Greetings from beautiful and surprisingly chilly Albuquerque, New Mexico! As I write this next installment of the Chairman’s Corner, I reflect on the recent House of Society Delegates (HSD) meeting that has just wrapped up at the 2017 National Convention.

This was my first HSD meeting so the learning curve was steep but exciting. For a day and a half, the HSD leadership and SAF staff provided numerous updates on current initiatives and priorities, professional development strategies, leadership planning and general policy and society business. I have summarized the highlights below but will post the entire HSD notebook on the website within the next couple of weeks.

- There was a tremendous amount of discussion around our declining membership and aging population. This is one of the highest, if not the highest, priorities for SAF.
- Professional development and SAF’s learning strategy have gained momentum and we can look forward to new sections on the national website dedicated to improving these two areas.
- SAF leadership has chosen to contract with Oxford University Press to publish our scientific journals.
- The Leadership Central section of the national website will have several new sections that are designed to guide local leaders in understand their membership demographics, new member recruitment, meeting facilitation and much more.
- SAF leadership is working on an ongoing initiative to shape SAF to be more inclusive and diverse. Stay tuned for a new Diversity and Inclusion Policy.
- SAF staff is working hard to develop a by-laws template that can be utilized by state societies. These are slated to be rolled out during the first quarter 2018.
- A talent finding committee has been formed to identify candidates who qualify to be SAF’s new Chief Executive Officer (CEO). Matt Menashes’s contract was not renewed so Louise Murgia and John Barnwell will serve as co-CEOs during the interim.
- There will be new membership categories coming out soon. Stay tuned to more information on this from Corey Ruple.

It was very noticeable how hard the SAF staff is working to manage our organization. They have so many initiatives ongoing and are doing a great job of moving this organization forward while providing member services. A big THANK YOU goes out to them!

As the HSD meeting progressed and the many chapter chairs shared their successes, voiced their concerns and explained their struggles, it became very clear that our state society is very similar to other state societies. All of us are struggling with getting members to step up and serve. Tom Davidson from Leadership Nature pointed out that perhaps we are not experiencing a leadership issue but a motivation issue. So I would like to take this time to celebrate three of our members stepping up to serve our state society: Tom Kain (chair elect), Brian Hughett (Secretary) and Neil Owens (TN CFE coordinator). These fine gentlemen join several others who are currently serving our State Society. A big THANK YOU goes out to them too! You can read more about each of them throughout in this newsletter.

~~ continued next page ~~
Chairman’s Corner
Continued from page 1

Continuing the celebration, I had the esteemed honor of accepting the **House of Society Delegates National Recognition Award for Leadership Development for the 2017 Music and Mentoring Program** on behalf of the Middle Tennessee Chapter!! Rance Frye spearheaded this program in 2015 and it has grown leaps and bounds over the past 3 years. Needless to say our program very much impressed the HSD and I wouldn’t be surprised to see several out-of-state visitors next year at the 2018 event. Well done!!!

To close out the meeting, the HSD Chair-Elec charged each of us with developing our own elevator speech: **why do you belong to SAF?** Personally, I know I will struggle to condense my reasons to just one or two sentences. How about you?

Perhaps we can circle back to this challenge at our winter meeting hosted by the joint west TN and KY chapters at Paris Landing State Park. It’s going to be a great meeting and I look forward to seeing everyone there!

~Heather

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**Nominations for Awards are Needed!**

**Nominations of Kentucky members are needed for the 2018 Winter Meeting:**

- **Outstanding Forester**
  - Over 35 years of age

- **Outstanding Forester**
  - 35 years of age and under

- **Forestry Technician**

- **Herman Baggenstoss**

  **Forestry Recognition Award**

Please contact Dr. Allan Houston for Nominations

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**Winter Meeting SILENT AUCTION**

If you have not stared already, it’s now time to start collecting and setting aside items for the winter meeting silent auction. The auction is a fun time for everyone and it also helps generate money for the National Forester’s Fund and our own K-T Students.

Items range from handmade arts and crafts; bottles of wine or liquor; forestry equipment; tickets to events; University attire and much more!

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**SAF Fellows**

March 15, 2018 is the deadline for SAF Fellow Nominations.

If you know of a member that is deserving of the title, now is the time to start putting the nomination packet together.

