



Phone: (205) 987-8811
Fax: (205) 987-9824
E-Mail: RLL@AFOA.ORG

CAPITAL IDEAS

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

Advocate for the Forest Owner

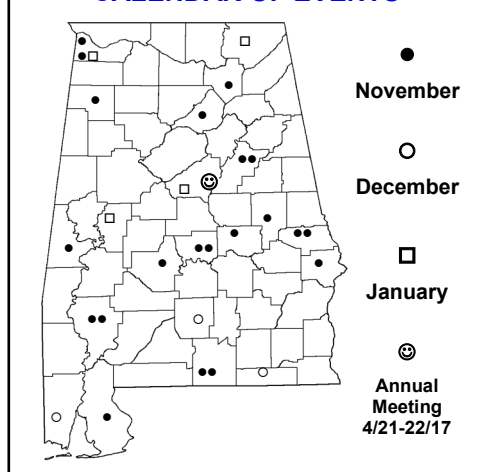
November 2016 Vol. 35, No. 11

www.AFOA.org

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



CALENDAR OF EVENTS



NOVEMBER 2016

November 1...Dallas County 11 AM. **"Timber Talk"** at the Selma Dallas County Public Library, 1103 Selma Avenue, Selma. A "Timber Talk" panel will discuss Timber Taxation, Estate Planning, and Conservation Easements. Presenters: Kasey Powell, Quinn Roe, Cathy Rice, and Orman Wilson from JamisonMoneyFarmer and Katherine Eddins, Georgia Alabama Land Trust. There will also be an Ask Your Forester Q & A session with area foresters. Meal provided. Contact [Natalie ReMine](mailto:Natalie.ReMine@alabamaforestowners.org) at (205) 366-4062. *Editor's Note: Be especially wary when signing away property development rights through conservation easements.*

November 1-2...Fort Pierce, Florida. **Small Farms and Alternative Enterprises Conference** at Indian River Research and Education Center, 2199 South Rock Road. Fee: \$75. Lunch included. Contact [Jose Perez](mailto:Jose.Perez@alabamaforestowners.org) at (352) 294-1692.

November 1-4...Savannah, Georgia. **Biennial Longleaf Conference** at the Savannah Marriott Riverfront. This year's theme is **A Working Forest for the Long Run**. Fee: \$515. Contact [Carol Denhof](mailto:Carol.Denhof@alabamaforestowners.org) at (678) 595-6405.

November 2...Mascotte, Florida 9 AM ET. **Tree Farm Tour** at the property of John and Margaret Jahreis, 12042 S. Bay Lake Road. The property is a multiple-use working farm and forest. Come learn about their management plan and objectives. Please wear appropriate outdoor clothing. Fee: \$10. For more information call Lake County Extension at (352) 343-4101x0.

November 2-6...Madison, Wisconsin. **Society of American Foresters (SAF) National Convention** at the Monona Terrace Community and Convention Center. Fee: \$730. Contact [SAF](mailto:SAF@alabamaforestowners.org) at 1-866-897-8720.

November 3...Clarke County 6 PM. **Wild Game Cook-Off** at Thomasville Golf & Recreation Park Clubhouse, 1250 Country Club Drive, Thomasville. Attend the cook-off and enjoy live music, door prizes, youth activities, and sample wild game recipes. Fee: \$40; Youth under 15 free. Call the Alabama Wildlife Federation at 1-800-822-9453.

November 4...Talladega County 9 AM - 1 PM. **Fall Forestry Field Day/Landowner Tour** on the Jim Cassidy property in Munford. Topics include: timber sales, recreation management, wildlife management, food plots, prescribed burning, longleaf management, timber stand improvement, and streamside management zones. BBQ lunch provided. For more info call

Thomas McDaniel at (205) 669-5121.

November 4...Talladega County 9 - 11 AM. **Pecan Management Workshop** at Talladega County Extension Office, 130 N Court Street, Talladega. Topics include: Site selection, Varieties, Proper planting, Fertilization, Weed control, and more. Pre-register by calling (256) 362-6187.

November 5-6...Marion County. **Alabama Adult Trappers Education Workshop** in Hamilton passes on the historical aspects of trapping, biological information concerning furbearers and furbearer management, and allows students to learn the proper techniques that include the use of trapping as a sound wildlife management tool. Fee: \$TBD. Contact [Mike Sievering](mailto:Mike.Sievering@alabamaforestowners.org) at (205) 339-5716.

