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CAPITAL IDEAS

The Newsletter of the Alabama Forest Owners' Association, Inc.

Advocate for the Forest Owner

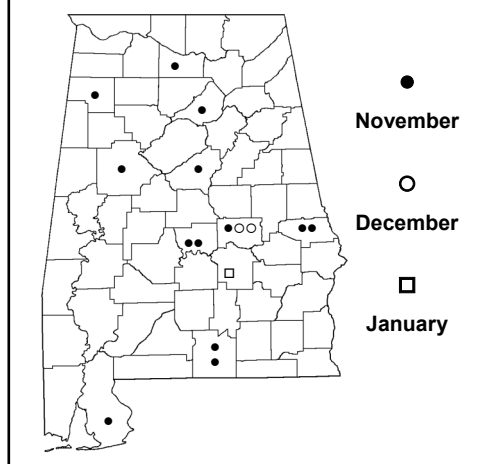
November 2015 Vol. 34, No. 11

www.AFOA.org

P. O. Box 361434
Birmingham, Alabama
35236-1434



CALENDAR OF EVENTS



NOVEMBER 2015

November 2, 3, & 4...Marion County 6 - 9 PM. **Traditional Hunter Education Course** at Sam Murphy WMA Check Station, Marion Co., Rd. 2, Pikeville. No fee. Call Michael Raburn at (256) 353-2634. *Successfully completing an approved hunter education course is mandatory for all non-supervised Alabama hunting license buyers born on or after August 1, 1977, with some exceptions.* There are courses being taught at various locations in November as well as online-only courses. Contact [Marisa Futral](mailto:Marisa.Futral@alabama.gov) at 800-245-2740.

November 3...Autauga County. **Progressive Agriculture Safety Day** (Kids Only) at R H Kirkpatrick Agricultural Pavilion, Autaugaville. Kindergarten, First, and Second grade students. Third grade students on November 17. Contact [Yvonne Bowens-Thomas](mailto:Yvonne.Bowens-Thomas@alabama.gov) at (334) 201-5209.

November 3-4...Statesboro, Georgia. **Longleaf Pine Establishment and Management** at Bulloch County Ag Center, 151 Langston Chapel Road. Come learn more on effectively managing longleaf pine stands with an emphasis on early survival and growth. Fee: \$210. Lunch included. Contact [Ingvar Elle](mailto:Ingvar.Elle@usda.gov) at (706) 583-0566.

November 3-7...Baton Rouge, Louisiana. **Society of American Foresters (SAF) National Convention**. Fee: \$715. Contact [SAF](mailto:SAF@saf-foresters.org) at 1-866-897-8720.

November 4...Currie, North Carolina 9 AM - 3 PM ET. **Forestry For Women** at landowner property, 2324 Borough Road. Call Pender County Extension Office at (910) 259-1235.

November 5...Blount County 9 AM. **Natural Resources Planning Committee Meeting** at the USDA Service Center, 55545 US Hwy 231, Oneonta. Forest landowners invited to attend. Contact [Merly Gaines](mailto:Merly.Gaines@alabama.gov) at (205) 274-2363x3.

November 9...Baldwin County 8 AM - 4 PM. **Chainsaw Safety Workshop** at 8300 State Hwy 104, Fairhope. The workshop will provide basic training in the following areas: Personal Protective Equipment, Proper Operation and Handling, Felling Procedures, and Chainsaw Maintenance. Contact [Beau Brodbeck](mailto:Beau.Brodbeck@alabama.gov) at (251) 937-7176.

November 10...Columbia, South Carolina 8 AM - 5

PM ET. **Timber Income Tax Workshop** at Sandhills Research and Education Center, 900 Clemson Road. The fundamentals of handling timberland assets, deducting timberland expenses for management and protection and obtaining capital gains treatment of timber income are stressed. Instructor: Dr. Harry L. Haney, Jr. Fee: \$200. Contact [Susan Guynn](mailto:Susan.Guynn@alabama.gov) at (864) 656-0606.

November 10...Covington County 1 - 3 PM. **Anniversary Celebration of the Solon Dixon Forestry Education Center** at Solon Dixon Forestry Education Center, 12130 Dixon Center Road, Andalusia. The celebration will include a short program that will outline the impact of the Dixon family on sawmill towns and forestry with refreshments and socializing. Contact [Heather Crozier](mailto:Heather.Crozier@alabama.gov) at (334) 844-2791.

November 10...Covington County 5:30 - 7:30 PM. **Feral Hog Workshop** at the USDA Ag Service Center Auditorium, 23952 Alabama Hwy 55, Andalusia. Topics: Integrated Wild Pig Control, MINE Trapping System, Capture Success Matrix, QRF Baiting, Dumbing The Sounder, Ambush Trapping, and Fatal Funnel. Call Lisa Harris at (334) 301-9603.

November 10-11...Athens, Georgia. **Forest Roads in the Piedmont and Coastal Plains** at Flinchum's Phoenix, Whitehall Forest, 650 Phoenix Road. This course will teach you how to plan, design, locate, construct, stabilize, use, maintain, and close forest roads. Fee: \$345. Contact [Ingvar Elle](mailto:Ingvar.Elle@usda.gov) at (706) 583-0566.

November 11...Lee County 11 AM - Noon. **Auburn School of Forestry & Wildlife Sciences Seminar Series** at Auburn University, SFWS Room 1223. Topic: Managing forests for change given an uncertain future. Speaker: Robert Scheller, Portland State University. Refreshments served. Contact [Brian Via](mailto:Brian.Via@alabama.gov) at (334) 844-1088.

November 11...Elmore County 12 PM. **PALS (People Against A Littered State) Governor's Awards** at Marriott at Capitol Hill, Prattville. Call Alabama PALS at (334) 263-7737. Visit the Video Meetings page on the AFOA website to [watch Margaret McElroy](mailto:Margaret.McElroy@alabama.gov), State Adopt-A-Mile Coordinator, speak at the 2015 AFOA Annual Meeting.