It takes time to do produce so don’t wait too late!

If you have any questions, contact a K-T Officer or the Nominations Chair.
Kentucky – Tennessee Society of American Foresters NEWSLETTER Number 323 November 2017

KTSAF Winter Meeting 2018

“State of the Union”

PARIS LANDING STATE PARK

January 24-26, 2018
Paris Landing State Park
16055 Hwy. 79 N., Buchanan, TN 38222

5.5 Cat. 1 SAF - CFE credits

Agenda

Wednesday evening, January 24
6:00 Registration Opens
7:00 Business Meeting

Thursday, January 25
8:10 Opening Remarks .................................................. David Mercer
8:15 SAF National Meeting Update .................................. Rory Frye
8:10 The Importance of Field Encounters for Forest Professionals ........................................... Becky Trout Fryxell, Ph.D., Assistant Professor, Department of Entomology & Plant Pathology, University of Tennessee
9:20 Carbon Trading: Making It Work .......................... Clint Patterson, Berea College, Berea College Forester
10:00 Break and Silent Auction
10:40 An International Perspective on Pulp and Paper ................................................................. David Helms, International Paper, West Region Fiber Supply Manager
11:20 Huber OSB Mill Reopening ................................. Billy Martin, Regional Sales Manager
12:00 Lunch and Student Resume Review with Lunch Partners
1:10 Status of Hardwood Lumber Markets ....................... Todd Johnson, Hardwood Market Report, Editor
1:50 The Story of the National Hardwood Lumber Association (NHLA) ...................................... Lorna Christie, CEO, National Hardwood Lumber Association
2:30 Break and Silent Auction
3:00 Lessons Learned at Oak Grassland
3:40 Demonstration Areas - LBL ........................................ Yvonne Helton
4:40 Wrap up and Logistics ........................................... David Mercer
5:00 Happy Hour and Silent Auction
5:30 Student Quiz Bowl
6:30 Dinner
7:20 University and Forestry Division Updates
7:45 Awards

Friday, January 26
8:20 Breakfast
8:20 Bat Community Responses to Patch Cuts and Shelterwood Harvests in the Cumberland Plateau ........ Phillip Arant, University of Kentucky, Master’s Student
9:00 Is Forest Certification Working in 2017? ............... Dr. Jeff Stringer, Department of Forestry and Natural Resources, Professor and Interim Chair
9:40 Break
9:50 Business Meeting ................................................... Heather Slayton, KT-SAF President
10:30 Adjourn

Hotel Reservations
Paris Landing State Park
16055 Hwy. 79 N.
Buchanan, TN 38222
(731) 642-4321

50 Rooms have been reserved for $75 until December 31. After that, rates increase & availability is not guaranteed. Block rooms are reserved under Group Code #7318.
KTSAF Winter Meeting 2018 Registration Form

Early (by January 10)  Late (after January 10)
☐ $110          ☐ $120
Non SAF Members     Student Flat Rate
☐ $120          ☐ $65

Name(s):  

Address:  

Email:  

Phone:  

Please enclose a check payable to “West TN SAF” and send it along with this form to:

Dr. David Mercker  
605 Airways Blvd.  
Jackson, TN 38301  
(731) 425-4703  
dcmmercker@utk.edu
What’s Going On?

Update on 2019 National Convention.

There are folks already planning Technical Tours for the Convention and our planning group is in touch with the SAF Convention Staff. We will begin regular meetings after staff decompresses from the Convention in Albuquerque.

Anyone who would like to volunteer, please contact:
Rance Frye
931-644-5663

Innovations in Invasive Species Management Conference

The first Innovations in Invasive Species Management Conference and Workshop is to be held in

Nashville, TN
December 13-15th, 2017
at the Gaylord Opryland Hotel.

Pesticide Recertification Credits and other Continuing Education Credits will be offered.

More information, click HERE.

Mark your Calendars

2018 K-T Winter Meeting

January 25-26, 2018
Paris Landing State Park
Buchanan, TN

*Executive Meeting will be on the evening of January 24th.*

UT Extension recently published an on-line Glossary of Common Forestry Terms

See: https://extension.tennessee.edu/publications/Documents/W428.pdf

Hard copies will become available early next year.