November 7...New Albany, Mississippi 8:30 AM - 4 PM. **Alternative Sources of Forest Income** at Union County Extension Office, 112 Fairground Circle. Topics include: Overview of specialty woods, Agroforestry, Christmas Tree farming, Managing for utility poles, Pine straw, Business aspects of recreational leasing, and more. Fee: \$34; lunch included. Call Gina Wills at (662) 534-1917.

November 7-10...Newton, Georgia. **Ecological Forestry Workshop** at Joseph W. Jones Ecological Research Center, 3988 Jones Center Drive. This program is designed as an alternative to production oriented silviculture and focuses more on management of natural areas and multiple use properties. Fee: \$430; meal and lodging included. Contact [Jessica McCorvey](mailto:Jessica.McCorvey@alabamaforestowners.org) at (229) 734-4706.

November 8...National & Statewide. **Election Day** for Presidential and Congressional elections. Do you know what choices you'll have to make? Sample ballots for each Alabama county are at AlabamaVotes.gov. Click on the "Sample Ballots" icon.

Then, do some research on the candidates and amendments you'll be voting on come November 8. There is an explanation of each of the 14 Statewide Amendments written by the Fair Ballot Commission whose purpose is "to provide to the public a fair and accurate explanation of what a vote for and what a vote against a statewide ballot measure represents." Go to AlabamaVotes.gov and click on the "Ballot Measures" box.

November 8...Multiple Counties. **Property Tax Votes**

- [Sumter County](http://SumterCountyVotes.gov) voters will decide on a six mill property tax increase.
- [Franklin County](http://FranklinCountyVotes.gov) voters will decide on a Fire Protection Service Fee (AKA *Property Tax*). A \$36 per year fee will be decided in 9 Volunteer Fire Department Districts. *We don't know if the 'fee' will apply to forest or agriculture land, but Franklin County voters should check this out. See page 3, middle column of the October 2016 newsletter for a forest landowner's perspective on Fire Dues.*
- [Marion County](http://MarionCountyVotes.gov) voters will decide on a three mill property tax increase.
- Some [Marshall County](http://MarshallCountyVotes.gov) voters will decide on a \$120 per year 'fire service fee' for Volunteer Fire District 35.
- [Tallapoosa County](http://TallapoosaCountyVotes.gov) voters will decide on an annual \$50 per residence and \$100 per commercial business fire protection 'fees' in the Tallassee Fire District. Forest and farm landowners should check to be sure these new fees do not apply to them. *See page 3, middle column of the October 2016 newsletter for a*

forest landowner's perspective on Fire Dues.

November 9...Blount County 9 AM. **Natural Resources Planning Committee Meeting** at USDA Conference Room, 55545 US Hwy 231, Oneonta. Forest landowners are welcome to attend and participate in this meeting. Contact [Merry Gaines](mailto:Merry.Gaines@alabamaforestowners.org) at (205) 274-2363x3.

November 9...Lee County 11 AM - Noon. **Coyote Predation on Fawns in the Southeast** at Auburn University, SFWS Room 1101. Speaker: William Gulsby, School of Forestry & Wildlife Sciences. Refreshments served. Contact [Brian Via](mailto:Brian.Via@alabamaforestowners.org) at (334) 844-1088.

November 9...Online 12 PM Noon CT. **Fire Retardant-Treated Wood: The Basics Webinar**. Tell your builder and architect friends about this webinar. Email any questions to Karen Droste at karen@woodworks.org.

November 10...Covington County 9:30 AM - 3 PM. **Forest Forum on At-Risk Species Listings, Managing for Economic Returns & Utilization of Cost Share Programs** at the Solon Dixon Forestry Education Center, 12130 Dixon Center Road, Andalusia. The agenda and dialogue will focus on at-risk species listings, rulings, and the impact on managing forestland for economic returns, as well as the utilization of cost-share programs. RSVP Greg Pate at gypate@forestlandowners.com.

November 10...Clarke County 5:30 - 7:30 PM. **Timber Tax Workshop** at the Civic Center, 559 West Front St., Thomasville. Topics include: Acquiring land, Determining basis, Timber sales income, Depletion allowances, Reporting income to the IRS, and Expenses. Forester and Logger CFE points available. Fee: \$20. To pre-register call Clarke County Extension at (251) 275-3121.

November 10...Covington County 6 PM. **Wild Game Cook-Off** at the Covington Center Arena, Andalusia. Attend the cook-off and enjoy live music, door prizes, youth activities, and sample wild game recipes. Fee: \$40; Youth under 15 free. Call the Alabama Wildlife Federation at 1-800-822-9453.

