as to the best use of certain multiple use lands. These problems may involve forestry, livestock, wildlife, recreation, watershed protection, irrigation, power, mining, or any other of the many resource uses. Some agencies administering public lands have set up advisory boards to assist in resolving problems of multiple use areas. Local consideration of multiple use problems by local committees and boards will result in a better balanced multiple use program. The applications of recommendations of these groups should serve the best interests of the people and resources of the state.

We recommend that local conflict between any of the multiple use lands and water be presented by the organizations, individuals or agencies concerned with all available pertinent facts to the County Land Use Planning Committee for consideration and recommendation.

County zoning

Recent legislation permits county courts to establish county planning commissions. Each county should establish such commission to prepare a county plan for land use, including recreation for all lands within the county.

Mineral development

Public Lands. Discovery and development of minerals on public lands under the Mining Law of 1872 is essential to the national economy and the welfare of the state. However, such development should not unduly encroach upon timber and other resources.

The Act of April 8, 1948 (62 Stat. 162) which reopened the O and C revested railroad grant lands to location and entry under the mining laws wisely continued a reservation to the government of timber not needed for mining operations. Certain national forest and other public lands more valuable for watershed, scenic or recreational purposes have been withdrawn from location or entry under the mining laws.

Except in these specifically reserved areas, the mining laws give the claim owner full enjoyment of the surface. Title to all public resources goes with the patent. Exploitation of non-mineral resources and abuses of the mining laws to gain control of lands for non-mining purposes has been widespread.

We recommend that the federal mining laws be amended to accomplish the following:

1. Mineral prospecting and location of mining claims to be subject to appropriate restrictions and regulations to prevent abuses of the mining laws and to protect and conserve the public resources; and
2. The owner or owners of mining claims (both patented and unpatented) to have right and interest in the patentable minerals only, reserving to the government all other resources except so much thereof as is reasonably required for mining.

Public and Private Lands. Placer mining and dredging operations in the state are damaging or destroying the potential agricultural production on many sites and are contributing excessive sediment to streams, reservoirs, and other lands.

We recommend that legislation be enacted by the state to require the desilting of the outflow from all such operations and the restoration of the surface to a reasonable productive condition for agriculture or other uses for which the land may be best suited.

Development funds for basic resources

In recognition of the proposal for a "basin account" (into which revenues from federal hydroelectric power projects would be collected and from which the cost of such projects and a subsidy to Federal Reclamation projects would be paid), *we recommend* if such account is established that the funds accumulated therein from power revenues or other sources for the development of natural resources be used to improve or develop all basic resources especially forest, range, and farm lands contributory to the streams, and that the policies governing the expenditure of such funds be established locally insofar as practicable.

Licenses and leases on public range lands

After more than half a century of misuse the unreserved public lands in the state had deteriorated seriously by the 1930's. The lands were open to access by anyone in a position to use them without regulation and without compensation to the government.

The situation changed with the passage of the Taylor Grazing Act and the provision of a system of management. Use wherever feasible has been restricted to proper seasons, livestock numbers have been brought more into line with grazing capacity, and range improvements have been made in many areas.

Stability of range land tenure has been improved greatly by a system of licenses and leases. Licenses (in grazing districts) attach to base ranch property giving a high degree of stability. Leases (outside grazing districts) are being converted to 10-year terms as rapidly as possible.

We recommend that permits, licenses, and leases for public range lands run as long a period of years as possible, preferably at least ten (10) years.

Improvements on federal range

Despite substantial improvements made on public range lands since 1934, these lands are not making their maximum contributions. The attention given range lands in both private and public ownership has lagged far behind that given to the more valuable crop-producing lands. Reseeding has been successfully done on over 100 thousand acres of sagebrush type or abandoned dry farm land in the state, but this is only a fraction of what could and should be done. It is estimated that on range lands of all ownerships in the state, about one million acres in the cheatgrass type, about 200 thousand acres in the shad-scale type, 300 thousand in the juniper type, over 400 thousand in the forested areas, and at least a fourth of the 15 million acres of sage-

brush type are in need of reseeding by artificial means. There are also many areas which could be increased in production by improvement of the management and distribution of the livestock. Management facilities such as fences, water developments, trails, bridges, driftways, etc., are adequate on only a minor portion of the range areas. Some areas because of insufficient improvements receive no or little use, while others are still being seriously over-used.

For the range area in the state in both private and public ownership, it is estimated that 18,000 miles of fences, 12,000 water developments such as wells, tanks, springs, etc., 1,500 miles of drive-ways or livestock trails, and about 1.5 million acres of noxious or poisonous plant eradication are needed in addition to the existing improvements to make the best use of the range areas in the state.

