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CAPITAL IDEAS

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

Advocate for the Forest Owner

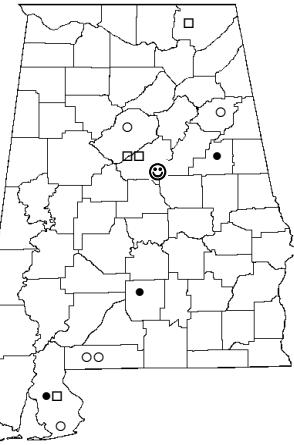
December 2020 Vol. 39, No. 12

WWW.AFOA.org



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

CALENDAR OF EVENTS



- December
- January
- February
- ◎ Annual Meeting April 17-18

DECEMBER 2020

December 1...Online 12 Noon - 1 PM CT. **ForestHer: Map Reading** will be presented via Zoom Webinar. This lunch and learn is for women that own forestland or are just interested in learning more about forestry in a relaxed, fun setting. Join during your lunch break. Pre-registration required. Contact [Bence Carter](mailto:Bence.Carter@state.al.us) at (334) 389-4055.

December 1...Baldwin County 5:30 - 7:30 PM. **Chainsaw Safety Workshop** at 8300 AL-104, Fairhope. Topics covered: Personal Protective Equipment, Safety Features of the Chainsaw, How to Safely Start a Chainsaw, and Basic Saw Handling. To register, contact [Cathy Banning](mailto:Cathy.Banning@state.al.us) at (251) 937-7176.

December 2...Online 12 Noon - 1 PM CT. **Longleaf Establishment and Management on Private Lands** webinar will be presented via Zoom. This is the fifth of six webinars in the Natural Resources Webinar Series. For more information contact [Bence Carter](mailto:Bence.Carter@state.al.us) at (334) 389-4055.

December 2...Online 6 PM CT. **Quality Deer Management (QDM) Cooperatives, and More** will be held via Zoom Meeting. Bow season is here and rifle season is on its way. Join Ben Westfall – QDM Cooperative Specialist, and special guest Technical Assistance Biologist Jared Knight from the Alabama Department of Conservation and Natural Resources as they will be discussing and answering questions related to new regulations, DMAP, QDM Cooperatives and more. For more information email Ben at bwestfall@qdma.com.

December 3...Online 7 - 9 PM CT. **Basic**

Estate Planning will be held via Zoom Meeting. Topics to include: Problems when there is no Will, Power of Attorney, Wills, and Advanced Directive for Health Care. Contact [Robert Tufts](mailto:Robert.Tufts@state.al.us) at (334) 734-2120.

December 3...Crossville, Tennessee 5 PM. **Tennessee Forestry Association (TFA) Regional Meeting** at Forte's On The Square. The program will include Tennessee Senate Commerce & Labor Committee Chairman Paul Bailey to provide an update on plans for the 112th General Assembly convening in January. Fee: \$25. Contact [Dana Howard](mailto:Dana.Howard@state.tn.us) at (615) 883-3832.

December 5-6...Butler County. **Alabama Youth Trappers Education Workshop** in Greenville at the Butler County Forestry Commission Office, 59 Firetower Road. The trapper workshop passes on the historical aspects of trapping, biological information concerning furbearers and fur-bearer management, and allows students to learn the proper techniques that include the use of trapping as a sound wildlife management tool. Recommended ages 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](mailto:Mike.Sievering@state.al.us) at (205) 340-1183.

December 6-9...Online. **Perennial Farm Gathering** will be presented virtually this year. This year's gathering will feature talks from leading scientists in the field of agroforestry. Fee: \$80. For more information contact the [Savanna Institute](http://SavannaInstitute.org) at (608) 448-6432.

December 7...Online 11 AM CT. **Intermediate Stand Management Options for Pines & Hardwoods** will be presented via Zoom Webinar. This presentation will cover management activities that will keep established pine and hardwood stands productive and healthy. Web address: <https://bit.ly/20201207fw> If you need assistance connecting to the webinar email contact@sref.info.

December 8...Online 9:30 AM - 4:30 PM ET. **Wood Flows & Cash Flows** will be presented via Zoom Webinar. Wood Flows & Cash Flows details investment-relevant research and insights for the forest industry. This conference includes tangible content that directly applies to strategic plans, market analyses, valuations, and competitive benchmarking. The conference will feature a panel of industry exec-

utives, and the Forisk team will share new investment research and strategic analysis for the forest industry, sector by sector. Fee: \$600. Contact [Heather Clark](mailto:Heather.Clark@state.al.us) at (770) 725-8447.

December 8...Online 11 AM CT. **Managing Native Plants for Wildlife Habitat and Ecological Integrity Alongside Traditional Forestry** will be presented via Zoom Webinar. This webinar will provide an overview of diverse native plants that can be managed alongside different types of forest management, with a focus on species that create quality wildlife habitat. Web address: <https://bit.ly/20201208fw> If you need assistance connecting to the webinar email contact@sref.info.