November 10...Cleveland, Mississippi 6 PM. **Mid Delta Forest Woodland and Wildlife Association Meeting** at the Bolivar County Extension Office. Dr. Stephen Dicke will present "Tax Talk". Contact [Laura Giaccaglia](mailto:Laura.Giacaglia@alabamaforestowners.org) at (662) 843-8362.

November 12...Lee County 8 AM. **Horse Ownership Resources, Skills, & Education for Youth** at the Horse Unit & Beef Teaching Unit, Auburn University. Activities include: Trailer safety, Buying/Leasing Your Next Horse, Horse Judging, Digestive Tract Problems, and Trail & Exercise Physiology. Fee: \$20. Contact [Dr. Betsy Wagner](mailto:Dr.Betsy.Wagner@alabamaforestowners.org) at (334) 844-7503.

November 12...Baldwin County 9 AM - 4 PM. **Annual Stockton Sawmill Days** at Live Oak Landing, State Highway 225, Stockton. Witness log-rolling, pole climbing, cross-cut sawing, boom walking, and other activities performed by professional lumberjacks. Other items of interest: portable sawmills operating, circular saw blade sharpening, basket making, syrup making, and much more. Bring a lawn chair. Fee: \$10; discount for children. Contact [Lynn Bozone](mailto:Lynn.Bozone@alabamaforestowners.org) at (251) 937-3738.

November 15...Webinar Noon CT. **Introducing Teens and Young Adults to the Family Enterprise** presented by The Family Business Consulting Group (FBCG). Fee: \$129. Call FBCG at 1-866-872-5840.

(CALENDAR OF EVENTS CONTINUED ON PAGE 5)

STANDING TIMBER VALUES				
PINE	Pulpwood \$ per ton		Chip-N-Saw \$ per ton	
Alabama	3Q15	3Q16	3Q15	3Q16
North	8.14	8.15	15.53	15.53
South	10.44	10.54	18.62	18.12
Average	9.29	9.35	17.08	16.83

Pine Pulpwood — 5,350 lbs./cord
Pine Sawtimber — 15,000 lbs./1000 Board Feet (Scribner)
3rd Quarter, 2015 (3Q15) and 3rd Quarter, 2016 (3Q16)
from Timber Mart-South, University of Georgia.
★For Timber Mart-South subscription details, call
(706) 542-4756 or visit www.tmart-south.com M2 11/2016

STOCK MARKET REPORT			
		Price Per Share	
Company Name		10/15/15	10/14/16
Potlatch (PCH)	REIT	29.71	39.29
Rayonier (RYN)	REIT	22.78	25.69
Weyerhaeuser Co. (WY)	REIT	28.94	31.38
Louisiana Pacific (LPX)		17.29	19.01
WestRock (WRK)		50.52	46.71

Stock Market Report courtesy of Howard Sokol, Raymond James Financial Services, Birmingham, Alabama. Plum Creek merged with Weyerhaeuser on February 19, 2016.

LUMBER & SHEATHING PRICES		
Source: Random Lengths	10/21/15	10/19/16
MidWeek Market Report		
2 x 4 lumber *	\$268	\$320
7/16" Oriented Strand Board **	\$240	\$287

* 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

40 acres in Winston County. Six miles South of Haleyville off County Road 62. Good road to property. Tract has turkey and deer. Buttahatchee River runs through property. \$1,250/acre. Call Sylane at (205) 368-3352 or 672-2502..(073774)

341 acres in Perry County 10 miles north of Selma. Mostly hardwood-all natural timber-no plantations. 1 1/4 mile Oakmulgee creek frontage. One mile of Hwy 219 frontage. Food plots, great internal roads, no hogs. Adjoining 256 acre tract also available. \$1,985/acre. Call Larry Brooks (334) 412-8078..(017249)

- Dow-Jones Industrial Average: 18162.35
 - 10-year Treasury yield: 1.745%
 - Dollar: 103.95 Yen; Euro: \$1.0930
 - Oil: \$50.43/barrel
 - Gold: \$1,265.60/troy ounce
- Source: *The Wall Street Journal*, 10/21/16

4 GOOD TIMBER TRACTS

BUTLER CO. 473AC. BUTLER CO. 175AC.
HALE CO. 536 AC. TALLAPOOSA CO. 114 AC.