November 12...Webinar Noon CT. **Effective Ownership in Larger Shareholder Groups** presented by The Family Business Consulting Group (FBCG). Fee: \$129. Call FBCG at 1-866-872-5840.

November 13...Coffeeville, Mississippi 8:30 AM - 4 PM. **Extreme Weather Events and Risk Management Options for Family Forests** at Yalobusha County Extension Office, 18025 Hwy 7. Topics will include: Timber Salvage, Timber Casualty Loss, Species selection for Survival, Even/Uneven-aged Management, and Preparation for Future Weather Trends. Fee: \$35; lunch included. Call Pamela Redwine at (662) 675-2730.

November 13...Morgan County 9 AM - 4 PM. **Sustainable Forest Management Workshop** at Joe Wheeler Wildlife Refuge Visitor Center, Visitor Center Road, Decatur. Topics (tentative): Improving wildlife habitat through prescribed fire, Treating non-native invasive species, Shortleaf pine restoration, and Cost share programs. Registration is required as lunch will be provided. Contact [Chris](mailto:Chris.Erwin@alabama.gov)

[Erwin](mailto:Chris.Erwin@alabama.gov) at (334) 721-3516.

November 18...Jackson, Mississippi 8:30 AM - 4 PM. **Ties to the Land: A Succession Planning Short Course** at Mississippi Cattlemen's Building, 680 Monroe Street. Topics will include: Preparation, Planning, Differing objectives within family, 10 steps to succession planning, Forest property overview, Deciding on a business structure, and Putting a plan together. Fee: \$35; lunch included. Call Kyle Lewis at (601) 857-3242.

November 18...NATIONWIDE 10:00 AM (CT). **CAPITAL IDEAS - LIVE! 30-minute Telephone News Conference for Alabama Forest Owners**. Listen on your phone or later on the web. Call AFOA to register: (205) 987-8811.

November 18...Lee County 11 AM - Noon. **Auburn School of Forestry & Wildlife Sciences Seminar Series** at Auburn University, SFWS Room 1101. Topic: Developing strategies to improve OSB quality while maintaining cost. Speaker: Hui Wan, Mississippi State University. Refreshments served. Contact [Brian Via](mailto:Brian.Via@alabama.gov) at (334) 844-1088.

November 18...Webinar 1 PM CT. **Matching Appropriate Seed to Conservation Practices** will teach participants about ecotypes and ecological restoration planning tools for greater long term conservation planting success. Presenters: Jennifer Anderson-Cruz, State Biologist, Sudie Davis Thomas, Wildlife Biologist, and Nancy Lee Adamson, Pollinator Conservation Specialist. For more information email Holli at holli.kuykendall@gnb.usda.gov.

November 19...Autauga County 8 AM - 2 PM. **Fall Landowner Tour** at Trice and Johnnie Nichols Property, 684 County Road 165, Prattville. Topics: Going from Kudzu to Longleaf, Hardwood Management, Nuisance Critters, Trees for Aesthetics, Wildlife Orchards, Drones, and Live Harvesting Operation. Fee: \$10; lunch included. Contact [Brigetta Giles](mailto:Brigetta.Giles@alabama.gov) at (334) 361-0576.

November 19...Cleveland, Mississippi 8:30 AM - 3 PM. **Forest Regeneration For Hardwoods** at Bolivar County Extension Office, 406 North Martin Luther King Drive. Topics will include: Importance of site prep, Artificial regeneration, Natural regeneration, Regeneration as an investment, Thinning, and Tax considerations. Fee: \$40; lunch included. Call Laura Giaccaglia at (662) 843-8361.

November 19...Tuscaloosa County 6 PM. **Dinner and Discussion** at JamisonMoneyFarmer PC Office, 2200 Jack Warner Parkway, Suite 300, Tuscaloosa. Enjoy a BBQ dinner, listen to AFOA's November News Conference, and argue about the issues with other landowners. Dinner at 6 PM with 30 minute program starting about 6:45 PM. Fee: \$7. To attend, RSVP [Beth Crocker](mailto:Beth.Crocker@alabama.gov) at (205) 366-4009.

November 19...Shelby County 6 PM. **Dinner and Discussion** in private dining room at Joe's Crab Shack, 20 Mountain View Drive, Hoover. Come enjoy a Dutch Treat dinner, listen to AFOA's November News Conference, and argue about the issues with other landowners. Dutch Treat dinner at 6 PM with 30 minute program

(CALENDAR OF EVENTS CONTINUED ON PAGE 5)

| STANDING TIMBER VALUES | | | | |
|------------------------|------------------------|-------|--------------------------|-------|
| PINE | Pulpwood \$ per ton | | Chip-N-Saw \$ per ton | |
| Alabama | 3Q14 | 3Q15 | 3Q14 | 3Q15 |
| North | 9.13 | 8.14 | 16.81 | 15.53 |
| South | 12.96 | 10.44 | 18.82 | 18.62 |
| Average | 11.05 | 9.29 | 17.82 | 17.08 |

Pine Pulpwood — 5,350 lbs./cord
Pine Sawtimber — 15,000 lbs./1000 Board Feet (Scribner)
3rd Quarter, 2014 (3Q14) and 3rd Quarter, 2015 (3Q15)
from Timber Mart-South, University of Georgia.
★For Timber Mart-South subscription details, call
(706) 542-4756 or visit www.tmart-south.com M2 11/2015

| STOCK MARKET REPORT | | |
|------------------------------|-----------------|----------|
| Company Name | Price Per Share | |
| | 10/15/14 | 10/15/15 |
| Plum Creek Timber (PCL) REIT | 39.59 | 40.85 |
| Potlatch (PCH) REIT | 42.05 | 28.94 |
| Rayonier (RYN)* REIT | 32.25 | 22.78 |
| Weyerhaeuser Co. (WY) REIT | 32.09 | 28.94 |