Neil Owens has transferred to a newly created position within TN Department of Forestry. As the Forestry Agribusiness Development Consultant, Neil will focus on helping current wood using industries grow, as well as assist in the recruitment of new wood-using industries to Tennessee. Through partnerships with local and county government, forestry associations and Economic & Community Development (ECD), the position will also focus to identify projects and incentive packages that can help Tennessee be attractive to new industry.

If you come across information or contacts that can benefit Tennessee’s wood product industry, give Neil a call.

The dates for the spring Tennessee Healthy Hardwoods Field Days are set!

April 21 near Paris
May 19 near Tullahoma.

Details will become available in early 2018.
A special thanks to Tom Kain and Brian Hughett for stepping up for the 2018 positions of Co-Chair and Secretary. Tom and Brian were the only candidates this year so no elections were held.  

Trust the Editor, it is not the same person in each photo!

2018 Co-Chair - Tom Kain
Tom Kain received a BS in Forestry and an MS in Natural Resources from Humboldt State University. Humboldt State University is located in Arcata, California home to the Giant Coast Redwoods. During the last 25 years Tom has worked for the USFS in Idaho on the Nez Perce National Forest, the California Department of Forestry and Fire Protection, Louisiana-Pacific, F&W Forestry Services, and Huber Engineered Woods. Tom currently works for Domtar Paper Company in Kingsport Tennessee as a wood procurement forester.

Throughout his time in school and his professional career, Tom has served the community and SAF in a variety of leadership positions. Most recently Tom was the Tennessee SFI-SIC chair, Tennessee Tree Farm Chair, was a member of the three person supervisory committee at Appalachian Community Federal Credit Union. Tom was one of the first members to take the test for the Certified Forester exam in 2006. Tom was also afforded the privilege of attending the 2014 SAF Leadership Academy in Iowa.

The Society of American Foresters is a good professional organization that provides good value to the membership. The true explosive value of this profession and SAF is getting involved in any way you can. You will get out of SAF what you put into SAF. Put the fun in SAF, use it as a friendly group where you can challenge yourself, and refuse to be an Eeyore. It is an honor to give back to SAF by serving as your Chair. Together let's have some fun.

2018 Secretary - Brian Hughett
Brian Hughett was born and raised a Middle Tennessean. He received his BS in Forestry from The University of Tennessee Knoxville in 2010 and is pursuing a MS in Forestry at the same institution. Brian has worked with the TN Division of Forestry in the Forest Inventory and Analysis program and as a forestry field technician at the University of Tennessee. Currently, Brian is the Area Forester covering Davidson, Dickson, Houston, Humphreys, and Williamson Counties for the TN Division of Forestry. Brian is responsible for providing technical assistance to private forest landowners within his area of operation. Brian serves on the Board of Directors for the West Highland Rim Forestry Association and City of Dickson Tree Management and Beautification Board. Brian is a trained American Tree Farm inspector and serves as the District 5 Chair for the TN Tree Farm Committee. Brian spends his free time traveling, kayaking, and hiking.

Since joining the Society of American Foresters during my undergraduate career, this organization has afforded me numerous opportunities to network and to advance my education and career. I look forward to giving back by serving as the Secretary.
MUSIC AND MENTORING  
Contributed by Rance Frye

Music and Mentoring 2017 was held in the Louisiana Pacific offices in downtown Nashville. After general introductions, Lynn Wilson, Director of Natural Resources for LP, spoke to the students about her career as a forester, and manager, and the importance of Mentors in her professional progression. Brad Southern, Forester and CEO of LP, followed Lynn Wilson and described his path to leadership through non-traditional forestry roles in accounting and management. He spoke of the importance of willing mentors who taught him wisdom through their failures. Brad encouraged students to accept roles that challenged them but offered greater opportunities.

After the encouraging words about mentoring and opportunities, the group then ambled to Titans Stadium and to the L-P corporate box. After more mingling between Students and Professionals, Dr. Scott Schlarbaum set a new tone as he described the catastrophic changes occurring in the forest ecosystems due to alien pathogens and plants. He made it clear that our current forests are not the same as historic forests and they will continue to change. Following the ghastly forest outlook, Charlie Pringle explained the role of Timberland Investment Organizations and potential jobs for foresters. To follow Charlie, Shane Gaither jump started the discussion by asking what single facility uses the most wood in the world. Even the Professionals were stumped and learned about the 10 million tons of wood pellets fueling a power plant in Great Britain. During the ensuing discussion of industry and sustainability, Trisha Johnson broadened the students’ understanding of the role NGOs and Non-Profits are now serving in the Forest Management.

