



# A GUIDE TO OWNING **FORESTLAND**

## PART TWO

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BY BILLY RYE

**K**nowledge is the key to making the ownership of forestland a rewarding experience. In the last edition of the Cooperative Farming News, we discussed the importance of assessing what you have and determining what you want. In this article, we will discuss some of the most important aspects of planning and how to build a winning team.

### **KNOW HOW TO GET THERE**

Benjamin Franklin said that “If you fail to plan, you are planning to fail.” Planning is essential if you are to realize the rewards of owning forestland. Whether it is for individual forest management practices or for your entire estate, you need a plan. A good plan will improve the utilization of your resour-





*Consulting Forester Alex Boldog of Andalusia discusses the forest management plan that he prepared with the heirs of his client.*

es, provide motivation and commitment, set professional performance standards, and allow for flexibility. There are at least three plans that you should have regarding your forestland.

**Forest Management Plan.** Regardless of your objectives, a forest management plan will provide direction for your efforts and resources which will increase your enjoyment of the property. Your management plan should be prepared by a Registered Forester with your best interests in mind. While there are many sources of free forest management advice, you will get more pertinent and practical information if you pay a full-time forestry consultant to prepare your plan. In general, the forestry consultant will listen to what you want, look at what you have, and prescribe a course on how to get there. The types and costs of management plans will vary, but you should recall that you normally get what you pay for.

**Timber Harvesting Plan.** I have seen many landowners work a lifetime to grow timber, only to blow it during the selling process. Timber sales should be coordinated by a well-written plan and marketed when the prices for the products present are good enough to warrant a sale. For a fee, a consulting forester can help make sure that the objectives of your timber sale are met by obtaining a higher price for your timber, protecting you and your property through

a written contract, and by providing you with overall peace of mind. A consulting forester can also provide valuable information on the tax implications of timber sales and reforestation specifications.

**Estate Planning.** Big or small, we all have an estate. Your estate is everything you own including your car, bank accounts, investments, real estate, life insurance, personal property, retirement accounts and forestland. You should work with a qualified CPA and an attorney to make sure that your belongings are distributed in the manner that you desire after you die. According to estateplanning.com, estate planning is more than just a strategy of minimizing the taxes upon your death, it is a plan to make sure your legacy is passed on to your loved ones. As with all plans, your estate plan should be reviewed and updated as your family and financial circumstances change. To give you and your loved ones the most peace of mind, you should begin your estate planning now.

## KNOW WHOM TO CALL

Most Alabamians love college football, and we fully understand the different skill sets needed to make a winning team. The same is true for your forestland. If you are to win in the game of ownership, you need a successful team. Avoid “one stop shopping” when it comes to forming your team of professionals, as you will need those who specialize in your unique set of needs. Consider recruiting the following professionals to be a part of your team:

**Consulting Forester.** I recommend that you hire a Registered Forester whose primary work is providing consulting services to forest landowners for a fee. In



*Billy Rye of Forest Management Specialists, Inc. in Florence (left) listens to a landowner as he describes his timber resources and what his objectives for the sale are.*

Alabama, all foresters offering their services for a fee on property that they do not own must be Registered. Always ask for this credential when receiving advice from anyone who gives forest management recommendations for your property. I specifically recommend that you consider a Registered Forester who is a member of the Association of Consulting Foresters of America (ACF). Members of this organization must meet certain ethical and educational standards. The ACF ethical standard that most protects landowners, I believe, is the one that prohibits members from buying timber. They can only assist landowners with selling and thereby avoid a potential conflict of interest. While some consultants that are not members may choose to meet ACF standards, members are required to.

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**Surveyor.** The Alabama Board of Licensure for Professional Engineers and Land Surveyors establishes requirements for licensed surveyors. While any licensed surveyor can conduct your work, I recommend that you use one who specializes in forest/recreational land. Their experience in interpreting deeds and knowing the section corners in remote areas makes them more adept at surveying forestland. Be sure to ask the surveyors that you interview if they offer a digital copy of your survey for future relocation of corners and lines.

**Estate Attorney.** You will not only need an attorney who is licensed by the Alabama Bar but who also specializes in estate planning to ensure that your estate is handled according to your will. An estate attorney is defined as an experienced and licensed law professional with a thorough understanding of the state and federal laws that affect how your estate will be inventoried, valued, dispersed, and taxed after your death ([www.protective.com](http://www.protective.com)).

**Accountant.** You should employ a certified public accountant that has a good working knowledge of real estate, timber and estate taxes in Alabama. They should also be well acquainted with the information detailed on the National Timber Tax website ([www.timbertax.org](http://www.timbertax.org)). Some of the most common timber tax topics include timber property classification, reforestation tax credit, amortization of manage-

ment expenses, and casualty loss. Timber revenue is eligible for Capital Gains treatment which is taxed at a lower rate than Ordinary Income. Understand that you will be responsible for paying taxes on the gain in value of the timber and your accountant will probably recommend that you have a Registered Forester establish your Tax Basis to gain credibility with the IRS.

**Real Estate Broker.** Should you decide that it is in your best interest to sell the forestland, you should use a licensed real estate agent that specializes in timber/recreation land. While any real estate agent licensed in Alabama can list your property, those who specialize in forestland have more expertise in pricing, marketing, and selling your type of property than do those who primarily list residential or commercial property. Don't forget that you may owe capital gains tax if you sell the property for more than the assessed value at the time of acquisition.



*Evan Horne of the Civil Group, LLC in Florence calibrates his hyper accurate GPS in preparation for a survey.*





*Myra Roberts and Donny Donald of BMSS Advisors and CPAs in Birmingham review a plan with their client that will help her avoid paying unnecessary taxes and ensure that her legacy is passed on to her loved ones.*



*Ed Travis of Travis Timberlands in Mobile uses his marketing expertise and knowledge of the resource to provide value-added benefits to his customers.*

**Landowner Advocacy.** Webster defines an advocate as “one who supports or promotes the interests of a cause or group.” While there are many landowner advocacy groups that operate in Alabama, there are at least two that you need to be aware of, the Alabama Forest Owners Association (AFOA) and the Alabama Forestry Association (AFA). Formed in 1981, the AFOA has grown to more than 8,000 members. Their mission is to serve as an advocate for forest owners and to keep its members well-informed on all things related to forest ownership. AFOA is supported by membership and service fees from thousands of forest owners and, unlike most other forest landowner associations, remains independent of government agencies and the forest products manufacturing industries. The AFA was formed in 1949 and has as its mission to maintain a favorable political, regulatory, and legal environment for landowners to grow trees and forest business owners to manage their operations profitably and sustainably. AFA’s vision is to represent their members as the Voice of Forestry in Alabama in state and national affairs, and support sustainable forestry practices and programs. It is my opinion that both organizations provide benefits that far outweigh their membership dues.

**Free advice.** There are several sources of free help available to forest landowners in Alabama. The Alabama Forestry Commission can provide information for individual forest management practices

while the Alabama Wildlife and Freshwater Fisheries Division can provide information on the management of most species of wildlife. The U.S. Forest Service and the U.S. Fish & Wildlife Service also aid landowners, usually by providing funding through the existing state agencies. The U.S. Department of Agriculture has several cost-share or incentives programs available in most counties of Alabama. Check with your local Farm Service Agency or Natural Resource Conservation Service for program eligibility, requirements, and sign-up dates.

Your forestland cannot only be rewarding financially, but it can also be a great source of enjoyment for you and your loved ones. By knowing what you have, what you want, how to get there, and whom to call, you will turn this investment into a legacy to share with future generations. 🌲

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