* Rayonier spun off Rayonier Advanced Materials (RYAM) on 6/27/14. Shareholders received one share of RYAM for every three shares of RYN.
Stock Market Report courtesy of Howard Sokol, Raymond James Financial Services, Birmingham, Alabama.

| LUMBER & SHEATHING PRICES | | |
|--------------------------------|----------|----------|
| Source: Random Lengths | 10/22/14 | 10/21/15 |
| MidWeek Market Report | | |
| 2 x 4 lumber * | \$349 | \$268 |
| 7/16" Oriented Strand Board ** | \$222 | \$240 |

* 2x4 #2&Btr KD Western S-P-F (mill base price) (per 1000 board feet)
** 7/16" OSB (North Central) (f.o.b. mill prices) (per 1000 square feet)

FORESTLAND FOR SALE www.ForestLand.bz

373 acres in Crenshaw County. Big creek. \$214,000 in timber, 8 food plots, 120 acres clearcut, gated, 24 x 48 barn, power, & 2 side sheds. 16 x 84 camp, great roads, and 3/4 mile blacktop road frontage, 55 min to Montgomery, 2 hours to Mobile, and 20 minutes to Greenville. \$1,795/acre. Call James Pearce at (251) 463-8470. (009466)

MORTGAGE RATES DECREASED in the 3rd quarter of 2015. "The 30-year fixed rate mortgage rate averaged 3.89%..." Source: *Timber Mart-South ~ Market News Quarterly*, 3Q15.

- Dow-Jones Industrial Average: 17489.16
 - 10-year Treasury yield: 2.025%
 - Dollar: 120.69 Yen; Euro: \$1.1110
 - Oil: \$45.38/barrel
 - Gold: \$1,166.60/troy ounce
- Source: *The Wall Street Journal*, 10/23/15



Real Estate Financing for
Recreational and Timber Land

Alabama
Farm Credit

1-888-305-0074
(256) 734-0132
(256) 739-4071 fax

www.AlabamaFarmCredit.com

CLASSIFIED SECTION

| CERTIFIED PUBLIC ACCOUNTANTS | | | |
|------------------------------|----------------|---------------|--|
| JamisonMoneyFarmer PC | Tuscaloosa, AL | (205)345-8440 | |
| Sheldon, Rogers & Bryan, PC | Mobile, AL | (251)345-1252 | |

| CERTIFIED WILDLIFE BIOLOGIST | | |
|------------------------------|--------|---------------|
| Mark Thomas, CWB | Hoover | (205)733-0477 |

| CONSULTING FORESTER - Member: ACF | | |
|-----------------------------------|--|--|
|-----------------------------------|--|--|

| | | |
|-------------------------------|----------------|----------------|
| C. V. Forestry Services | Clayton, AL | (334)775-8345 |
| Melisa V. Love, RF, ACF | Opelika | (334)745-7530 |
| Joseph E. Rigby, RF, ACF | Georgiana | (334)265-8200 |
| Larson & McGowin, Inc. | Mobile, AL | (251)438-4581 |
| Leh Bass, RF, ACF | Opelika | (334)749-0598 |
| Eddie Carlson, RF, ACF | Montgomery | (334)270-1291 |
| McKinley & Lanier Forest Res. | Tuscaloosa | 1-800-247-0041 |
| Arthur C. Dyas, RF, ACF | Mobile, AL | (251)331-4017 |
| Gibson Forest Mgmt., Inc. | Aliceville, AL | (205)373-6168 |
| Forestill Company, Inc. | | 1-800-844-0904 |
| John R. Stivers, RF, ACF, CF | AL & GA | (334)253-2139 |
| Sizemore & Sizemore, Inc. | Tallassee, AL | (334)283-3611 |
| J. Pat Autrey | Fort Deposit | (334)227-4239 |
| F & W Forestry Services | LaFayette | (334)864-9542 |
| Edward F. Travis Co., Inc. | Mobile | (251)633-8885 |
| M & W Forestry Consultants | Ozark, AL | (334)432-0467 |
| Bear Creek Consulting LLC | Grove Hill, AL | (251)744-4428 |

| CONSULTING FORESTER | | |
|----------------------------------|----------------|----------------|
| Stewart Forestry Services, Inc. | Decatur, AL | (256)350-9721 |
| Midsouth Forestry Services, Inc. | Gordo, AL | 1-888-228-7531 |
| Forever Green, Inc. | Leeds, AL | 1-800-498-5821 |
| American Forest Mgmt. | Prattville, AL | (334)358-2345 |
| Southern Forestry Cnslt. | Enterprise, AL | (334)393-7868 |
| Eiland Forestry & Real Estate | Trussville | (205)655-0191 |
| Foster Land Management, LLC | Central Ala. | (205)826-7741 |

| CONSULTING FORESTER - continued | | |
|--|----------------|---------------|
| www.ChesnutForestry.com | Northeast AL | (706)936-0699 |
| Lang Forestry Consultants, LLC | Selma | (334)375-1065 |
| Cliff A. Logan & Associates, Inc. | Eutaw, AL | (205)372-9321 |
| Graham Forestry & Appraisal | Butler, AL | (205)459-2472 |
| Richard Crenshaw, RF | Greenville, AL | (334)382-3826 |

| INSURANCE | | |
|---|------------------------------------|--|
| Hunting Lease & Timberland Liability Group Policies | Alabama Forest Owners' Association | |
| | (205)987-8811 | |