Following the presentations, students gravitated to professionals aligned with their interests and talked as the full group walked to dinner at the George Jones Museum. After the inaugural event in 2015, Forestry Professionals and Students voiced their approval of Music and Mentoring. This event is now a yearly highlight for the rising juniors and seniors in Natural Resource/Forestry studies at the University of the South, Sewanee; the University of Tennessee, Knoxville; and the University of Kentucky, Lexington.

I want to thank everyone who participated in the 2017 Music and Mentoring. Your energy, ideas, and efforts made for a productive environment which leads us to...

Music and Mentoring has been honored with the 2017 Leadership Development Award by the House of Society Delegates. This was awarded this year at the Society of American Foresters National Convention in Albuquerque, NM.

So....We’ll soon start planning for Music and Mentoring 2018. Be certain to spread the word amongst students and professionals. We want to maintain our momentum for next year.
Committee Positions Filled

As well as the Chair-Elect and Secretary positions being filled for 2018, the following vacant Committees will also be filled. THANKS to the members that agreed to take on these duties.

**Continuing Education Chair (TN) - Neil Owens**
Neil is the Forestry Agribusiness Development Consultant for the TN Department of Forestry and lives in the Nashville area. Neil is a graduate of the University of Tennessee.

**Nominations Chair - Doug Rodman**
Doug is a Sustainability Manager for Louisiana-Pacific in the Nashville corporate office. He is active with the annual Music and Mentoring. Doug is a graduate of the University of the South.

After the 2018 Winter Meeting, these men will take their new positions. Also at that time, Chris Will moves into the K-T Chair position and Lloyd Foe will transition into the K-T Treasurer.

When you get the opportunity, express a thanks to the Executive Committee and Committee Chairs for volunteering their time and effort to our State Society.

The 2019 K-T Leadership positions will come from the Kentucky membership so if are interested and want more information about these positions, contact the Nomination Chair.

The Awards Committee Chair is still vacant. Anyone wanting more information about the position, please contact Allan Houston or any of the Executive Committee.

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**Greenwood Vegetation Management Project**
*Submitted by Laurie Smith*

On October 31, 2017 district ranger Tim Reed issued the decision for the Greenwood Vegetation Management project on the Daniel Boone National Forest, Stearns Ranger District. The Greenwood project is proposed to improve habitat for wildlife and create conditions that support long-term forest health and forest diversity. District Ranger Reed stated “We are very pleased to complete the analysis process and issue decision on this project. The project received much collaboration and input from the general public, environmental organizations and state agencies.”

Key activities include approximately 2,900 acres of commercial and 3,575 acres of non-commercial vegetation management, 10,627 acres prescribed burning, wildlife opening management on 75 existing openings, and construction of 38 wildlife water sources. “This project will help us implement direction in our forest plan to manage and restore the forest and provide for a diversity of wildlife habitat conditions.” Reed stated.

For additional information visit the forest website at [https://www.fs.usda.gov/projects/dbnf/landmanagement/projects](https://www.fs.usda.gov/projects/dbnf/landmanagement/projects)
**NEWSWORTHY**

### Spotted Owl Habitat Preferences

In a study that examined forest attributes across 1.2 million acres along California's Sierra Nevada, researchers found that the height of tree canopies best predicts spotted owl habitat, not canopy density as was previously thought. This new revelation may help relieve land managers of some concern over creating canopy gaps and enable them to more effectively manage forest densities for wildfire and drought resistance.

(Pacific SW Res. Sta. 10/5/2017)

### Bat Fingerprinting?

Researchers discovered that bats' wings may be as unique as human fingerprints. Even when damaged, the wings heal in their pattern. If widely applied, bat wings would be an easily employable identification system for bats.