December 8-9...Athens, Georgia. **Forest Appraisal** at Flinchum's Phoenix, 650 Phoenix Road. More details to come. Instructor: Morgan Mellette. Fee: \$345; \$50 discount if paid by December 7. Contact [Ingvar Ellie](mailto:Ingvar.Ellie@state.ga.us) at (706) 583-0566.

December 9...Online 11 AM CT. **Invasive Species in Southern Forests: Problems and Solutions** will be presented via Zoom Webinar. The presentation will introduce the problem, why you should care, and tools to help identify, monitor and prevent the spread of invasive species. For more information use the web address: <https://bit.ly/20201209fw> If you need assistance connecting to the webinar email contact@sref.info.

December 10...Online 9 AM CT. **Building with Mass Timber Workshop** will be presented via Zoom Webinar. Join this workshop to learn from the experts about why mass timber is so great for building and sustainability as well as what types of wood buildings are a good fit for your needs. Pre-registration is required by December 9. Web address: <https://bit.ly/20201210fwmass> If you need assistance connecting to the webinar email contact@sref.info.

December 10...Online 11 AM CT. **Beneficial and Pest Insects in Our Forests: Management Recommendations** will be presented via Zoom Webinar. Native insects like bark beetles, pine tip moth, and Deodar weevil can cause problems in pine stands. The distinction of when a native insect becomes a pest insect will be high-

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CALENDAR of Events Continued on Page 3)

STANDING TIMBER VALUES			
PINE	Sawtimber \$ per ton	Power Poles \$ per ton	
Alabama	3Q19	3Q20	3Q19
North	22.12	21.90	45.18
South	23.43	23.50	48.96
Average	22.78	22.70	47.07
Pine Sawtimber	— 15,000 lbs./1000 Board Feet (Scribner)		
3rd Quarter, 2019 (3Q19) and 3rd Quarter, 2020 (3Q20) from Timber Mart-South, University of Georgia.			
★ For subscription details: call (706) 247-7660 or visit www.timbermart-south.com			
			M3 12/2020

STOCK MARKET REPORT		
Company or Fund Name	Price Per Share	11/15/19
		11/16/20
PotlatchDeltic Corp. (PCH)	REIT	43.57
Rayonier (RYN)	REIT	29.76
Weyerhaeuser Co. (WY)	REIT	29.35
Louisiana Pacific (LPX)		32.39
WestRock (WRK)		42.55
CUT	ETF	28.78
WOOD	ETF	65.46
		70.90
Stock Market Report courtesy of Howard Sokol, Raymond James Financial Services, Birmingham, Alabama.		

	11/21/19	11/19/20
2 x 4 untreated framing lumber*	\$415	\$585
7/16" Oriented Strand Board **	\$220	\$610
* 2x4 #2&Btr Southern Pine Eastside (f.o.b. mill) (per 1,000 board feet)		
** 7/16" OSB South (East) (f.o.b. mill) (per 1,000 square feet)		

FORESTLAND FOR SALE www.forestland.bz
 76 acres in Wilcox County located on Hwy 265 six miles south of Camden. 58 acres in second year planted Loblolly and Longleaf. 18 acres in established Loblolly. \$108,106.00 Call Philip at (251) 621-0998 or 377-3845. (016321)

- Dow-Jones Industrial Average: 29483.23
- 10-year Treasury yield: 0.854%
- Dollar: 103.75 Yen; Euro: \$1.1874
- Oil: \$41.74/barrel
- Gold: \$1,861.10/troy ounce

Source: *The Wall Street Journal*, 11/20/20

EXPLOSION OF INTEREST IN RURAL LAND: "Why the strong interest now? Joey Bellington, land specialist ... in Texas, says people want to get out of the cities, and they are looking for a retreat." A farm brokerage in Illinois reports, "It's become a very interesting market for us due, we believe, to COVID-19 and social unrest in many of our cities. People here are looking for 5- to 20-acre parcels at prices in the \$3,000- to \$6,000-per-acre range." Source: **Seller's Market** by Victoria Myers, *The Progressive Farmer*, 11/20.

CANADIAN Tolko Industries announced a 50-50 joint-venture with Jasper Lumber Company in November. "This is our third U.S. lumber partnership," said the Tolko CEO in a company press release dated 11/16/20. The above story parallels the report given by forest economist Amanda Lang on *AFOA's November 11 Capital Ideas - Live!* Lang says new investments in sawmills and pellet mills will begin taking up slack in the South's timber oversupply dilemma by 2025.