| LAND FOR SALE | | |
|---------------|--|--|
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| | | |
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| Tutt Land Company | www.tuttland.com | (334)534-1315 |
| Carlson Land Services | Montgomery | (334)270-1291 |
| Hudson Hines Real Estate | www.hudsonhinesrealestate.com | |
| AFM Land Sales, LLC | Prattville, AL | (334)358-2345 |
| AlaLandCo, Inc. | All of Alabama | 1-866-751-5263 |
| Farm & Timber Land | www.alalandco.com | |
| Mossy Oak Properties Alabama Land Crafters | (334)277-6501 | |
| John Hall & Co. | www.johnhallco.com | (334)270-8400 |
| A&M Forest Consultants | ForestryLand.com | (251)281-8733 |
| Eiland Forestry & Real Estate | Trussville | (205)655-0191 |
| Larson & McGowin, Inc. | Mobile, AL | (251)438-4581 |
| Southeastern Realty & Auction Co | John Hall | (334)534-0525 |
| Longleaf Land Co. LLC | longleafland.com | (334)493-0123 |
| Mossy Oak Properties - Logan Land Co. | 1-877-377-5263 | |
| SouthLand Realty | North Alabama | (256)259-7868 |
| Target Auction Company | All of SE | 1-800-476-3939 |
| Real Estate Auctions | www.targetauction.com | |
| United Country | www.alalandforsale.com | (251)744-4428 |

| LAND MANAGEMENT SERVICES | |
|-----------------------------|--------------------------|
| Scotch Land Management, LLC | Fulton, AL (334)637-2128 |

| POND MANAGEMENT | |
|----------------------|-------------------------|
| Honey Hole Fisheries | Ralph, AL (205)333-3665 |

| POSTED SIGNS | |
|------------------------------------|---------------|
| Alabama Forest Owners' Association | (205)987-8811 |

| REAL ESTATE APPRAISALS | | |
|-----------------------------|------------|---------------|
| Larson & McGowin, Inc. | Mobile, AL | (251)438-4581 |
| Graham Forestry & Appraisal | Butler, AL | (205)459-2472 |

| TIMBER BUYER | |
|--------------|--|
|--------------|--|

| | |
|--|----------------|
| Blue Ox Forestry, Inc. | (334)875-5100 |
| IndusTREE Timber, Inc. | (334)567-5436 |
| Ronny Wimberley Land & Timber Division | 1-877-292-0056 |
| Ideal Timber Company, Inc. | 1-888-220-5591 |
| Baseline Forest Services, Inc. | (205)294-2266 |

| TIMBER SALE ASSISTANCE | |
|------------------------|--|
|------------------------|--|

TIMBER BUYER LIST for your county. Printed on gummed labels ready for mailing prospectus. Just tell us the county in which your timber is located. \$15 per county. MEMBERS ONLY. AFOA, Box 361434, Birmingham, AL 35236

| TREE PLANTING EQUIPMENT & SERVICES | |
|------------------------------------|--|
|------------------------------------|--|

Site Preparation & Tree Planting Services.
For a list in your county, call AFOA at (205)987-8811.

| TREE SEED FOR SALE | |
|--------------------|--|
|--------------------|--|

| | |
|---------------------------|---------------|
| LOUISIANA FOREST SEED CO. | (318)443-5026 |
|---------------------------|---------------|

| TREE SEEDLINGS FOR SALE | |
|-------------------------|--|
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| | |
|--|---------------------------------|
| INTERNATIONAL FOREST COMPANY | 1-800-633-4506 |
| TECHNOLOGY THAT GROWS CONTAINER SEEDLINGS | |
| ArborGen, LLC | |
| Selma: | 1-800-222-1280 or (334)872-5452 |
| SUPERIOR TREES, INC. | Lee, FL (850)971-5159 |
| WHITE CITY NURSERY | Autauga Co. (334)365-2488 |
| Pines & Hardwoods for Forestry, Wildlife, Landscapes | |

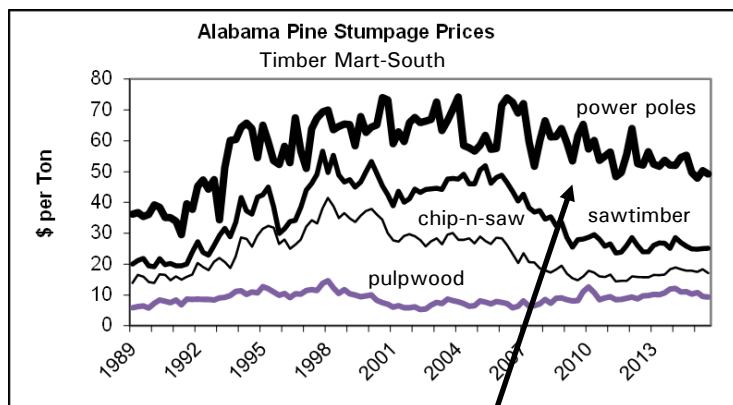
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| Weyerhaeuser Company | |
| Premium Pine and Hardwood Seedlings | |
| 1-800-635-0162 | |

Pinecrest Forest Seedling Nursery - Georgia - (229)314-9445
Improved Bareroot Pine Seedling pinecrest1@windstream.net

Sanctuary Timber & Wildlife www.stwildlife.com

Whitfield Farms & Nursery - Containerize Pine Seedlings
www.whitfieldpineseedlings.com

CLASSIFIED ADVERTISING RATES: First Line \$85.00/year.

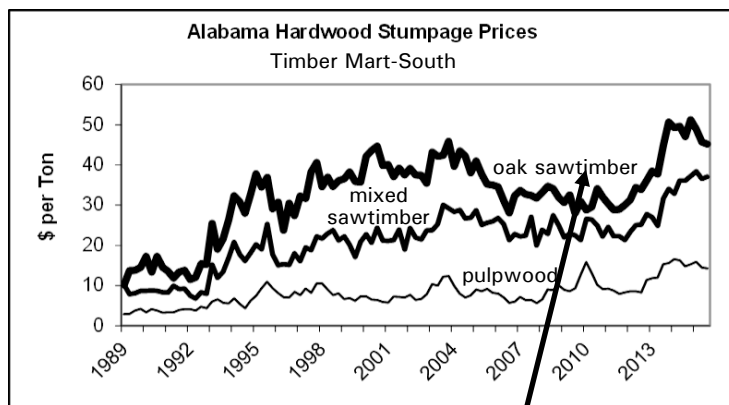


GROWING STRAIGHT TALL PINES may be worth the effort. Look at the big space between pine power poles versus pine sawtimber. That space is value difference. Perhaps growing the naturally straighter longleaf pine is not just a PC diversion.

