

# FOREST MANAGEMENT SPECIALISTS, INC.



Volume 3 / Issue 1

## FOCUS

Like-Kind Exchanges Under IRC Code Section 1031. According to [www.irs.gov](http://www.irs.gov), whenever a landowner sells business or investment property and there is a gain, the landowner generally has to pay tax on the gain at the time of sale. IRC Section 1031 provides an exception and allows the landowner to postpone paying tax on the gain if the landowner reinvests the proceeds in similar property as part of a qualifying like-kind exchange. Gain deferred in a like-kind exchange under IRC Section 1031 is tax-deferred, but it is not tax-free. Be sure to consult your Tax Attorney to see if this tax deferment may be beneficial to you.



Louisiana-Pacific Corp. Hanceville, AL

## TIMBER MARKET UPDATE

Pine pulpwood: The price paid for this product remains low for most of the Mid-South region. To further complicate marketing efforts, several mills have already placed producers on restrictive quotas. Hopefully, these mills will begin to lift quotas once the mill outages are over and the wet weather has restricted the flow of wood.

Pine chip-n-saw & saw timber: The price for standing chip-n-saw remains low throughout our operational area. Recent decreases in the price for finished Southern Yellow Pine lumber indicate that it may be awhile before these prices improve.

Hardwood pulpwood: Stumpage prices for this product remain low throughout our entire operational area. However, several producers have reported increased loads to Bowater in Calhoun, TN. Hopefully, this is an indication that quotas will be eased soon.

Hardwood saw timber: Based on recent sales coordinated by FMS, the prices paid for standing hardwood saw timber remain strong. Tielogs, poplar, hickory, and sweetgum are only slightly lower than their all-time high prices reached last winter. While red oak prices are significantly lower than last year at this time, the prices paid for standing white oak staves and veneers are just as high as the first quarter of 2015.

## FOCUS INDUSTRY

Louisiana-Pacific Corporation is a supplier of building products. The company was founded in 1972 as a spin-off of Georgia-Pacific. Building on a strong presence in lumber and plywood, the company pioneered the United States production of oriented strand board panels in 1982. Louisiana-Pacific Corporation's mill in Hanceville, AL has been manufacturing oriented strand board panels since 1994. The mill accepts an average of 80 loads of pine/day. Most of the wood used to source their mill comes from north-central Alabama.



[www.irs.gov](http://www.irs.gov) has answers to your 1031 exchange questions



This 740 acre select harvest brought the landowner over a million dollars! It is crucial that you use an experienced forestry consultant to get the most from large timber sales.



By using our target marketing efforts, we were able to obtain this landowner more than twice the appraised value for his standing timber.

## TIME FOR:

**Timber sales:** If you are contemplating selling stands with hardwood sawtimber, this is the time before the prices plateau or even fall. Any tract with merchantable timber that can be harvested during wet weather should do well relative to wet tracts with similar timber.

**Herbaceous Weed Control:** Properly applied herbaceous weed control has been shown to increase both survival and growth for newly planted pine seedlings. Once limited to machine planted pines, it is now widely applied to even hand planted pines in recently cutover stands. April is usually the best month to apply and landowners see better results when the herbicide is broadcast sprayed rather than the traditional band spray.

**Understory Burning:** Prescribed burning reduces the hazard for wildfire damage, improves wildlife habitat, improves aesthetics, and can improve timber production. Forest managers usually conduct understory burning between leaf fall (usually end of November) and the end of March. Be sure your plan is prepared by a Licensed Burn Prescriptionist which includes a Smoke Screen Plan.

## DISCERNMENT

**Forest Use Trends:** While perusing a certain website which posted information regarding the amount of Forest Cover Gain/Loss, I noticed a lot of red which indicated conversion from forested to agricultural in the Tennessee Valley. After zooming in near the properties that we manage, I noticed that most of the areas reported as converted were actually clear cuts that our company had coordinated. All of the areas were actually regenerated back into forests. The administrators for this website have yet to return my request for clarification. Use more credible sources such as the US Forest Service or State Forestry Agencies to form your opinion of current land use trends.

**Pricing Reports:** There are many pricing reports available to the public regarding the average prices paid for standing timber in various regions. While the prices reported in these publications may be used as a historical index, they are not reliable enough to be used for your specific timber sale. In one pricing report Jackson County, AL and Tuscaloosa, AL are in the same region. Last year we received nearly twice the stumpage for hardwood pulpwood in Jackson County that we received in Tuscaloosa County. The reverse could have been said for pine chip-n-saw in the mid-2000s. Don't skimp, use a forestry consultant who is a member of the Association of Consulting Foresters to get the most for your standing timber.

## Contact Us

### Forest Management Specialists, Inc.

4886 Chisholm Road

Florence, AL 35634

256-765-0397

[billy.rye@fmsforestry.com](mailto:billy.rye@fmsforestry.com)

[fmsforestry.com](http://fmsforestry.com)