CLASSIFIED SECTION

AERIAL PHOTOGRAPHS, GIS, & MAPS		
GIS Mapping	marancha77@yahoo.com	(205)403-8803
CERTIFIED PUBLIC ACCOUNTANTS		
JamisonMoneyFarmer PC	Tuscaloosa, AL	(205)345-8440
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. Rigsby, RF, ACF	Georgiana	(334)265-8200
Larson & McGowin, Inc.	Mobile, AL	(251)438-4581
Eddie Carlson, RF, ACF	Montgomery	(334)270-1291
McKinley & Lanier Forest Res.	Tuscaloosa	(205)344-5139
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, RF, ACF	Mobile, AL	(251)408-1467

CONSULTING FORESTER		
CONSULTING FORESTER (Continued)		
Cliff A. Logan & Associates, Inc.	Eutaw, AL	(205)372-9321
Richard Crenshaw, RF	Greenville, AL	(334)382-3826
M. Tyler Travis, RF	Citronelle, AL	(251)406-9485
HERBICIDES & WEED CONTROL		
B & S Air, Inc.	Herbicide Sales, Aerial and Ground Application	www.bandsairinc.com (229)838-6733
INSURANCE		
Alabama Medicare Plans	Birmingham, AL	(205)290-8648
Making Sense of Medicare	www.alabamamedicareplans.com	
Hunting Lease & Timberland Liability Group Policies		
Alabama Forest Owners' Association		(205)624-2225
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	
American Forest Mgmt.	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
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 SE	1-800-476-3939
Real Estate Auctions		www.targetauction.com
Great Southern Land	greatsouthernland.com	(334)472-0029
Travis Timberlands	www.edwardftravis.com	(251)408-1467
Real Estate - ARC Realty - Mark Chapman		(205)403-8803
LAND MANAGEMENT SERVICES		
Scotch Land Management, LLC	Fulton, AL	(334)637-2128
NUISANCE WILDLIFE CONTROL		
Rabolli Environmental, Inc.		(205)277-9426

POND MANAGEMENT		
Honey Hole Fisheries	Ralph, AL	(205)333-3665
POSTED SIGNS		
Alabama Forest Owners' Association		(205)624-2225
REAL ESTATE APPRAISALS		
Larson & McGowin, Inc.	Mobile, AL	(251)438-4581
TIMBER BUYER		
Blue Ox Forestry, Inc.		(334)875-5100
IndusTREE Timber, Inc.		(334)567-5436
Ronny Wimberley Land & Timber Division		(251)605-5049
Ideal Timber Company, Inc.		(334)375-2895
Reynolds Timber Company		(205)928-0131
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)624-2225.		
TREE SEED FOR SALE		
LOUISIANA FOREST SEED CO.		(318)443-5026
TREE SEEDLINGS FOR SALE		
INTERNATIONAL FOREST COMPANY		1-800-633-4506
Let's Grow Together		
ArborGen Selma Nursery Be a Proud Steward of a Beautiful, Profitable Forest 1-800-222-1280 ArborGen.com		
SUPERIOR TREES, INC.		
Lee, FL		(850)971-5159
WEYERHAEUSER SEEDLINGS PLANTED - PROVEN - PROFITABLE 1-800-634-8975		

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

(CALENDAR OF EVENTS CONTINUED FROM PAGE 1)

lighted. Management options including habitat management, thinning, burning, and pesticide use will be discussed. Web address: <https://bit.ly/20201210fw> If you need assistance connecting to the webinar email contact@sref.info.

December 10...Online 7 - 9 PM CT. **Using Trusts in Estate Planning** will discuss how trusts allow the grantor to control the management and distribution of assets long after the owner's death. Types of trusts and their creation and use will also be discussed. Fee: \$15. Contact [Robert Tufts](mailto:Robert.Tufts@walmart.com) at (334) 734-2120.

December 11...Online 11 AM CT. **Water Quality Best Management Practices & Watershed Management** will be presented via Zoom Webinar. This talk will explore the ways in which integrated watershed management can benefit forest landowners. We will explore water quality BMPs and how they relate to management objectives including fisheries, aesthetics and sustainability. For more information visit web address: <https://bit.ly/20201211fw> If you need assistance connecting to the webinar email contact@sref.info.

December 12-13...Clay County. **Alabama Youth Trappers Education Workshop** in Talladega at Hatchet Creek Farms/Hollins WMA, 5379 County Road 7. The trapper workshop 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. Recommended ages 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](mailto:Mike.Sievering@doa.alabama.gov) at (205) 340-1183.

December 16...Online 12 Noon - 1 PM CT. **Drone Applications in Forestry** webinar will be presented via Zoom. This is the final presentation in the Natural Resources Webinar Series. For more information contact [Bence Carter](mailto:Bence.Carter@walmart.com) at (334) 389-4055.

December 17...Online 7 - 9 PM CT. **Estate Planning for Landowners** will discuss problems with leaving property equally to your children, dividing property, and using a trust or business entity. Fee: \$15. Contact [Robert Tufts](mailto:Robert.Tufts@walmart.com) at (334) 734-2120.