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CLASSIFIED SECTION

CERTIFIED PUBLIC ACCOUNTANTS			
JamisonMoneyFarmer PC	Tuscaloosa, AL	(205)345-8440	
Sheldon, Rogers & Bryan, PC	Mobile, AL	(251)345-1252	
Richard, Harris, Ingram and Bozeman, PC		(334)277-8135	

CONSULTING FORESTER - Member: ACF			
C. V. Forestry Services	Clayton, AL	(334)775-8345	
Melisa V. Love, RF, ACF	Opelika	(334)745-7530	
Joseph E. Rigbsby, 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	
Forestall Company, Inc.	Hoover	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	
M & W Forestry Consultants	Ozark, AL	(334)432-0467	
Edward F. Travis Co., Inc.	Mobile	(251)633-8885	

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	
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	

CONSULTING FORESTER - continued			
Graham Forestry & Appraisal	Butler, AL	(205)459-2472	
Richard Crenshaw, RF	Greenville, AL	(334)382-3826	

CONSULTING WILDLIFE BIOLOGIST	
David Runyan	(770)364-9802
Mark Thomas, CWB	Hoover (205)733-0477

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

LAND FOR SALE		
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

Southeastern Land Group, Inc.		1-866-751-5263
Farm & Timber Land AL, GA, TN, FL	www.selandgroup.com	
John Hall & Co.	www.johnhallco.com	(334)270-8400
National Land Realty	NationalLand.com	(855)NLR-LAND
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
Target Auction Company	All of	1-800-476-3939
Real Estate Auctions	SE	www.targetauction.com
McKeithen Land & Realty, LLC		(251)974-5656

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

PINE STRAW	
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Wanted: Longleaf & Slash / Straw Harvest Prep Services
CCS Pine Straw ccspinestraw@yahoo.com (706)527-0732

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

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	
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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		
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		

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

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

The Wildlife Group

2858 County Road 53
Tuskegee, Alabama 36083
1-800-221-9703

Sawtooth Oak	Japanese Persimmon
Gobbler Sawtooth	Thornless Blackberries
Burr Oak	Methley Plum
Chinese Chestnut	Chickasaw Plum
Dwarf Chinquapin Oak	Black Berries
Callaway Crab Apple	Tree Protectors
Yates Apple	And More!! Persimmon

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Alabama SuperTree Nursery

producers and sellers of hardwood and genetically improved pine seedlings.

Selma: (334) 872-5452
Toll free 1-800-222-1280
Fax (334) 872-2358

ARBORGEN
SuperTree Seedlings

WEYERHAEUSER plans to sell four nurseries, including their Pine Hill, Alabama nursery. Source: *Timber Mart-South ~ Market News Quarterly*, 3Q16.

CELL TOWERS: Has anyone approached you to buy your cell tower lease? A member asked us to ask you. Send reply to RLL@afoa.org or call AFOA.



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AlabamaAgCredit.com

1000 FREE LONGLEAF PINE SEEDLINGS: Call Roger or Jaqueline Whitesides at (256) 498-3381. They can't use the seedlings given by Bodenhamer Farms at AFOA's 2016 Annual Meeting.



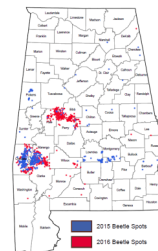
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Longleaf Container Nursery / 6" Containerized Pine Seedlings
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Madison, FL / Office / 850-973-2967
C.J. (Jay) Blanton III / Cell 850-566-1884
Jason M Blanton / Cell 850-566-7175
C.J. Blanton Jr. / Cell 850-673-7421
Email: blantonnursery@earthlink.net



ENDANGERED: The US Fish & Wildlife Service has proposed to list the Black Warrior waterdog as an endangered species along 669 miles of the Black Warrior River and 11 tributaries.



SOUTHERN PINE BEETLES found by Alabama Forestry Commission aerial monitoring. Landowners in Bibb, Perry, Hale, Marengo, Clarke, Choctaw, and Wilcox should check with the Alabama Forestry Commission for detailed

maps. Source: *Alabama's Treasured Forests*, Summer 2016.

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**FOREST
PROFILES:
CONSULTING
FORESTERS**
by Jessica Nelson



Thomas Lang, owner of Lang Forestry Consultants in Selma has been a consultant for four years, but served landowners through the Alabama Forestry Commission for 25 years. He says that aside from a quarter century of experience, contacts, and knowledge, working for the AFC gave him communication skills he wouldn't have had as a young forester. In addition, working with a local timber buyer helped him get a handle on fast-changing markets. "It's a complicated business," Lang says. "A lot of landowners need help understanding timber markets and timber sale strategies." Working for the state helped him build up a web of connections, so he knows exactly who to call to help his clients get the work done. The bulk of his work is timber sales and appraisals for private landowners, many of whom he's known for more than 20 years. Trust and patience are two of his key principles, especially with new clients or ones who aren't familiar with the industry. "I think landowners feel better if they can have options," Lang says. "My job is to lay out as simply and clearly as I can the options that make sense and let them decide." His number one priority is making sure he always has time for his clients. "I don't want to be too busy to return a phone call."