WORTH YOUR TIME. If you haven't paid much attention to the use of herbicides to aid you in your forest management work, we think you would benefit from watching Michelle Isenberg's presentation from AFOA's April 2015 Annual Meeting. Go to www.afoa.org/meetings/AM2015/agenda.htm and scroll down to **Forest Herbicides to Improve Production**.

LANDOWNER HELP WANTED: Auburn University Forestry Professor Ed Loewenstein needs your help. He is looking for landowners who would like to have his senior forestry students develop a management plan for their property. Ideally, tracts should be within an hour's drive of the AU campus and be approximately 300-600 acres in size (but this is negotiable). Senior Project takes place during the spring semester, so students would be working with you from January through April. Contact Ed at (334) 844-1069 or loewenstein@auburn.edu.

AFOA 2016 ANNUAL MEETING: Shocco Springs, Talladega, April 26 & 27, 2016.



OAK SAWTIMBER holds a long-term price advantage over mixed hardwood sawtimber. Data source: Timber Mart-South.

597± acres in Dallas County. Will Divide into 157, 207, or 390 acre blocks. 3 lakes totaling 26± acres. All divisions have Paved road frontage, Merchantable Hardwood & Pine, and Utilities. Great Deer, Turkey, Dove, and Duck Hunting, located in the Black Belt and the South Zone. \$1,850/ac.

1,181± acres in Lowndes County. Will Divide in any feasible manner. Merchantable Pine Plantation, County Road Frontage w/ Utilities, Large Creek w/ Hardwood bottoms, great Road/Trail system, 25 Food Plots, good neighbors. 30 Minutes from I-65; located in the Black Belt and the South Zone near Collirene. \$1,750/ac.

Contact [Clint Flowers](#), A&M Forest, (251) 387-0787.

FOREST PROFILES:

CONSULTING FORESTERS



Holmes Hendrickson of Enterprise is the Alabama regional manager for **Southern Forestry Consultants**, a full-service forestry consulting company headquartered in Bainbridge, Georgia. With offices in three states, they offer the personal touch of a smaller business, but can pool resources to complete bigger projects, such as large-scale inventory/appraisals on private and government land. "We have the experience and staff to do just about anything to a piece of land. We plant a lot of trees, sell a lot of timber, burn a lot of acres. We've built ponds, roads, anything a landowner might need." Hendrickson himself wears several hats as a registered forester, regional manager, and real estate professional. He specializes in longleaf management. "That's one thing I've found rewarding in my personal career," he says. "I've been fortunate to plant a lot of longleaf and manage them. I like helping people evaluate what they have and make plans for future generations." Southern Forestry Consultants can also provide wildlife management through its wildlife division, Wiregrass Ecological Associates. They do game management and a great deal of conservation work, especially with the red-cockaded woodpecker and gopher tortoise. "We've found it's an integral part, and we strive to offer all parts of land management," Hendrickson says.



FOREST PROFILES:

FOREST PRODUCTS MANUFACTURERS

Castleberry Wood Products in Castleberry, Alabama is a hardwood sawmill producing railroad crossties. IndusTREE Manufacturing purchased the mill in 2008 from Boatright Railroad Products, in partnership with Bass Lumber Company. Castleberry's crossties are manufactured in three sizes: 6" x 8", 7" x 8", and 7" x 9". Larry Jones, president of IndusTREE, says railroads are his primary customers, and right now they are investing in infrastructure. "There are over 3,000 crossties in one mile of railroad track, so there are a tremendous number of crossties all up and down the United States," he says. They use red and white oak as well as sweet gum, which once had a reputation as only a problem tree. However, it's great for crossties, and brings more money right now than a pine plylog. The Castleberry mill produces about 100,000 crossties per year and sends them on to treating facilities. They buy logs primarily from dealers, who sort the hardwoods from the timber they buy from private landowners in the region. There are also by-products to sell to other manufacturers, such as oak lumber for flooring, sweet gum boards for pallets and frame stock, wood chips for paper, and sawdust for boiler fuel. Jones says he's been surprised by the consolidation in the industry over the last ten years, but IndusTREE has clearly adapted well to the changes.

Tax Tips for Forest Landowners for the 2015 Tax Year

by Linda Wang

National Timber Tax Specialist
U. S. Dept. of Agriculture Forest Service

Federal income tax laws can influence a private woodland owner's financial decisions about land management. Yet, special favorable tax provisions on timber that are intended to encourage private forest management and stewardship are commonly unknown. To help woodland owners in filing their 2015 tax returns, this publication explains the federal income tax laws on timber. The information is not legal or accounting advice. It is current as of September 30, 2015.

Timber Property Classifications

For tax purposes, a woodland property may be classified as an investment, business or personal-use property. Tax deductions and losses that are allowed for investment or business properties may be limited or denied for personal-use property. So the classification is important in that the tax treatment on each type of property differs widely. If your primary purpose of owning land is for personal enjoyment (such as fishing and family retreat), your property may be taxed as personal-use property. In contrast, if your primary purpose of land ownership is for making a profit from growing timber, your timber may be taxed as an investment property or a business when such profit-seeking timber activities are more regular, active and continuous than an investment. Which status applies depends on the specifics of each case. The IRS presumes a profit motive if profit is realized in at least 3 of the past 5 years. Such profit, however, includes expectation of future profit from the appreciation of asset.

Example 1: Mr. Smith sold timber for \$20,000 profits in 2015. He replanted the land with loblolly pines. He treats his woodland property as an investment.