We recommend that the federal government and the users of public range lands take all possible steps to speed up the rehabilitation of public lands through adequate appropriations and local contributions.

Compensation for private improvements on public lands

Contributions by ranchers toward improving public range lands and maintaining improvements are authorized by law. However, except in the case of national defense projects, no provision is made to reimburse a rancher for his equity in improvements on federal range in grazing districts if the land becomes reserved or withdrawn and is no longer available for grazing.

We recommend that contributions by ranchers be further encouraged by federal legislation to guarantee the rancher a reasonable compensation for the unused equity in public land improvements, including reseeding which he has contributed should his grazing use be terminated.

Range improvement fees

On federal range in grazing districts, grazing licensees pay a range improvement fee of two cents per animal-unit-month, which is available solely for construction, purchase, or maintenance of range improvements within the district. In addition to this, 12½ per cent of the grazing fee is paid to the state and expended by the county for range improvements.

On unreserved lands outside grazing districts, 25 per cent of the grazing fee collected, when appropriated, is available for construction, purchase, or maintenance of range improvements. An additional 50 per cent of the fee is paid to the state and expended in the county for range improvements.

The funds available from these sources, however, are hardly more than enough to maintain existing range improvements.

We recommend that a range improvement fee be collected from all users of public range lands outside grazing districts, to be expended for the construction, purchase, or maintenance of range improvements.

We recommend that range improvement fees on public lands be raised to a reasonable amount commensurate with the need for range improvements, the purchasing power of a dollar and the obligation of the public to stand the cost of improvements for watershed protection, wildlife use, or other public purpose.

We recommend that range improvement fees on public lands be separated from other receipts and become automatically available without appropriation for expenditure in the district or area from which collected in an amount equivalent to 25 per cent of the grazing fees.

The Granger-Thye Act provides that 10 cents per cow month and 2 cents per sheep month be set aside for forest range improvements.

We recommend that these improvement fees be increased to an amount equivalent to 25 per cent of the total grazing fees.

Insect control

Grasshoppers and Mormon crickets present a continuing threat to forage and cultivated crops in many parts of Oregon. Most of the Mormon cricket infestations and subsequent migrations to private land have their origin on public lands. In many instances, grasshopper infestations in Oregon are local and the control an individual problem. Occasionally, grasshoppers increase to great numbers on public lands and migrate to adjacent farm areas.

Local individuals and county officials do not feel that it is their responsibility to finance insect control programs on public lands. They have in the past cooperated in control programs to the extent of appropriating funds and providing services which they consider an equitable portion of the total expense. Federal agencies which are responsible for the management of public lands are frequently without funds to assist in control programs. The inability of these federal agencies to carry their share of the financial burden of a control program prevents the establishment of specific procedures for suppression and control of these destructive migratory insects which are a constant threat to the economic resources produced on public and private lands.

We recommend that agencies administering public lands and agencies administering insect control programs budget annually adequate funds to control destructive insects.

Taxation

Inequities in local property taxes

Even a perfunctory investigation of assessments for ad valorem property tax purposes in the various Oregon counties indicates that our local tax structure is full of inequalities due to faulty administration of the tax laws. Consideration here is confined to inequalities due to faulty operation of our tax system and not to any inequities that are inherent in the statutes.

In many counties records are both obsolete and inadequate. Appraisals in some counties are carried from year to year without regard to changing values. For example, in one county a ranch changed hands at a price of \$100,000 in 1950. This property has been carried on the tax rolls at a value of \$1200 for the past twenty years.

The use of aerial photographs in one county resulted in the addition of 15,000 acres of tillable land to the tax roll.

In many cases inequities exist for comparable property located in different taxing districts. For example, the equipment in a packing plant located within a joint taxing district was carried on the personal property tax roll with an assessed value of \$91,020. Seven other comparable plants located within the same district but in another county are assessed from \$13,600 to \$38,380.

County assessors have frequently been unable to obtain the funds necessary to hire the assistance needed to do a good job of appraising property and keeping records complete and accurate. An added problem of the assessor is that of getting qualified personnel.

We recommend that:

1. The state-wide reappraisal of taxable property by the state and counties be completed as soon as possible without sacrificing quality of performance.
2. After completion of the state-wide reappraisal, that counties be required to reappraise all taxable property at least each five years, supervision to be provided by the State Tax Commission.
3. The appointment of all technical personnel by county assessors be made from a roster of qualified persons provided each county by the State Tax Commission.

4. The addition of two qualified persons to the County Board of Equalization, one selected by the Board and one by the appellants from a roster compiled by the State Tax Commission.
5. The addition of two qualified persons appointed by the State Board of Control to the State Board of Equalization.