**FOREST
PROFILES:
FOREST PRODUCTS
MANUFACTURERS**
by Jessica Nelson

The **Louisiana Pacific Corporation** mill in Thomasville has been fully operational since early 2013. The Clarke County location of this global engineered-wood powerhouse produces LP® OSB sheathing. They produce commodity panels, oversize panels of 8-, 9-, or 10-foot lengths, and LP® TopNotch® 250 subflooring, a tongue and groove flooring product. In 2016, LP invested in an expansion to add LP® Flame-Block® fire rated OSB sheathing to their lineup. Non-combustible, fiberglass-reinforced Pyrotite® is added to the panels currently made at the plant for use primarily in multi-family housing like apartments or dormitories as well as garages or other places where fire-rated sheathing is required. LP uses primarily southern yellow pine, but will accept small amounts of soft hardwoods like gum or poplar. The company purchases wood exclusively through forest management and timber procurement systems that are certified through the Sustainable Forestry Initiative. Their core-supplier system keeps area suppliers and wood dealers in tune with the mill's needs. Clarke County's panels are shipped via rail and flatbed trucks to markets across the southeast, and occasionally to port cities for world-wide distribution. "We are excited to see the economy gaining strength and with that comes more housing starts."

Tax Tips for Forest Landowners for the 2016 Tax Year

by Dr. Linda Wang
National Timber Tax Specialist
U. S. Forest Service

This report provides up-to-date federal income tax information affecting timber transactions. It assists woodland owners, logging professionals, foresters and their tax accountants in filing the 2016 tax returns. The information presented here is for educational purpose only and is not intended for legal or accounting advice. It is current as of September 30, 2016. R8-MB 150

Types of Timber Property

Income and expenses associated with timber property that is held for different purposes are subject to different tax rules. Timber property held mainly for *personal-use* purpose (personal enjoyment vs. income generation) may have little or no tax deductions. Property held as an *investment* (profit from growing timber or expectation of future profit from asset appreciation) is eligible for tax deductions. Property held as *business* is where your commercial timber activities are regular, active and continuous. Business expenses are deductible but are subject to passive loss rules (i.e., if your participation in the business is not material, loss deductions are limited). Which tax status your property falls under depends on the specifics of each case as the tax regulations only provide the general guideline.

Example 1: Mr. Smith owned a 30-acre timber tract. The consulting forester he worked with helped him manage his timber for profit. This year, the forester administered a final harvest on his behalf and sold timber for \$10,000 profits. Smith report the transactions under the investment property.

Example 2: Mrs. Thompson used her property primarily for family retreat and personal enjoyment. She treats her property as personal-use property. Gains from the timber sale are taxed as capital gains. Timber sale expenses may be subtracted from the gross sale proceeds to calculate the taxable gain. Property taxes paid may be deductible, however, timber expenses may not be deductible for personal-use property.

Timber Expenses

Expenses paid for timber management for profit-making purpose are deductible. Examples of such expenses are: firebreak maintenance, overnight travel cost, property taxes, fees to a consulting forester or accountant, cost for vegetation competition control, or for insects, disease and fire control, expense for pre-commercial thinning, and depreciation from equipment used. Investment timber owners may deduct expenses on Schedule A, but they are subject to a 2-percent of adjusted gross income (AGI) reduction (as "miscellaneous itemized deduction"). Business timber owners who are "material participants" deduct them in full on Schedule C.

Example 3: You paid \$800 for firebreak maintenance and \$200 for a woodland management plan. Your timber is an investment property and your AGI was \$40,000. Your timber expense deduction is \$200 (\$800 + \$200 - 2% x \$40,000) due to the 2-percent AGI floor.

Timber Basis and Deduction

Basis is the amount of investment in the timber asset to the owner. Specifically, 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.

Example 4: You inherited a 98-acre woodland five years ago but didn't set up the timber basis at that time. Now you worked with a consulting forester who provided a retroactive professional appraisal of the timber quantity and value on the date of the decedent's death. Your timber basis was established to be \$25,000 of 100 thousand board feet of pine sawtimber and \$4,000 of

200 cords of pine pulpwood. If you receive the timber as a gift, the timber basis is the lower of its FMV or the donor's basis.

Timber basis reduces your taxes because you can deduct it from timber sales (*depletion* deduction) or claim a timber loss deduction in the event of casualty.