Basis and Depletion Deduction

Timber basis. Basis is the cost of the timber to the owner. You may deduct it from timber sales, which reduces the tax due on the sales. To establish the timber basis, find out how the property was acquired. For purchased property, the timber basis is the amount you paid for it. For inherited property, the basis of timber is its fair market value (FMV) on the decedent's date of death. If you receive the timber as a gift, the timber basis is the lower of its FMV or the donor's basis.

Example 2: Mrs. Anderson inherited forest land a year ago but didn't establish the timber basis. A consulting forester provided a retroactive professional appraisal on her timber value on the date of the decedent's death, which established her timber basis.

Depletion. Depletion is a deduction against timber sale.

Example 3: Mrs. Anderson sold 600 cords of pulpwood. She took depletion deduction of \$6,000 (\$10,000 of total timber basis ÷ 1,000 cords of total volume x 600 cords of timber sold).

Timber Sales

Sale of standing timber. Sales of standing timber held as an investment for more than 1 year qualify for long-term capital gain, which is taxed at advantageous lower tax rates than ordinary income. Sale of inherited timber is considered long-term. Report the sale of standing timber held as an investment on Form 8949 and Schedule D.

Both outright sales and pay-as-cut sales of standing timber by a business qualify for long-term capital gain (Sec. 1231 gain) after the timber has been held for more than 1 year. Report the sale of standing timber held for business use on Form 4797 and Schedule D. If you sell timber outright in a business, you also are required to file Form T unless you only have an occa-

sional timber sale (see "Filing Form T" below).

Example 4: Your consulting forester advised an improvement cutting and estimated that there were 800 cords that should be sold. The highest bid was \$30/cord. You signed the contract for sale of standing timber owned as an investment. You report a capital-gain on Schedule D and Form 8949.

Sale of products cut from timber held for use in a business. If you cut your own timber or have it cut by a contractor working at your direction, either for sale or for use in your business, the gains are ordinary income unless you elect to use sec. 631(a) on Form T, Part II.

Example 5: You paid a contractor \$2,000 to cut standing timber held for business use for over 1 year into logs and you sold the cut logs to a mill for \$30,000. The FMV of the standing timber was \$23,000 on Jan. 1 and your basis in it was \$1,000. If you elect to use sec. 631(a) on Form T, report a \$22,000 long-term capital gain (\$23,000 FMV – \$1,000 basis) on Form 4797 and Schedule D, and \$5,000 of ordinary income (\$30,000 sale price – \$23,000 FMV – \$2,000 contractor fee) on Schedule C. If you fail to make the election, all \$27,000 profit is ordinary income.

Net Investment Income Tax

For taxpayers meeting income threshold, investment timber sales and passive business timber sales are subject to a 3.8 percent net investment income tax, effective January 1, 2013. This 3.8 percent tax, enacted as part of the 2010 healthcare reform law, applies *only* to single taxpayers with adjusted gross income ("AGI") over \$200,000 or couples with over \$250,000 AGI. "Material participants" in timber business are not subject to this tax.

Example 6: Husband and wife's adjusted gross income is \$260,000, including a \$50,000 capital gain from their investment timber sale. The timber gains of \$10,000 (the lesser of the excess of their adjusted income of \$260,000 over the \$250,000 threshold or the capital gains of \$50,000) are subject to the 3.8 percent tax (\$380 tax), in addition to the capital gain tax on the sale.

Installment Sales

An installment sale involves receiving one or more payments after the year of sale, allowing you to defer tax by spreading your gain over 2 or more years. Interest is charged on deferred payments.

Example 7: You sold timber for \$10,000 (\$8,000 after deducting timber depletion and sale expenses) in 2015. Your *gross profit percentage* is 80 percent (\$8,000 ÷ \$10,000). The buyer paid you \$5,000 in 2015 and will pay the remaining \$5,000, plus interest, in 2016. Report a \$4,000 gain (\$5,000 x 80%) for 2015, using Form 6252.

Timber Management Expenses

Timber management expenses may include fees to a consulting forester; cost for competition control; the expense for insects, disease and fire control; pre-commercial thinning or firebreak maintenance. Investment timber owners may deduct expenses on Schedule A, but they are subject to a 2 percent of adjusted gross income reduction. Business timber owners who are "materially participants" deduct them in full on Schedule C. Property taxes are deductible.

Reforestation Costs

Taxpayers (except trusts) may deduct up to \$10,000 (\$5,000 for married couples filing separately) per year of reforestation costs per *qualified timber property* (QTP). Any amount over \$10,000 per year per QTP may be deducted over 84 months (*amortized*). Trusts are eligible for amortization deduction. Qualifying costs include the direct costs to plant or replant a stand including natural regeneration.

Example 8: You spent \$17,000 to reforest after a har-

vest. Deduct \$10,000, plus 1/14th of the remaining \$7,000 (\$500) on your 2015 tax return. Deduct 1/7th of the \$7,000 (\$1,000) on your returns for 2016–2021 and the last 1/14th (\$500) on your 2022 return. If you qualify as an investor, take the \$10,000 deduction as an adjustment to gross income on the front of Form 1040; if you hold your forest land for business use, take it on Schedule C. Elect to amortize and take amortization deductions on Form 4562, Part VI.

Depreciation and Sec. 179 Expensing

Depreciation is a tax deduction that is based on the cost (basis) of assets used, such as those for machinery, computers, cars, vans, logging equipment, bridges, culverts, fences, temporary roads or the surfaces of permanent roads. For example, light-duty truck and logging equipment are depreciated over 5 years.

Also, business taxpayers may deduct up to \$25,000 in the first year in qualifying property in 2015, subject to a \$200,000 phase-out and business taxable income limitation (sec. 179 expensing). Land is not depreciable.