(Journal of Mammalogy) 3/21/2017

### Living (Dangerously) in an Era of Megafires

Photos prove that Western forests were historically patchier and less dense than today's forests. Land and fire management practices increased the density of these forests. But along with these denser forests came larger and potentially more destructive megafires. Restoring natural forest patchiness could also help restore natural fire regimes. [LINK to Video.](TEDx Talks 7/6/2017)

### Increasingly Mechanized Logging Supports Strong Gains in Demand for Forestry Equipment

Global demand for forestry equipment is forecast to reach $9.2 billion on gains of 4.5% per year, more than four times faster than in the 2011-2016 period. Gains will be driven by the transition from manual to mechanical logging solutions in the developing economies of the Africa/Mideast and Asia/Pacific regions and Latin America, as well as the rise of logging methods, such as cut-to-length, that require more sophisticated (and expensive) forestry equipment in industrialized nations like Canada and Finland.

(PRNewswire 11/14/2017)

### Harvesting the Energy of Footsteps

A research team installed a high-tech flooring prototype at the University of Wisconsin-Madison that harvests the energy of footsteps and converts them into electricity. The wood pulp that makes up the flooring is chemically treated to produce an electrostatic charge that turns these floors into renewable energy sources.

(USDA “Lab Notes” 9/8/2017)

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**POP QUIZ!!

State Trees**

Ole' Ben Cartwright and the whole “Bonanza” cast and crew would have been proud to know that the Ponderosa Pine was made this state's tree.

**Which State was it?**

A. Montana  
B. Nevada  
C. Utah  
D. South Dakota

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Wildland firefighting is a good transition into civilian life.

The Coconino National Forest is hoping to see more veterans, especially women, apply to become wildland firefighters through its Veterans in Wildfire program. Veteran and Fuels Crew Assistant Captain Corey Wilson said wildland firefighting gives vets the comradery many of them seek after leaving the armed forces. “One of the things a lot of veterans miss is that brotherhood, having that close group of friends that you laugh, cry with, have right there for you,” Wilson said.

(Tucson 12 News 11/18/2017)
Tax Tips for Forest Landowners for the 2017 Tax Year
by Dr. Linda Wang, National Timber Tax Specialist, U.S. Forest Service

Specific federal income tax laws and rules apply to timber-related income and expenses. The tax tips provided in this bulletin is intended to assist timber owners, foresters, loggers and their tax preparers in filing the 2017 tax returns. This material has been prepared for informational purposes only, and is not intended to provide tax, legal, or accounting advice. Please consult your own tax, legal, and accounting advisors before engaging in any transaction. The information is current as of September 30, 2017.

Timber Property for Tax Purposes

For Federal individual income tax purposes, there are three types of timber properties: 1) property held mainly for personal-use purpose (for personal enjoyment, not for income generation). The deductions are generally limited for personal use property; 2) property held as an investment (generating profit from growing timber or asset appreciation); or 3) property held as business (with regular, active, and continuous commercial timber activities). Timber business can deduct expenses but are subject to passive loss rules (where passive loss cannot be used to offset non-passive income). If the profit motive is not met, your timber may be considered a hobby rather than business (losses from hobby activities are not deductible). Finally, timber is generally not treated the same as a business of farming for tax purposes. Certain tax provisions for farming may not be available for timber.

Example 1: Mr. Anderson replanted his 30-acre property after the timber sale. He reports his timber as an investment property.

Example 2: Mr. Smith owned his woodland primarily for personal vacation property. Expenses may not be tax deductible for personal-use property.

Timber Expenses and Property Taxes

Expenses paid for growing timber for profit are deductible. For example, expenses may be paid for services of forester, attorney or accountant, firebreak maintenance, oversight travel, vegetation competition control, insects, disease and fire control, pre-commercial thinning, and depreciation from equipment used. Investment timber expenses are deductible on Schedule A, subject to a 2-percent of adjusted gross income (AGI) floor. Business timber expenses are deductible in full for “material participants” on Schedule C. State and local property taxes are fully deductible on Schedule A (investment) or Schedule C (business) and are not subject to the 2-percent AGI floor.

Example 3: Mrs. Walter grew timber for profit as an investment and paid $1,500 timber management expenses. Her AGI was $50,000. Her timber expense deduction is $500 ($1,500 - 2% x $50,000 AGI) after the 2% AGI floor.