Example 5: You sold 50 thousand board feet of saw-timber in 2016. Your depletion deduction from the sale is \$12,500 (\$25,000 of total timber basis ÷ 100 thousand board feet of total volume x 50 thousand board feet 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 lower tax rates than ordinary income. Report the sale of standing timber held as an investment on Form 8949 and Schedule D.

Example 6: In 2016, you sold standing timber owned as an investment. You report it as a capital gain on Schedule D and Form 8949.

Sales of standing timber by a business qualify for long-term capital gain (Sec. 1231 gain) if the timber has been held for more than 1 year (Sec. 631(b)). Report the sale on Form 4797 and Schedule D. Form T, Forestry Activity Schedule may be required (see "Filing Form T" below).

Sale of products cut from timber held for use in a business (Sec. 631(a)). 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 7: The FMV of your standing timber was \$24,000 on Jan. 1 and your basis in it was \$2,000. You paid a contractor \$3,000 to cut standing timber held for business use for over 1 year into logs and you sold the cut logs to a mill for \$29,000. If you elect to use Sec. 631(a) on Form T, report a \$22,000 long-term capital gain (\$24,000 FMV - \$2,000 basis) on Form 4797 and Schedule D, and \$2,000 ordinary income (\$29,000 sale price - \$24,000 FMV - \$3,000 contractor fee) on Schedule C. Without the Sec. 631(a) election, however, all \$24,000 profit will be ordinary.

Net Investment Income Tax

Only for single taxpayers with AGI over \$200,000 (or \$250,000 for couples), investment timber sales and passive business timber sales are subject to a 3.8 percent net investment income tax. "Material participants" in timber business are not subject to this tax.

Example 8: Mr. and Mrs. Walter's AGI is \$270,000, including a \$40,000 capital gain from their investment timber sale. The timber gains of \$20,000 (the lesser of the excess of their AGI of \$270,000 over the \$250,000 threshold or the capital gains of \$40,000) are subject to the 3.8-percent tax (\$760 tax), in addition to the capital gain tax on the sale.

Installment Sales

An installment sale is a sale in which you receive one or more payments in a tax year after the year of timber sale, allowing you to defer tax by spreading your gain over 2 or more years. Interest is charged on deferred payments and is ordinary income.

Example 9: You sold \$10,000 of timber (\$7,500 after deducting timber depletion and sale expenses) in 2016. Your *gross profit percentage* is 75 percent (\$7,500 ÷ \$10,000). The buyer paid you \$6,000 in 2016 and you took a note payable in 2017. Report a \$4,500 gain (\$6,000 x 75%) for 2016, using Form 6252.

Reforestation Costs

Reforestation costs are direct costs incurred to establish commercial timber stands. Taxpayers 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 only.

Example 10: If your reforestation cost was \$8,000 in 2016, you may deduct it fully in 2016 for your married filing joint return. If you spent \$17,000 to reforest, deduct \$10,000, plus 1/14th of the remaining \$7,000 (\$500) in 2016. Deduct 1/7th of the \$7,000 (\$1,000) for 2017-2022 and the last 1/14th (\$500) in 2023. For investment timber, report the reforestation deduction as an adjustment to gross income on the front of Form 1040. For business taxpayer, report it on Schedule C. Elect to amortize and take amortization deductions on Form 4562, Part VI. Attach a statement to your return showing the date, location and amount of the expenditure.

Depreciation and Sec. 179 Expensing

For timber held to produce income, depreciation allows a tax deduction that is based on the cost (basis) of assets used: tractors, machinery, computers, cars, logging equipment, bridges, culverts, fences, temporary roads or the surfaces of permanent roads. For example, logging equipment and light-duty truck are depreciated over 5 years. Land, however, is not depreciable. Also, business taxpayers may deduct up to \$500,000 in the first year for qualifying property in 2016, subject to a \$2,010,000 annual phase-out and business taxable income limitation (Sec. 179 expensing). Separately, business taxpayers may take *bonus* depreciation equal to 50 percent of the cost of qualifying new business property.

Cost-share Payments

If you receive a payment from a qualified program, you may exclude part or all of the payment from your income if the cost share is used for 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, Conservation Security 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 11: The total qualified capital expenditure for your 200-acre woodland was \$10,000. The Conservation Reserve Program paid \$6,000 and you paid \$4,000. If you had no income from the property in the last 3 years, you could exclude up to \$9,785 ((\$2.50 x 200 acres) ÷ 5.11%) from your income. The interest rate is from the Farm Credit System Bank. If you had \$9,600 of income from the property in the last 3 years, you could exclude up to \$6,262 ((10% x (\$9,600 ÷ 3)) ÷ 5.11%). Attach a statement to your tax return describing the cost-sharing program and your exclusion 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 the fair market value caused by the casualty or your basis in the timber block (the area you use to keep track of your basis). A competent appraisal usually is required. Similarly, a theft loss deduction is limited to the *lesser* of the decrease in fair market value or your basis in the stolen timber.