Cost-share Payments

If you receive a cost-share payment from a qualified government program, you may exclude part or all of the payment from your income if the cost share is used in capital expenditure. Otherwise, it is ordinary income. Qualified federal programs include the Forest Health Protection Program (for southern pine beetle and mountain pine beetle), Conservation Reserve Program, Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, and Wetlands Reserve Program (discontinued Feb. 7, 2014). Several state programs also qualify for exclusion. The excludable amount is the *present value* of the greater of \$2.50 per acre or 10 percent of the average annual income from the affected acres over the last 3 years.

Example 9: You received a \$3,900 cost-share payment from the Conservation Reserve Program and used it as capital expenditure for your 100-acre woodland. If you had no income from the property in the last 3 years, you could exclude up to \$4,798 ((\$2.50 x 100 acres) ÷ 5.21%). The interest rate is from the Farm Credit System Bank. If you had \$6,600 of income from the property, you could exclude the entire payment: (10% x (\$6,600 ÷ 3)) ÷ 5.21% = \$4,222 > \$3,900. Attach a statement to your tax return describing the program and your calculations.

Timber Casualty and Theft Losses

Loss of timber from a casualty—a sudden, unexpected and unusual event such as a fire or severe storm—may be deductible from your taxes. The deduction is the *lesser* of the decrease in FMV caused by the casualty or your basis in the timber block (the area you use to keep track of your basis). Similarly, a theft loss deduction is limited to the *lesser* of the decrease in FMV or your basis in the stolen timber. A competent appraisal usually is required.

Filing Form T (Timber)

You must file Form T (Timber), *Forest Activities Schedule*, if you claim a timber depletion deduction, sell cut products in a business (under sec. 631(a)), or sell outright timber held for business use. However, there is an exception for owners who only have an occasional timber sale, defined as one or two sales every 3 or 4 years.

Conservation Easement

You may take a deduction on qualified donation of conservation easement in 2015. *Absent of new legislation extending the enhanced incentives*, the deduction is up to 30 percent (vs. 50 percent or 100 percent if qualified by the enhanced provision from 2006 to 2014) of the taxpayer's AGI in a year. Any excess donation over the 30 percent limit may be carried forward to the next 5 years.

MEMBERSHIP APPLICATION

MEMBER SERVICE REQUESTS

- ☐ I own 40 or more acres of forestland in Alabama and would like, at no cost to me, an Initial Consultation with a member of the Association of Consulting Foresters.*
- ☐ I am enclosing \$15 for a Timber Buyer List for _____ County.
- ☐ Guidelines for Hunting Lease Agreement
- ☐ Model for a Timber Sale Contract
- ☐ Application for Hunting Lease Liability Insurance Coverage *
- ☐ Application for Timberland Liability Insurance Coverage *
- ☐ Application for Standing Timber—Fire Damage Property Insurance Coverage *
- ☐ _____ 8" x 10" Posted Signs. Enclosed is 45¢ per sign plus \$4.50 S & H ("No Trespassing Hunt Club" - yellow) ("No Trespassing—Period" - orange) circle one
- ☐ AFOA T-Shirt — Short Sleeve, \$11 or Long Sleeve, \$13.50 (call for colors and sizes)
- ☐ AFOA Ball Cap: Pink, Black, Blaze Orange w/Camo, or Denim (circle choice. \$13 each)
- ☐ AFOA car tag frame: www.afoa.org or www.huntingclub.bz (circle choice. \$5 each)
- * This service is for landowners only. Hunters may only use the hunting lease liability insurance policy under the membership of a landowner.

(Mr.)(Mrs.)(Ms.)

Name of Landowner (person, family, partnership, corporation, LLC, etc.)*

(Mr.)(Mrs.)(Ms.)

Name of Person Representing Landowner (optional)*

Mailing Address

City State Zip Code

Telephone: home Telephone: work

Telephone: fax E-Mail Address (we do not share)

State(s) and County(ies) Where Forestland Is Located — Please List.

MEMBERSHIP FEES

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1 YEAR

- ☐ Regular Member - Bulk Rate Postage \$15
- ☐ Regular Member - 1st Class Postage \$27
- ☐ Sustaining Member - 1st Class Postage \$150

2 YEARS

- ☐ Regular Member - Bulk Rate Postage \$29
- ☐ Regular Member - 1st Class Postage \$53
- ☐ Sustaining Member - 1st Class Postage \$300

3 YEARS

- ☐ Regular Member - Bulk Rate Postage \$43
- ☐ Regular Member - 1st Class Postage \$79
- ☐ Sustaining Member - 1st Class Postage \$450

SEND APPLICATION & PAYMENT TO:

AFOA, Inc.

P. O. Box 361434

Birmingham, AL 35236

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(CALENDAR OF EVENTS CONTINUED FROM PAGE 1)

starting about 6:45 PM. *Limited seating.* Walk-ins may not have a seat. To attend, RSVP AFOA at (205) 987-8811.

DECEMBER 2015

December 2...Webinar Noon CT. [Find and Keep the Best Independent Directors for Your Family Business](#) presented by The Family Business Consulting Group (FBCG). Fee: \$129. Call FBCG at 1-866-872-5840.

December 3...Yankeetown, Florida 9 AM - 2 PM ET. [Property Tour](#) of the Withlacoochee Gulf Preserve, 1001 Old Rock Road. Fee: \$10; lunch included. Contact [Chris Demers](#) at (352) 846-2375.

December 3...Elmore County 5:30 - 8 PM. [Basket Weaving](#) at the NaturePlex Community Room, 3050 Lanark Road, Millbrook. Instructor: Betty Bain. All materials provided. Come learn to weave a basket of reeds. Fee: \$20. Call the Alabama Wildlife Federation at 1-800-822-9453.

December 4...Elizabethtown, North Carolina 8 AM - 4 PM ET. [The Growing Interest in Longleaf Pine](#) at Bladen County Center, 450 Smith Circle Drive. This workshop will provide information on growing, restoring, and marketing longleaf pine. There will also be an optional afternoon field tour. Fee: \$10. Contact [Kelley McCarter](#) at (919) 515-9563.

