

**THE ROLE OF LOUISIANA'S TIMBER SEVERANCE TAX
IN THE STATE'S FOREST PRODUCTIVITY PROGRAM
A Position of the Louisiana Society of American Foresters**

Position: More of the severance tax paid by Louisiana timberland owners on harvested timber should be reinvested in timber renewal, which would provide additional revenue to the state at a multiplier of 4 times. The Louisiana Society of American Foresters (LASAF) therefore supports and urges enactment of legislation to reallocate to the Louisiana Forest Productivity Program that portion of the state's annual timber severance tax collections currently dedicated to the state's general fund. The allocation of the additional amount to reforestation would be a distinct economic enhancement and stimulus to maintaining a high level of timber productivity in Louisiana.

Background: Trees and commercial timber production are a very important part of Louisiana's economy. Timber comprises the state's largest agricultural crop. Timely reforestation following harvest, which can be quite expensive, is critical to maintaining a high level of forest productivity. In recognition of this fact, Louisiana's Forest Productivity Program began in 1997 by legislative act. Since inception, 75 percent of the total timber severance taxes collected each year have been allocated to parish roads and schools. The Forest Productivity Program has been financed on an annual basis by 75 percent of the remaining 25 percent portion. The remainder of the 25 percent portion goes into the state's general fund.

Under the program, Louisiana's nonindustrial forest landowners are eligible for 50-percent cost-sharing—not to exceed \$10,000 per year per applicant—for reforestation costs incurred on their properties following harvest. Applications must be approved by the Louisiana Department of Agriculture and Forestry. To date, almost **8,000 Louisiana landowners** have benefited from the program. It has been so successful that there is a continuous waiting list because of a shortage of funds.

A study conducted in 2008 at Louisiana State University analyzed the economic impact to the state that would result if all of the timber severance taxes collected each year that are not allocated to parish roads and schools—instead of the current 75 percent—were made available to the Forest Productivity Program. Based on current collections, the added reforestation made possible during the first year of the increase would—over a 35 year period—produce \$21.45 million in additional gross farm revenue. The total economic multiplier value of this additional revenue would be \$85.8 million. Similar results could be expected for each year after the first.

Increased tax revenues would also be generated from the enhanced severance tax allocation. Future timber harvests resulting from each year's added reforestation would produce—over time—approximately \$676,000 in additional severance taxes and \$7.7 million in added state and local sales taxes. Similar results could be expected for each year after the first.

Recommendation: LASAF urges and recommends that the Louisiana Legislature pass legislation, and that the Governor sign it into law, that would reallocate to the state's Forest Productivity Program that portion of the timber severance taxes collected each year currently dedicated to the state's General Fund. The annual loss to the General Fund, based on current collections, would only be slightly more than \$1 million—a very insignificant amount in the total budget picture. **Please vote on this important position; the ballot is enclosed.**