Timber Sales and Form 1099-S

Sales of standing timber held as an investment are taxed as capital gains rather than ordinary income. If you own the timber for more than one year before the sale, the sale is eligible for long-term capital gain, which is taxed at lower tax rates than ordinary income. Report the sale of standing timber held by a business qualify for long-term capital gain (Sec. 1231 gain) if the timber has been held for more than one year (Sec. 631(b)). Report the sale on Form 4797 and Schedule D. Timber sales expenses, such as fees paid to foresters, are deductible from the sale proceeds. Form 1099-S are required for lump-sum and pay-as-cut standing timber sales, except corporate and high-volume business sellers.

Example 4: In 2017, Mrs. Young sold pine standing timber held as an investment for $9,000. Its adjusted basis was $3,000. The selling expenses are $1,000. She reports $5,000 ($9,000 - $3,000 - $1,000) as a capital gain on Form 8949 and Schedule D.

Special rules apply for the following type of sales: if you cut your own timber or have it cut by a contractor working at your direction, and sell the cut timber products or use the products in your business, the gains are ordinary income unless you elect to use Sec. 631(a) on Form T, Part II.

Example 5: Mrs. Henderson manages her timber farm as a business. In 2017, she hired a logger to cut her timber and sold the log products to the mill she selected for $10,000. She paid $4,000 to the logger. The fair market value of the standing timber on January 1, 2017 was $3,000 and her timber basis was $2,000. Under Sec. 631(a) election, gains of $1,000 ($3,000 - $2,000) from standing timber are capital gains and the $3,000 ($10,000 - $3,000 - $4,000) from the sale of log products is ordinary income. Without a Sec. 631(a) election, the gains of $4,000 ($10,000 - $2,000 - $4,000) are ordinary income.

Timber and Landscape Tree Casualty Loss

Timber and landscape trees destroyed by a casualty event such as the hurricane, fire, earthquake, tornado, hail or ice storms may be tax deductible. But the amount of deduction varies depending on the type of properties. Deductible casualty loss for timber held for business or investment purposes is the smaller of the adjusted basis of timber and the difference of the fair market value of the timber immediately before and after the casualty in the block. Salvage sale of timber is reported separately and a taxable gain may result if the salvage sale exceeds the adjusted basis of the timber and related selling expenses.

Example 6: A hurricane damaged Mr. Smith’s woodland tract, resulting in $8,000 fair market value loss of his timber. Assuming
his timber basis is 2,000, the amount of casualty loss deduction is only $2,000, not $8,000.

For landscape trees in the private residence, deductible casualty loss is subject to a $100 limit per casualty and 10 percent AGI floor. However, for taxpayers affected by Hurricane Harvey, Irma and Maria, the 10-percent AGI floor was eliminated. The requirement for taking “itemized deduction” is also eliminated.

**Installment Sales**

An installment sale allows you to defer tax by spreading your gain over 2 or more years. Interest is charged on deferred payments and is ordinary income.

**Example 7:** You sold $10,000 of timber ($7,500 after deducting timber depletion and sale expenses) in 2017. Your **gross profit percentage** is 75 percent ($7,500 - $10,000). The buyer paid you $6,000 in 2017 and you took a note payable in 2018. Report a $4,500 gain ($6,000 x 75%) for 2017, using Form 6252.

**Reforestation Costs**

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 8:** Assume you spent $17,000 to reforest, deduct $10,000, plus 1/14th of the remaining $7,000 ($500) in 2017. Deduct 1/7th of the $7,000 ($1,000) for 2018–2023 and the last 1/14th ($500) in 2024. 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. Attach a statement to your return showing the date, location and amount of the expenditure.

**Timber Basis and Depletion Deduction**

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 on the decedent’s date of death.

**Example 9:** You inherited a woodland property five years ago. Your forester provided a retroactive appraisal of the timber quantity and value on the date of the decedent’s death. Your timber basis was set up as: $25,000 for 100 thousand board feet of pine sawtimber and $4,000 for 200 cords of pine pulpwood.

**Example 10:** You sold 50 thousand board feet of sawtimber in 2017. 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).

**Depreciation and Sec. 179 Expensing**

For timber held to produce income, you may take depreciation on the assets used such as logging equipment, tractor, computer, car, bridge, culvert, fence, temporary road, or the surface of permanent road. 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 $510,000 in the first year for qualifying property in 2017, subject to a $2,030,000 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.