Conservation Easement

Donors of qualified conservation easement can take a tax deduction. The deduction is up to 50 percent (or 100 percent for qualified farmers and ranchers including forest landowners) of the taxpayer's AGI in a year. Any excess donation over the 50- or 100- percent limit may be carried forward to 15 years.

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, if you only have occasional timber sales (one or two sales every 3 or 4 years), you are not required to file.

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 *
- ☐ _____ 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)

* 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

(1st class postage will cause your newsletter to arrive several days earlier than bulk rate)

1 YEAR

- ☐ Regular Member - Bulk Rate Postage \$16
- ☐ Regular Member - 1st Class Postage \$28
- ☐ Sustaining Member - 1st Class Postage \$160

2 YEARS

- ☐ Regular Member - Bulk Rate Postage \$31
- ☐ Regular Member - 1st Class Postage \$55
- ☐ Sustaining Member - 1st Class Postage \$320

3 YEARS

- ☐ Regular Member - Bulk Rate Postage \$46
- ☐ Regular Member - 1st Class Postage \$82
- ☐ Sustaining Member - 1st Class Postage \$480

SEND APPLICATION & PAYMENT TO:

AFOA, Inc.
P. O. Box 361434
Birmingham, AL 35236

Alabama Forest Owners' Association, Inc.
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Mark Long, Clerical Assistant
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(CALENDAR OF EVENTS CONTINUED FROM PAGE 1)

November 15...Russell County 5 PM. **Forestry Dinner and Workshop** at WestRock French House, Cotton. Speaker: Dr. Doug Phillips, Discovering Alabama. The program will focus on the rich natural history and heritage of Alabama. Fee: \$10; steak dinner included. Call Russell County Extension at (334) 298-6845.

November 16...Autauga County 9 AM - 1 PM. **Farm Safety Day** at R. H. Kirkpatrick Agriculture Pavilion, Autaugaville. Sixth grade students. Bring a sack lunch. Fee: A canned food item. Call Autauga Extension Office at (334) 361-7273.

November 16...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 at [AFOA.org](#) for a presentation from PALS Adopt-A-Mile Coordinator Margaret McElroy at AFOA's 2015 Annual Meeting.

November 17...Autauga County 8 AM - 2 PM. **Fall Landowner Tour** at Bubba Phillips Property 1410 Fair Place Road, Prattville or GPS coord.: 32.390422, -86.540451 Topics include: Wood duck management, Forest Stewardship planning, Honey Bee management, Benefit of bats, Pond management, and Swamp & Cabin tour. Fee: \$15; lunch provided. Pre-register with Autauga Forestry & Wildlife Stewardship Council at (334) 365-5124.

November 17...Online 12 Noon CT. **Heterobasidion (aka Annosum or Fomes) Root Disease of Pines in the South**. "This webinar will cover Heterobasidion Root Disease (HRD) identification, biology, and management on pines in the southeastern U.S." Landowners and consulting foresters are encouraged to participate. Contact Bill Hubbard at (706) 340-5070.

November 18...Starkville, Mississippi. **Proactive Em-**

erald Ash Borer (EAB) Management course will provide attendees with information on how to reduce the impact of EAB. Call Anna McCain at (601) 636-5442.

November 29 - December 1...Brooksville, Florida. **Longleaf Academy: Fire & Longleaf F201** at the Withlacoochee Training Center, 24059 Childs Road. Topics will include: fire ecology, fire in young longleaf, ignition patterns, fireline tools, burn plans, and more. Live fire demo weather permitting. Fee: \$200; lodging and meals included. Contact [Casey White](#) at (334) 427-1029.

DECEMBER 2016

December 2-4...Franklin County. **Alabama Youth Trappers Education Workshop** in Redbay passes on the historical aspects of trapping, biological information concerning furbearers and furbearer management, and allows students to learn the proper techniques that include the use of trapping as a sound wildlife management tool. Fee: \$TBD. Contact [Mike Sievering](#) at (205) 339-5716.

December 2-4...Butler County. **Alabama Youth Trappers Education Workshop** in Greenville. Contact [Mike Sievering](#) at (205) 339-5716.