December 30...Online 8 - 9 AM CT. **Wild Pig Impacts to Forestry and Management Strategies** will focus on the impacts of wild pigs to the forest industry, practical

PINESTRAW: "One financial opportunity with longleaf pine that is not always considered is pine straw. Pine straw — the dead needles that naturally fall from pines and are used as landscape materials or mulch throughout the Southeast — can be harvested starting at around age 10 up to about age 20. If done right, using appropriate management and silvicultural strategies, some landowners can make more than \$150 to \$200 per acre per year. This is a significant amount of income and can help offset the fact that initial thinning revenue will come later in the rotation compared with loblolly or slash pine." Source: **The Longleaf Upside** by David Coyle, *Forest Landowner*, Nov/Dec 2020. Walmart sells a box of "Pine Straw Mulch" that will cover an area 10 feet by 16 feet for \$74.99.

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	Persimmon
And More!!	

Creating a wildlife habitat is our business.

WITHOUT PERMISSION OF THE LANDOWNER, game wardens in Tennessee placed hidden cameras on private property hoping to catch the landowner in violation of game laws. **Institute for Justice attorney Josh Windham** described their lawsuit against the Tennessee Fish & Wildlife Service in an interview with AFOA on *Capital Ideas - Live!* on November 11.

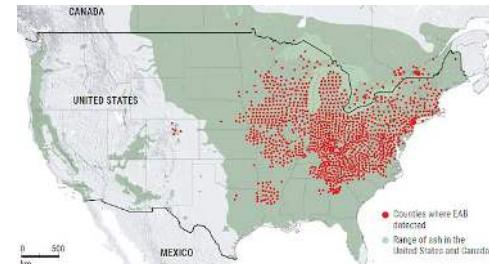
REQUEST FOR ASSISTANCE (*see above*): Under the United States Constitution, the "open fields doctrine" says that private land—including forests, fields, and farms—gets no constitutional protection from warrantless searches. But many state constitutions reject that doctrine. Alabama courts haven't yet weighed in on the issue, but they should: Alabama Code Section 9-2-65(a)(6) empowers fish and game wardens "[t]o enter upon any land or water in the performance of their duty." This is troubling, because there doesn't appear to be any warrant requirement, which suggests that game wardens may be in a position to abuse the "open fields doctrine" to trespass on your private land. If you or somebody you know believes this is happening in Alabama, please contact attorney Josh Windham at the Institute for Justice (jwindham@ij.org), and let him know what's going on.



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RESEARCHERS NEED YOUR HELP. Ash trees that have survived an attack from the Emerald Ash Borer may be resistant to the insect. If you find a large, mature living ash tree among those killed by the insect, use the [TreeSnap app](#) to report the location.



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FOREST PROFILES: 

FOREST PRODUCTS MANUFACTURERS
by Paige Townley

Cahaba Veneer has a long history in Alabama. It goes back decades in Centreville and was owned by other sawmill companies until Pete Browder purchased it in the late 1990s. At that time, about 75 percent of Cahaba Veneer's production was furniture parts that were sold to furniture companies. But in the early 2000s, Browder began shifting the focus: first on engineered wood flooring and then more on veneer for specialty plywood applications. "We use all hardwoods, but what's distinctive about us is that we have a large variety of product offerings in terms of species and grades of veneer," Browder said.

Making Cahaba Veneer even more unique is the entirely new market in which it has made quite a name for itself: skateboards. In fact, Cahaba Veneer is one of the largest manufacturers of skateboard veneer in the United States. "We've long been able to find new, innovative products to meet the needs of our customers and stay viable," Browder added. "We've had many challenges as a manufacturer, but the Lord has made a way for us."

After the Catastrophe: Steps in Claiming a Timber Casualty Loss

David C. Mercker, PhD.
University of Tennessee Extension Forester

It has been estimated that roughly 2% of all forestland undergoes some type of major disturbance each year. That's reasonable odds, but when extrapolated, that infers all forests have a 100% chance of being disturbed over 50 years, including yours. When a major timber disturbance occurs, landowners are at a loss. First, what to do with the mess; second, what are the financial and tax implications, and third, do I really want to own forestland? This article summarizes how landowners may proceed in claiming a timber casualty loss after such an event. Unfortunately some aren't eligible.

The IRS definition of a casualty loss can be summarized as: the measurable financial loss (in this case timber), that can be documented (actually occurred), and must be sudden or unexpected. Key to this is *sudden* and *unexpected*. Tornadoes, hurricanes, ice, theft, and fire qualify because they are sudden and unexpected. Generally diseases, drought, and insect damage do not (although major loss due to the Southern Pine Beetle and the Emerald Ash Borer may qualify).

Calculating a casualty loss is involving. Quite often timberland owners have a "financial loss" but they do not have an IRS recognizable "casualty loss." There's a difference. Only casualty losses can be deducted from taxes. In order to claim a casualty loss, landowners must have a timber tax basis. A tax basis is the amount that an owner has invested in their timber. Note: this is not the amount invested in the timberland, but in the timber growing on the land. The amount that a landowner can deduct is limited to the tax basis. Essentially the deduction allowance is the lesser of the decrease in fair market value (after the catastrophic event) or the adjusted tax basis. So if a professional forester documents an \$80,000 financial loss, but the tax basis was only \$20,000, then only \$20,000 can be claimed as a casualty loss (the lesser of the two). The landowner is out the difference, unless salvage logging is feasible.