(The two additional persons appointed to the county and state Boards of Equalization are to serve only on cases pending at the time of appointment.)

Taxation of forest lands

The taxation of forest lands is a complex problem involving many factors. In many cases the production of timber and maintenance of forest growth is essential to the public welfare for watershed protection, recreation and conservation of the basic resource, the soil. Much of this accrues to the benefit of the general public. On the other hand the maintenance of these lands, which in most cases is not suited to uses other than forestry, in optimum production accrues values to the private owner. In the application of the advalorem tax, based upon actual cash value, there is no provision for recognizing or segregating these values. In some cases the assessment based on the advalorem tax has caused holders of large bodies of timbered properties to liquidate their holdings to the detriment of the general public. In other cases the holders of these properties have been favored by low valuations.

Legislative bodies including Oregon's have recognized the need for special legislation relative to the taxation of timber lands. For example, the "Reforestation and Yield Tax" law enacted in 1929 was designed to encourage the private owner to retain cut-over lands in private ownership. Since its enactment, however, less than a million acres of lands have been classified under this law. During this period about the same amount of cut-over and burned-over forest lands have passed into the hands of county and state governments through the tax delinquency route. One disastrous fire brought nearly 300 thousand acres of burned-over forest land into county and state ownership. Many property owners including farmers find it impractical to place their holdings under this act.

The 1947 legislative body enacted a severance tax on all harvested timber to support research and other forestry studies. Some people believe the severance tax to be the most equitable. Others maintain that forest lands should be taxed on their productive capacity and still others hold that a combination of these is best.

We recommend that:

1. The basic principle governing forest taxation should be such as to maintain forest lands in optimum productive condition.
2. Within the framework of existing laws and regulations, this basic principle can best be carried out by the State Tax Commission developing specific procedure and criteria for assessing timber lands, with due consideration to the fact that in maintaining forest lands in timber production certain values such as watershed protection, conservation and recreation, accrue to the general public.
3. The Governor appoint a committee composed of individuals representing forest products industries, agriculture, labor and the general public to continue intensive studies on the subject of forest taxation. This committee should give serious consideration to:

Ways and means of financing an extensive reforestation program in Oregon without further delay.

Methods of developing annual returns to the county assessor as to the amount, quality and kind of merchantable timber in private holdings.

4. There be established at Oregon State College a tax research unit to make detailed studies, in cooperation with other agencies, organizations and the committee provided for in 3 above, of forest taxation and other property tax problems.

Payment in lieu of taxes on publicly owned lands

Approximately 58 per cent of Oregon's land is owned by various municipal, county, state and federal agencies. These lands in many cases are revenue-producing. In many cases they return some proportion of the revenue to the local taxing units. The revenue returned varies from nothing for certain lands to as much as 75 per cent of the receipts. The principle of assessed value and payments on the basis of local tax levies has been recognized by the national Congress in the case of the Coos Bay revested road grants. The lands are appraised every ten years and pay the equivalent of annual tax levies from receipts.

We recommend that:

1. All federally owned, revenue-producing property pay to the local taxing units an amount equal to the tax assessment if the property were in private ownership.
2. The lands under the administration of the State Board of Forestry which are revenue-producing should return to the

counties in which situated the same amount as is paid in case of county-owned lands deeded to the State Board of Forestry.

3. All revenue-producing lands administered by other agencies of the state government pay into the local taxing units the equivalent of the taxes that would have been paid had it remained in private ownership.
4. This same principle should be applied to all other sources of revenue lost to the local taxing unit when lands are set aside for nonrevenue-producing uses.
5. Adequate legal machinery be provided to effectuate the above recommendations.

Land exchange

In connection with the exchange of privately owned land for timber on federally owned land, the committee recognizes that many of these cases work a distinct hardship on local taxing units.

We recommend that provisions should be made either by legislation or regulation, providing that the local taxing unit be reimbursed for any revenue lost to them through the exchange.

Sources of revenue

Sources of revenue for the state have a bearing on the use of agricultural land, largely through the influence of property taxes. No property tax is now being levied at the state level, but as other sources of revenue fail to meet the demands for state funds, the state property tax levy will be used once again unless existing laws are changed.

The committee considered most of the factors bearing on the raising of new revenue for Oregon. It must be remembered, however, that Oregon now utilizes nearly all kinds of revenue-producing taxes common to tax gatherers. Exceptions are the sales tax and the tobacco tax. These will be difficult to enact in Oregon with the initiative and referendum and a ban on emergency legislation.

It was the consensus of the committee that before it would be practicable to obtain new taxes from the people, it would be necessary to pass such legislation as would assure the people that there were no loopholes in the tax structure through which taxpayers were escaping.