December 7-8...Athens, Georgia. [Southern Forestry and Natural Resource Management Geographic Information Systems \(GIS\) Conference](#) at The Georgia Center for Continuing Education. This conference encompasses topics related to the use of Geographic Information Systems (GIS) in forestry and natural resource management. Fee: \$275;

\$25 discount if paid by November 13. Contact [Ingvar Elle](#) at (706) 583-0566.

December 8...Vicksburg, Mississippi 9 AM - 3:15 PM. [Synthesis of Information and Views on CRP Hardwood Plantation Management Short Course](#) at Vicksburg Public Library, 700 Veto Street. Topics will include: Review of Conservation Reserve Program (CRP) Hardwood Plantings, Stages of Succession in Hardwood Plantations, Thinning, Hardwood Plantation Silviculture, and Growth and Density Management Considerations for Young Planted Hardwood Stands. Fee: \$45; lunch included. Call Anna McCain at (601) 636-5442.

December 8...Gainesville, Florida 9 AM - 3 PM ET. [Longleaf Pine Restoration and Management Workshop](#) at Prairie Creek Lodge, 7204 SE County Road 234. This workshop will explore the role of biomass chipping in longleaf restoration projects, longleaf forest management, and available assistance programs. Fee: \$10; lunch included. Contact [Chris Demers](#) at (352) 846-2375.

December 8-9...Athens, Georgia. [Deer Ecology and Management](#) at Flinchum's Phoenix, Whitehall Forest, 650 Phoenix Road. This course will benefit those interested in wildlife management on their land, especially deer enthusiasts. Fee: \$325; \$75 discount if paid by November 17. Contact [Ingvar Elle](#) at (706) 583-0566.

December 9...Elmore County 10 AM - 3:30 PM. [Alabama Clean Water Partnership \(ACWP\) Conference](#) at the NaturePlex, 3050 Lanark Road, Millbrook. Agenda: Planning ACWP's Future, Municipal Stormwater Permit Goals, Municipal Separate Storm Sewer System (MS4) Responsibilities & Private Property Issues, Forestry Practices, and Wild Hog Water Quality Impacts. Contact [Allison Jenkins](#) at (205) 266-6285.

JANUARY 2016

January 20...Montgomery County 8 AM - 3:30 PM. [Annual Nonpoint Source Conference](#) at Renaissance Hotel Conference Center, Montgomery. The conference format consists of presentations on projects, topics, efforts associated with non-point source pollution and its impact on water quality. Call Patti Hurley at (334) 394-4350. *Editor's Note: Nonpoint Source Water Quality Regulations have a direct affect on the management of, and income from, your land.*

☎ January 20...NATIONWIDE 10:00 AM (CT). [CAPITAL IDEAS - LIVE!](#) 30-minute Telephone News Conference for Alabama Forest Owners. Listen on your phone or later on the web. **Dinner & Discussion** events are tentatively planned for Thursday, January 21 at 6 PM in Fort Payne, Birmingham area, and Tuscaloosa.

...

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PHIL AND SUSAN have had enjoyable experiences renting out a small guest house on the property through two different websites, AirBnB (www.airbnb.com) and Vacation Rentals By Owners (www.vrbo.com). They just started last year and so far guests have included a couple from Missouri, a group from Manhattan and others from France, India, and Canada. He said the guests enjoy the opportunity to get out in nature and off their cell phones for a bit (an easy thing to do with limited reception), and proceeds from cottage rentals help cover nominal costs of the property such as taxes." Source: **Member Profile**, *The New York Forest Owner*, Sept./Oct. 2015.

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\$1,000 gadget while learning? Maybe the answer for you is a drone simulator. Check out the RealFlight Drone Flight Simulator to "master the aerial camera." \$129.99. Available at local hobby shops or go to www.realflight.com/drone/index.html. *Editor's Note: I've played with RealFlight's other simulators and found them quite realistic and lots of fun.*

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"SOUTHERN PINE DECLINE isn't happening on a large scale." "There isn't a big problem. Stay the course on established management practices," said David Coyle, a post-doctoral researcher at the Warnell School of Forestry and Natural Resources at the University of Georgia. Source: *Georgia Forestry Today*, Sept/Oct 2015.

LYME DISEASE 'ENDEMIC' in 7 Alabama counties. The disease spread by ticks is present in Calhoun, Chambers, Jefferson, Mobile, Russell, Shelby, and Tuscaloosa counties. Source: www.AL.com, 10/12/15.

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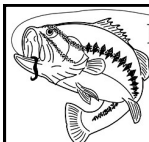
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"EMINENT DOMAIN IS WONDERFUL," says Donald Trump. **That's one.**

"BASED ON ALABAMA LAW, it is a Class B misdemeanor to have an abandoned well that is not protected in order to prevent someone from falling in." Source: *Alabama's Treasured Forests*, Summer 2015.

ALABAMA'S PICKENS COUNTY 4-H FORESTRY TEAM earned third place at the 2015 National 4-H Forestry Invitational. Teams from fourteen states competed in the event in Weston, West Virginia.



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92% OF ALABAMA HUNTERS are residents of the state. One in three non-resident hunters coming to Alabama is from Florida. Source: *Great Days Outdoors*, 10/15.



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19.6 PERCENT BUDGET CUT FOR ALABAMA FORESTRY COMMISSION. Perhaps it's time for the Commission to reset priorities and focus on fires that damage productive forests that are vulnerable to fire damage. The old paradigm of scoring success by reducing acres burned needs to change. Refocusing protection efforts on forests instead of houses and other structures will not be an easy task for an agency which seeks its funding from lawmakers not particularly interested or knowledgeable about Alabama's forest resource.

THE BLACK PINESNAKE was listed as Threatened by the U.S. Fish & Wildlife Service according to a 10/5/15 press release.

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