The original tax basis in timber is calculated one of three ways.

1. Purchased Property – the basis is the total acquisition cost of the timber, including trees, attorney and forester fees, surveying costs, title fees, etc.
2. Inherited Property – the basis is "stepped up" to the fair



market value at the time of the donor's death; in the case of joint ownership (deceased spouse) $\frac{1}{2}$ of the property value is stepped up.

3. Gifted Property – the basis is the remaining basis of the donor, plus some portion of the gift tax.

It's a tough walloping to endure, but casualty losses are only deductible up to the tax basis. If the basis is zero, there is no casualty loss. There are several cases where the tax basis is zero. For instance, if the tax basis account was previously claimed (depleted), if the timber has grown up since the date of acquisition (e.g., an old field that became forest), if the site is a tree plantation that was cost-shared by the government with little out-of-pocket investment, if the giftor's basis was zero, or if the trees were very small and without value when purchased (and have grown considerably since).

In many cases, landowners have a tax basis in their timber, but the basis has never been allocated. In other words, the owner knows what was paid for the property, but that price may include a home, buildings, improvements, row crop and pasture land, and forestland. It's the value of the timber growing on the land that's of interest. Therefore, ideally, to properly establish a timber tax basis, timber should be appraised by a professional forester at the time of acquisition. Few landowners do that. So foresters can conduct a current appraisal, then grow the trees backwards to the date of acquisition and apply prices at that date to estimate the original tax basis. Once the tax basis is known and an estimate of the timber loss has been calculated, then the option of claiming a casualty loss can be determined. Remember the casualty loss is the lesser of these two.

Casualty losses are filed on [IRS Form 4684](#). Landowners will have to pay taxes on the timber salvage income if the income exceeds the basis. There are two options: 1) claim the income as capital gain to take advantage of lower rates and to avoid paying social security tax (subject to change), or 2) reinvest the entire gain back into land or reforestation costs and avoid taxes (there is a two year window to do so).

If you've experienced a major timber loss, how should you proceed? Initially, document the event with dates, photos, newspaper clippings, etc. The IRS will want proof that the event occurred. Next, contact a professional forester for appraisal of the damaged timber and to

make an earnest attempt to salvage as much damaged timber as possible. The IRS won't allow a casualty loss for timber that could have been sold. Any revenue from the salvage sale must be deducted off of the loss. Timber will quickly stain and begin rotting, so move quickly and deliberately. Normally there will be an ample quantity of timber spilling onto the market. Expect suppressed prices and lackluster interest among loggers.

Many landowners bankroll mature timber for "just-in-case" insurance. . . harvesting it only if funds are needed. The scenario as described here is a good argument against that. The 2% probability may catch up, and if so, selling damaged timber in a flooded market, particularly with a negligible tax basis, would be an ensnaring corner from which to proceed.

Timber Sales and Timber Casualty Losses

AFOA Forestry Field Day

Clarke County, November 12, 2020

Ed Travis, RF, ACF

Speaker's Notes

Background of Speaker

► Edward F. Travis, RF, ACF is a *consulting forester, Certified General Real Estate Appraiser and qualifying real estate broker* for Travis Timberlands. Not an accountant!
 ► I have worked on timber casualty losses for many years starting with Hurricane Frederic, Opal, Georges, Elena, Danny, Ivan, Katrina and a few more. Even did some damage study after Hugo in SC.
 ► <https://www.edwardftravis.com>

Learning Objectives

► Explain sound procedures for setting up timber sales
 ► Discussion of things to do and check out before the sale goes out.
 ► Discussion of the different types of sales, contracts, bid and performance deposits and sale clos out objectives and pitfalls in today's timber market
 ► Discussion of timber cost basis, Depletion, and damage assessments for filing casualty losses.

What are some timber sale planning and implementation issues?

► Clearly establish the sale boundaries by external or internal stand boundaries.
 ► Be sure that stand or tract access is available to be able to log the tract.
 ► Retain an unbiased Registered Forester to help you set up and administer the sale.
 ► Lump sum or pay as cut/ton sales? How do they work and which method should you use.
 ► What are the dominant products that you want to sell? What are the local market conditions and factors such as mill distances, weather and other factors? Get up to speed and learn who does what.

Some important steps in the timber sale process!

► Know what you are selling!
 ► Procuring bids, evaluating bids with the owner and causing a timber sale contract to be executed with the timber buyer.
 ► Contract provisions, BMPs, Bid and performance deposits, liability and hold harmless issues. Procedures to insure contract compliance and performance auditing of the sale.
 ► Record keeping and sale auditing is a must. Why we do it the way we do it!