December 7...Crossville, Tennessee 5 PM. **Tennessee Forestry Association (TFA) Regional Meeting** at Cumberland Mountain State Park Lodge. Program: "The Future of Oak in Tennessee." Presenter: Dr. Scott Schlarbaum, Professor of Genetics at University of Tennessee. Fee: \$15. Contact [Dana Howard](#) at (615) 883-3832.

December 8...Atlanta, Georgia 7:50 AM - 3 PM ET. **Investing in Timberland and Timber REITs** at Georgia Tech Global Learning Center. This course details the operations, performance, market risks, and costs associated with timberland investment vehicles. Speakers: Dr. Brooks Mendell and Amanda H. Lang.

Fee: \$680. Contact [Heather Clark](#) at (770) 725-8447.

December 10-11...Mobile County. **Alabama Youth Trappers Education Workshop** in Citronelle. Contact [Mike Sievering](#) at (205) 339-5716.

December 14...Online 12 PM Noon CT. **The First Cross Laminated Timber School in the US: A Builder's Perspective Webinar**. Tell your builder and architect friends about this webinar. Email any questions to Karen Droste at karen@woodworks.org.

December 16-18...Geneva County. **Alabama Youth Trappers Education Workshop**. Contact [Mike Sievering](#) at (205) 339-5716.

JANUARY 2017

January 6-8...Hale County. **Alabama Youth Trappers Education Workshop** in Greensboro. Contact [Mike Sievering](#) at (205) 339-5716.

January 10...Shelby County. **Special General Election** for the vacant District 41 seat of Mike Hill in the Alabama House of Representatives.

January 20-22...Jackson County. **Alabama Youth Trappers Education Workshop** in Scottsboro. Contact [Mike Sievering](#) at (205) 339-5716.

...

Always Call Ahead to Confirm Program Details



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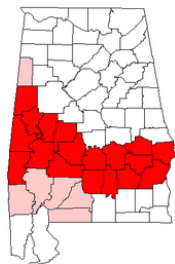
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IF YOU ARE CONSIDERING buying land in the black belt of Alabama, check with the local office of the Natural Resources Conservation Service to see if trees will grow on the soil. Some will support trees, some won't. Source: **Forestry In the Black Belt: Planting Trees on Prairie Soils** by Paul Stuckey and Dale Hurst, *Alabama's Treasured Forests*, Summer 2016.



205± acres in Dallas County. Paved road frontage, Merchantable Hardwood & Pine, and Utilities. Great Deer, Turkey, Dove, and Duck Hunting, located in the Black Belt minutes from Marion Junction. \$1,685/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**, ALC at (251) 387-0787

National Land Realty NationalLand.com

A FAIR LONGLEAF CONE CROP is predicted for fall 2017 by cone crop expert Dale Brockway. 47.8 cones per tree are predicted. Prescribe burn areas to be regenerated just before the 2017 seed fall. Source: *Alabama's Treasured Forests*, Summer 2016.

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NUTRIENT REMOVAL FROM PINE STRAW RAKING: "Studies have shown that annual pine straw raking (removing the top fresh, undecomposed needles) removes

an estimated average of 15 lbs/acre nitrogen, 2 lbs/acre phosphorus, 7 lbs/acre potassium, 10 lbs/acre calcium, and 2.5 lbs/acre magnesium." Although growth rates are slowed for one to three years after raking, they will resume to "normal" without fertilization. Source: *The Longleaf Leader*, Fall 2016. So, if raking continues for several years, fertilization may be needed.

FOREST MANAGEMENT IDEAS picked up from looking at the stumpage price graphs, below:



- ♦ Grow pines with high enough quality (straight trees, tight growth rings) to make poles.
- ♦ Find a consulting forester skilled in hardwood management.

Data source: Timber Mart-South quarterly reports from 1989 to present. Not corrected for inflation.

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"THE GREATEST OBSTACLE to discovery is not ignorance—it is the illusion of knowledge." Daniel J. Boorstin as quoted in *The Progressive Farmer*, 10/16.



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"THE MANAGEMENT PLAN is a blueprint that aids in documenting goals, organizes information about the forest, and serves as the basis for the landowner to communicate within the family and with their forester. Being a communication tool is by far the most important purpose of a forest management plan and a critical part of long term success." Source: *The Longleaf Leader*, Fall 2016.

NONE WERE NOMINATED: Last month we asked for the names of forestry school faculty members who are unabashed champions of private forest ownership. Surely there must be one or two in the U.S. We'll hold the nominating process open for another month.