We recommend:

1. That the 14 exemptions now given under the corporation excise tax be re-examined and eliminate those that are found to be unnecessary.

2. That greater economy be effectuated in general government by eliminating duplication of services.
3. That there be established a citizens committee to make continuous comparative analysis of expenditures of state funds for county and district schools.
4. That consideration be given to reorganizing the state welfare system to the end that greater economy be imposed in the administration of state and federal funds.
5. That consideration be given to elimination of unnecessary duplication in higher education and investigations which are no longer needed.
6. Eliminate state activities which are no longer required.

Federal Agricultural Policy

Marginal lands

Lands marginal to crop production may be put to best use by local landowners consolidating ownership of the area and working cooperatively to solve the problems.

- Except as a last resort, purchase of land by public agencies is not desirable.
- Local control is paramount to the success of land utilization projects.

This committee commends the present program of the Jefferson land utilization project to any group of landowners with a marginal land use problem as a guide to solve similar problems.

Agricultural credit

Direct federal government lending agencies and government sponsored agencies have provided credit where there has been a need for it.

- A source of credit in distressed times has been provided.
- Credit has been on a sound basis.
- The credit terms of these organizations have resulted in fair interest rates.
- The credit policies have been flexible to meet changing conditions.
- Desirable farm and home management services have been provided.

We recommend that public, corporate and private credit extended to agricultural and forest interest be contingent upon the adoption of best known conservation practices.

Soil and water conservation

The basic principles of the PMA agricultural conservation program are consistent with a stable farm economy and work to the advantage of the individual farm operator and general public.

We recommend that a requisite for assistance from any federal agricultural program should be consistent with best land use and a sound conservation program on the farm involved. The farmer committee system with maximum local control will (be most likely to) obtain best results. More consideration (should) be given to long-time goals when conservation practices are adopted.

Agricultural services*

All federal agricultural services should be combined into one office for maximum service and least confusion and duplication. One person, acting with a county advisory committee, should act as coordinator for all county programs. Technical assistants should be provided as needed in each county.

Size of farm units

All federal agricultural programs should be such as to encourage and protect the individual farm operator and the general public.

Land Economics Committee

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* This item was not approved by the forum but was referred back to the committee for further study.

Special "Task Force" on Forest Taxation

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 ERNEST KOLBE
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Consultants

HARRY LOGGAN, State Tax Commission
 FRED KENNEDY, U. S. Forest Service
 FLOYD IVERSON, U. S. Forest Service
 KARL S. LANDSTROM, Bureau of Land Management

JOHN W. MCKEAN, Game Commission
 E. L. POTTER, Oregon State College
 WILFRED N. ANDERSON, Fish and Wildlife Service

Register of Those in Attendance at
Land Economics Committee Forum

WILFRED N. ANDERSON, Portland
 ROBERT BAUM, Oregon City
 D. T. BAYLY, Eugene
 H. D. BRADICK, Salem
 ROBERT L. BROWN, Portland
 ELGIN CORNETT, Lakeview
 R. A. CRABTREE, Maupin
 C. W. CRADDOCK, Burns
 F. H. DAHL, Corvallis
 T. H. DEARMOND, Hubbard
 GEORGE W. DEWEY, Corvallis
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 LESTER C. DUNN, Portland
 PAUL DUNN, Corvallis
 I. W. DUNWOODIE, Roseburg
 EDWARD A. DYCK, Salem
 JOHN L. EMERSON, Portland
 RODNEY O. FETY, Salem
 JOS. R. FRUM, Oswego
 LEON H. FUNKE, Rt. 2, Eugene
 H. S. HAMMOND, Medford
 LESTER W. HANNA, Forest Grove
 C. A. HENDERSON, Klamath Falls
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 PAUL V. MARIS, Washington, D. C.

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 M. ORR, Portland
 HERBERT M. PEET, Portland
 C. V. PLATH, Corvallis
 DELBERT W. PRATT, Enterprise
 BOYD L. RASMUSSEN, Corvallis
 J. B. RODGERS, Corvallis
 J. W. ROSS, Corvallis
 CHARLES M. SANFORD, Canby
 ERNEST SCHRENK, Creswell
 HENRY SEMON, Klamath Falls
 CAROLYN SHAVER, Corvallis
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 W. P. STAPLETON, Seattle, Washington
 HENRY H. STIPPLER, Portland
 DEWEY THOMPSON, Moro
 THOMAS W. THOMPSON, Moro
 ROBERT Y. THORNTON, Tillamook
 C. A. TOM, Rufus
 ARTHUR J. WALRATH, Portland
 SCOTT WARREN, Klamath Falls
 C. P. WATT, Brookings
 DR. RICHARD WILBOTH, Forest Grove
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