Selling Timber in Today's Market

► Mill competition and wood demand sources, logging resources and distances to first processing points
 ► Stumpage prices vs. prices for finished lumber
 ► Casualty Losses when timber values are impacted. That is next!
 ► How does the sale impact your timber investment cost basis? You SHOULD work with an accountant who is well versed with timber accounting. Many foresters do not work in the timber area frequently nor do most owners sell timber on a regular basis. This all leads to lack of understanding and how it can impact your bottom line.
 ► Step up basis. What is it? How is it different if you were a Donee or bought or inherited your timber.
 ► Ownership status, LTCGs, Building basis big deal or not?

Here comes Sally and Zeta. What do we do now?

► IRS Guidelines for reporting casualty losses 2019 or 2020
 ► Try to have the timber salvaged. Good luck on this. Historical salvage performance should be very low.
 ► Clear your roads so damage can be assessed.
 ► CALL YOUR ACCOUNTING ADVISOR TO DISCUSS WHETHER A CASUALTY LOSS WILL HELP YOU.
 ► Tree damage and how is the damage measured.
 ► Fractious root damage, blue stain, leaning trees, compression, etc.
 ► Audit risk of the individual and IRS problems when storms hit
 ► Never established your basis? Forensic basis reconstruction and providing information to your accountant to help establish what the adjusted basis is after the storm. The calculations get a little complex.
 ► Growth and how it impacts the per ton depletion unit rate

More Info on Tax basis and Depletion accounts

► How is your Cost basis managed internally? Lump sum of dollars, set up for depletion accounting or not doing anything?
 ► Book Value vs. Market Value of stumpage
 ► Treatment of salvage proceeds
 ► Merchantable timber and young timber accounts
 ► Harvests, after basis setup before storm hits

Special Issues when attempting salvage efforts

► Degree of damage may present a major *continued...*

problem due to logger production goals in downed or damaged timber. They may need some meat on the bone in terms of green wood but it will be sold at post storm glut prices or held until later where they can cut it when prices and the glut improve
 ► Increased exposure to forest pests and extra dead fuel loading

We have timber down. How do we allow logging during hunting season?

Timber Appraisal - Before and After

► The value of the products on a forest or stand level Before the SUDDEN storm event occurred
 ► The value after is what value is left after the storm. Speculation must be taken out of the study so your loss is simply what you had and what you have left.
 ► Timber loss is real and will not recover later

Timber Appraisal and other issues

► The IRS can disqualify your casualty loss deduction if a Registered Forester did not prepare the damage assessment
 ► Stumpage price support in the Before Condition
 ► AFTER storm speculation to produce greater loss estimates is not objective thus increasing audit risk and problems with the damage estimate. Serious IRS penalties can be assessed against the damage report preparer.
 ► Real Estate appraisers, unless licensed as a Registered Forester can not assess or value storm damaged timber. Most appraisers are not licensed as a professional forester to render forestry advice or to provide timber value conclusions
 ► SIP (Single Identifiable Property) rules for accounting for stumpage. St. Helens law suit changed this game.

Resources for Casualty Losses

► Your accountant, www.timbertax.org, your forester, your financial advisor
 ► Forest Landowners Federal Income Tax Guide
 ► IRS
 ► Forest land owner groups such as Forest Landowners Association, Alabama Forestry Commission, Alabama Forest Owners' Association, etc.

Closing Comments and Questions

► Information on how to best setup and manage a timber sale in today's market
 ► Scope of work to be performed in a storm damage casualty loss appraisal
 ► Suggestions on how to start recovery after a catastrophic storm event
 ► How to provide critical information to your accounting advisor



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EAST-CENTRAL ALABAMA PLACES TO EAT as recommended by Forestry Commission staff in their November *Tree Topics*:

- Roanoke: **Express Chicken N' Fish** - best chicken gizzards around
- Roanoke: **Jon Boy's Smoke House** - great BBQ salads
- Ashland: **Court Square Café** - "a must" when you're really hungry
- Ashland: **Monte Alban 2** - great food

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 Email: blantonnursery@earthlink.net

FOREST PROFILES: **CONSULTING FORESTERS** by Paige Townley



Russell Brunson: The love of forestry and the outdoors was cultivated in Russell Brunson at an early age. Growing up in rural Alabama, he was an avid hunter and fisherman and he watched his grandfather and father work in the industry. So when it came time to select his career path, the choice was pretty simple. "Forestry was easily my first choice," Brunson said. "I enjoy being outdoors, planting a tree, caring for it and watching it grow."

Ever since receiving a degree from Auburn University in forestry, Brunson has worked in some form of timber management. For the last 10 years, he's worked for Soterra, starting out as a forester and working his way up to become the manager of consulting services. Based in Grove Hill, Brunson works with clients all over southwest Alabama and in eastern Mississippi to maximize their investments and help them achieve their goals. "Having a hand in every step of the process, from the plantings to when it's cut, is rewarding," Brunson said. "It also means a lot to play a role in taking care of what will become products that will play a huge role in everyone's daily lives."