**Net Investment Income Tax**

For single taxpayers with AGI over $200,000 (or 250,000 for couples), investment and passive business timber sales are subject to a 3.8-percent net investment income tax.

**Example 11:** 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 ($270,000 - $250,000, which is less than the $40,000 gains) are subject to the 3.8-percent tax ($760 tax), in addition to the capital gain tax on the sale.

**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 payment is used for capital expenditure. Otherwise, it is ordinary income. Qualified federal programs for income exclusion include the Forest Health Protection Program, Conservation Reserve Program (CRP), Conservation Security Program, and Environmental Quality Incentives Program. 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 12:** The CRP paid you $6,000 as cost share for your qualified capital expense in your timber property. If you had no income from the property in the last 3 years, you could exclude up to $6,250 (($2.50 x 100 acres) + 4%) 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 $8,000 (($10% x ($9,600 - 3)) + 4%). Attach a statement to your tax return describing the cost-sharing program and your exclusion calculations.

**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.

**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.
2017 Summer Meeting
Gatlinburg, Tennessee
Montana’s state tree has figured heavily in the development of all the West.

In what is now South Dakota, Lewis and Clark first observed the cones of the ponderosa pine which had floated that far on the currents of the Missouri River. Captain Lewis, particularly, took extensive notes on the tree as he passed through its habitat later during the journey west and back, but his untimely death in 1809 delayed any serious scientific study of the tree until the end of the 19th century. Pioneers needed no detailed report to encourage their use of the pine’s wood for the civilization they were building. Ponderosa timber served everywhere, from railroad ties and telegraph poles to mine bracing and homes. Only later did its long needles and attractive cones garner more scientific consideration.

In the spring of 1908, Helena’s school children held a referendum on which tree best represented the state. The ponderosa easily outdistanced fir, larch, and cottonwood for the designation. It was not until 1949, however, that the Montana Legislature bestowed its blessing.

Montana’s lumbermen have seconded the praise over the years, harvesting millions of board feet from public and private lands throughout the state. Today the tree may be found in most parts of western Montana. Its range includes the entire West, from the plains to the Pacific Coast. On average the tree reaches maturity when 60 to 125 feet tall (about 150 years old) and approximately 20 to 30 inches in diameter. The largest ponderosa pine on record live along the humid Pacific coast, where California naturalist John Muir once measured a giant, 220 feet tall and eight feet in diameter.
Smoky and the Bear
Submitted by Dr. Allan Houston

I attended an Oak Symposium the other week in Knoxville for the purpose of delivering a presentation but also to see what is new in the Oak world. A big subject was the peril of oak as new maladies creep in and some of them directly related to the rising temperatures. Global forests, especially in the cooler climes where forests are very adapted and dependent on the local climate, are changing so much they must be replaced with other species. Switzerland and Sweden are having fits.

Another interesting presentation was centered on the Smokey Mountain fires. Tree ring analyses show the land burned regularly before the land became a park. I sorta would have known this intuitively because when I was a lad I observed the old Mountain, Scotts-Irish cracker culture in its last generation as those old folks scared the git-up and go out of the younger folks. My Great Uncle would set fire to the landscape and simply did not care where the fire went. Part of his rationale was to “freshen up the land,” usually grasses, and also get local fuel loads down so when his neighbor set his fields afire the flames would not sneak up on my Uncle’s house in the wee hours. My Uncle knew the perils of a failure to plan against wild fire.

My Uncle’s fire and others like it ambled around all over the place and usually found themselves moving across the federal landscape. They served to gobble up excess fuel loads and because of the regularity of the fire regime, fuel often never built up high enough to support a big fire or even much fire a’tall, or at least something apt to be snuffed in the dew or next rain.

Once the Park became a Park, fire was suppressed and fuel loads have been building ever since. The slow creep of warmer temperatures, oddball droughts, a tendency for more violent winds, a certain naiveté along the modern home and wildfire interface and an accruing fuel load all go together to create periodic disaster. Wildfire is not just a western phenomenon anymore. It has moved east.

The Great Smoky Mountains were indeed smoky and perhaps got their name before Smoky the Bear un-smoked them. But even Smoky cannot un-fuel them.

One take home out of the meeting is that the phrase “the new norm” is the new norm.
A Last Look...

23 Months...
Till the 2019 SAF National Convention
Louisville, Kentucky

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