(CALENDAR OF EVENTS CONTINUED FROM PAGE 3)

management strategies, and other approaches currently being researched. Registration required. Fee: \$10. For more information contact [Bence Carter](#) at (334) 389-4055.

December 30...Online 12 Noon - 1:30 PM CT. **Pond Management Basics** will be presented via webinar. The webinar will focus on the basics that landowners or land managers need to know when managing their own recreational fish ponds. The webinar will discuss the key structural components of ponds, maintaining water quality, aquatic plant control, and managing sustainable fish populations. Fee: \$10. Contact [Bence Carter](#) at (334) 389-4055.

December 30...Online 12 Noon - 1:30 PM CT. **Managing for Wildlife Basics** will be presented via webinar. The webinar will provide an overview on the basics of wildlife management, specifically for game species. This is an introductory session that briefly highlights many aspects of wildlife management that landowners or managers should consider on their property. Topics include habitat needs, ecological succession, managing edge, food plots, supplemental feeding, managing invasives, predator control, prescribed fire and balancing timber production with wildlife needs. Fee: \$10. Contact [Bence Carter](#) at (334) 389-4055.

JANUARY 2021

January 2-3...Jefferson County. **Alabama Youth Trappers Education Workshop** in Leeds at Bass Pro Shops, 5000 Bass Pro Boulevard. The trapper workshop 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. Recommended ages 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](#) at (205) 340-1183.

January 9-10...Calhoun County. **Alabama Youth Trappers Education Workshop** in Anniston at Choccolocco Wildlife Management Area, 1693 Joseph Springs Road. The trapper workshop 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. Recommended ages 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](#) at (205) 340-1183.

January 11 - February 21...Online. **The Woman Landowners Academy** is a 6-week online program hosted through a private Facebook Group, only open to participants. Within the group you will have exclusive access to materials, resources, land management professionals, as well as the opportunity to join a network of women just like you. Topics include: Understanding What You Own, Learn How to Read a Map in the Woods, Financial Preparation, Selling Timber, Re-forestation, and Estate Planning for the Next Generation. Fee: \$75. For more information email landandladies@gmail.com.

☎️ January 13...NATIONWIDE 10:00 AM Central Time. **CAPITAL IDEAS - LIVE! 15-minute Telephone News Conference for Alabama Forest Owners.** Listen on your phone or later on the web. Call AFOA to register: (205) 624-2225.

🌲 January 15...Escambia County, 9:30 AM. **AFOA Forestry Field Day** will meet at Yellow Hammer Travel Center in Brewton (Exit 69 on I-65). We will caravan to the property no later than 10 AM for the tour. Come meet **Danny Dunwell, Consulting Forester** as he covers topics such as: Why and how to convert loblolly or slash stands to longleaf, benefits of planting longleaf (such as pine straw revenue and wind-resistance), considerations and costs, and what resources are available to landowners. RSVP to [Jessica Nelson](#) at (334) 524-1920.

January 23-24...Escambia County. **Alabama Youth Trappers Education Workshop** in Atmore, 1133 Bell Creek Road. The trapper workshop 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. Recommended ages 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](#) at (205) 340-1183.

January 24-26...Baldwin County. **General Governance in Alabama Seminar** will be held at the Grand Hotel in Point Clear. The seminar focuses on the state of the state and specifically addresses issues of importance to the state that will be topics during the upcoming legislative session. Fee: \$TBD. Contact [Liz Chambers](#) at (334) 481-2135.

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 (CALENDAR OF EVENTS CONTINUED ON PAGE 7)

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" - orange) circle one

AFOA T-Shirt — () Short Sleeve, \$11 / () Long Sleeve, \$13.50 Select style. Call for colors and sizes. Color & Size: _____

AFOA Ball Cap: \$13. Call to specify color. Color: _____

* 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.

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

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 Regular Member - 1st Class Postage \$29
 Sustaining Member - 1st Class Postage \$170

2 YEARS

Regular Member - Bulk Rate Postage \$33
 Regular Member - 1st Class Postage \$57
 Sustaining Member - 1st Class Postage \$340

3 YEARS

Regular Member - Bulk Rate Postage \$49
 Regular Member - 1st Class Postage \$85
 Sustaining Member - 1st Class Postage \$510

SEND APPLICATION & PAYMENT TO:

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

Alabama Forest Owners' Association, Inc.

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Jessica Nelson, Consulting Forester Project

(CALENDAR OF EVENTS CONTINUED FROM PAGE 6)

FEBRUARY 2021

February 8...Online 7 AM - 4 PM CT. **Heirs' Property & Sustainable Forest Management Conference** will be presented via Zoom Webinar. This virtual conference will bring together experts in heirs' property, including forest landowners experiencing it firsthand. The conference will share ideas and perspectives, provide updates on legal developments regarding heirs' property, and present results from two integrated research and outreach initiatives. Web address: <https://bit.ly/20210208h> Pre-registration is required. If you need assistance connecting to the webinar email contact@sref.info.

 February 10...NATIONWIDE 10:00 AM Central Time. **CAPITAL IDEAS - LIVE! 15-minute Telephone News Conference for Alabama Forest Owners.** Listen on your phone or later on the web. Call AFOA to register: (205) 624-2225.

 February 11...Shelby/Jefferson County 6 to 8 PM. **Dinner and Discussion** at a location to be determined. No-host dinner at 6 PM. Then listen to a 15 minute program, and talk about the issues with other forest landowners. Limited seating. To attend, RSVP AFOA at (205) 624-2225

or rll@afoa.org.

February 13-14...Jackson County. **Alabama Youth Trappers Education Workshop** in Hollywood at the Jackson County Wildlife Management Area, 234 County Road 141. The trapper workshop 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. Recommended ages 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](mailto:Mike.Sievering@dcnr.alabama.gov) at (205) 340-1183.

February 20-21...Baldwin County. **Alabama Youth Trappers Education Workshop** in Spanish Fort at the District V Wildlife Office, 30571 Five Rivers Boulevard. The trapper workshop 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. 7 and up. Pre-registration is required. Fee: \$10. Contact [Mike Sievering](mailto:Mike.Sievering@dcnr.alabama.gov) at (205) 340-1183.

February 24-26...Amelia Island, Florida. **Timberland Investment Conference** at The Ritz-Carlton, 4750 Amelia Island Parkway.

Fee: \$TBD. Contact [Bob Izlar](mailto:Bob.Izlar@dcnr.alabama.gov) at (706) 542-6819.

February 27...Shelby County. **Adult Mentored Hunt Workshop** at the Cahaba River Wildlife Management Area. The workshop will provide participants with an opportunity to learn hunting basics, firearm safety and handling, where to hunt, and the equipment and gear needed. Fee: \$20. For more information email Justin Grider at justin.grider@dcnr.alabama.gov.

APRIL 2021

 April 17-18...**Shelby County. 2021 AFOA ANNUAL MEETING** at the Alabama 4-H Center on Lay Lake a few miles east of Columbiana. Saturday outdoor education (mapping class, pond management, chainsaw safety, tree identification, hands-on timber volume estimation), and fun activities (canoeing, pontoon boat rides, fishing, corn hole, horseshoes) followed by evening dinner and program. Sunday activities following breakfast will include canoeing, fishing, and pontoon boat rides. **Make room reservations now by calling 205-669-4241.**

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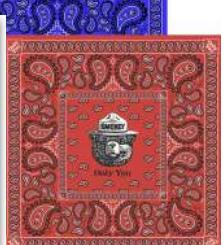
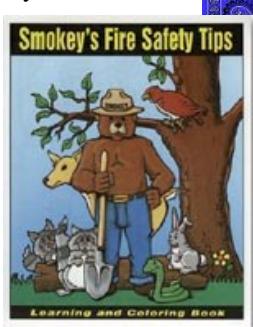
More Events can be found on AFOA's website at www.AFOA.org/cal/cal.htm

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TAX CHANGES IN A BIDEN ADMINISTRATION: According to *The Progressive Farmer*, Mid-November 2020, the Biden tax plan includes these provisions [2 from a list of 7]:

- Eliminate stepped-up basis
- Increase capital gains from 20 to 39.6% for income over \$1 million

"The biggest challenge to farming under the Biden plan is not income tax, it is estate tax. ... Currently, the estate tax exemption is \$11.58 million per person. This is set to sunset at the end of 2025 and revert to pre-[Tax Cut and Jobs Act] numbers."

"Herein lies the problem: If the estate exemption is lowered, many farms (1,000-plus acres) may be subject to estate taxes. In addition, if heirs were to sell the assets, they would pay tax on the gain (which may be substantial assuming no stepped-up basis). If capital gains tax increases to ordinary tax rates for those with income over \$1 million, there could be instances when heirs sell farmland, and the combined estate and tax rates are in excess of 69%."

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PORT AUTHORITY'S NAVIGATION CHANNEL: The "completion of this historic project will transform Alabama, expanding economic opportunities throughout our state and the region." Senator Richard Shelby as quoted in *The Advisor*, October 2020. A deeper channel will increase exports of logs and other forest products.

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SOCIAL SECURITY: "Most seniors receive the majority of their income through the program." Source: *The Advisor*, 10/20.


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LOOKING FOR AMERICAN CHESTNUT TREES: In its efforts to reintroduce American Chestnut Trees resistant to the Chestnut Blight, The American Chestnut Foundation is trying to find native chestnut trees from all over the U.S. By increasing the genetic diversity, they hope to improve the new resistant tree's chance of survival. If you know the location of a native American chestnut tree and don't mind telling the researchers where it's at, use the TreeSnap app to pass along your information.

- Open the app and click on "American Chestnut"
- Take lots of picture—especially of the leaves
- Record data and upload your entry
- It will work even in areas with no service

Source: *Chestnut*, Fall 2020


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