



Forestry, Wildlife & Fisheries Update Newsletter

Department of Forestry, Wildlife and Fisheries
George Hopper, Department Head

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Website: <http://fwf.ag.utk.edu>

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Notes From the Web

Samuel W. Jackson, Web Coordinator/Extension Forestry

Agroforestry is a word that we hear quite a bit these days. New programs and information about this practice, which combines traditional agriculture with forest management to provide more diverse economic and ecological benefits, have been developed over the last few years. The United States Department of Agriculture has initiated and built a National Agroforestry Center to serve as a research center and information clearinghouse.

Their website (<http://www.unl.edu/nac/>) provides a valuable opportunity to learn about agroforestry. There is a wide range of publications, news items, and other information available. Many of these publications deal with the primary agroforestry activities that private landowners could use on their land. These practices include silvopasture, alley cropping, forest buffers, alternative forest crops, windbreaks, and others. Not only do many of these techniques provide economic benefits to the landowner, they also encourage soil and water conservation by leaving trees on a farmed landscape.

For more information contact: *Sam Jackson at (865) 974-2946*
samjackson@utk.edu

Calendar of Events

- Mar. 18** Madison County Forestry Assn.
- Mar. 28-30** International Society of Arboriculture, Southern Chapter, Opryland Hotel, Nashville
- Mar. 27** Henderson Co. Forestry Assn.
- Apr. 2** Urban Forestry Grant Proposals due in Division of Forestry Office-Nashville
- Apr. 6** Monroe County Assn. Mtg.
- Apr. 17** Dickson County Assn. Mtg.
- Forestry Field Day
- May 10** Smoky Mtn. District 4-H Forestry Contest, Knoxville Experiment Station
- May 11** Cumberland District 4-H Forestry Contest, TBA
- May 12** Central District 4-H Forestry Contest, TBA
- May 13** Western District 4-H Forestry Contest, TBA
- May 25 - 26** Stream Restoration Workshop
Oak Ridge (see article)

Faculty

- Wayne Clatterbuck** *Forest Silviculture*
Craig Harper *Wildlife Management*
Thomas Hill *Fisheries Management*
George Hopper *Natural Resources*
Samuel Jackson *Forest Management*
David Mercker *Forest Management*
Larry Tankersley *Forest Management*

Management Calendar for March

Wildlife

Burn woods (hardwoods and pines) and fields to enhance conditions for wildlife

- make sure firebreaks are in place
- **much** more beneficial for wildlife than bushhogging!

If you won't burn fields, now is the time to bushhog – just before spring green-up

- for best results for wildlife, disc the area after bushhogging to facilitate litter decomposition, improve travel for small wildlife and stimulate the seedbank

Spray tall fescue, orchardgrass, and other perennial cool-season grasses

- spray a glyphosate herbicide @ 2 qrts/ acre (with surfactant) when grass is 8–10 inches tall and actively growing
- after grass is killed, burn the field, then disc to stimulate the seedbank

Disc strips around field edges to encourage early successional growth

- disc strips 2 tractor-widths wide (12 – 15 feet)
- can be used as firebreaks

Finish planting trees/shrubs for wildlife

- use as a hedgerow to break up fields into sections
- use soft- and hard-mast producers (see PB 1633 for list of species)

Fertilize/prune trees and shrubs

Erect boxes for wood ducks and bluebirds

- 1 box per 100 yards of shoreline is adequate for wood ducks
- clean out old wood duck boxes and put in fresh wood shavings (about 4 – 6 inches)
- bluebird boxes should be no closer than 80 yards apart
- up to 9 or more bluebirds may roost in a single box during the winter

Build brushpiles - put large stems on bottom, small stems on top

Keep bird feeders full

- black-oil sunflowers are a favorite of many birds
- thistle seed is preferred by goldfinches
- suet provides energy for lots of birds during the winter

Strip-mow dove fields - complete mowing now for late winter seed source

Fertilize and lime perennial forage plots as recommended from a soil test

Establish salt/mineral licks for white-tailed deer

Fisheries

Establish cover on fish and prawn pond banks

- Fertilize and sow with seeds of both permanent grasses and fast growing annual grasses
- Mulch with straw or old hay

Stop erosion around ponds to prevent “muddy water”

- Divert runoff water from farm roads, plowed fields and livestock
- Livestock should be fenced away from ponds and offered an alternate source of drinking water.

Time to fertilize ponds - use 100 lbs of 8- 8-2 granular fertilizer or equivalent - - 6 quarts of 10-34-0 works well

Harvest bass & sunfish - for new ponds, harvest large mouth bass slowly - harvest 4-5 lbs. of sunfish for each 1 lb. of bass

4-H Forestry

Larry Tankersley, Extension Specialist, Forest Management

I hope everyone has their team together and practice is well underway for the upcoming District Contests in May. Just a reminder that rule books, training CDs and a few remaining wood sample sets are available for the asking. Contact us if you can use any of these materials.

Also a reminder that the National 4-H Forestry Website continues to be a wealth of information for helping with 4-H Forestry programs.

For more information contact: *Larry Tankersley at 865-974-7346*
ltanker1@utk.edu

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Cost-Share Opportunity From the NRCS

Craig A. Harper, Associate Professor, Wildlife Management

Would you like to see more quail, rabbits, and songbirds on your property? Landowners interested in developing quality wildlife habitat can apply for assistance through the USDA Natural Resources Conservation Service (NRCS). The NRCS is currently accepting applications from landowners who wish to apply for financial assistance in the Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary program that encourages quality wildlife habitat. The NRCS provides cost-share payments for the development and protection of upland, wetland, riparian, and aquatic habitat areas in 5 to 10 year contracts, depending on practices to be installed. There is no minimum or maximum cost-share amount or acreage limit and the NRCS will develop a wildlife habitat management plan that meets your objectives. The plan then becomes the basis of the cost-share agreement between NRCS and the participant. If you are interested in applying for assistance through the WHIP program, ***contact your local USDA Service Center.***

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TWRA Offers Farm Wildlife Habitat Program

Craig A. Harper, Associate Professor, Wildlife Management

TWRA is offering technical and financial assistance to landowners who want to improve upland habitat for quail, rabbits, grouse, songbirds, and other wildlife. The Farm Wildlife Habitat Program (FWHP) provides cost-share reimbursement for habitat practices, typically covering 75% of practice costs. Upon approval of a plan, the landowner signs a contract agreeing to implement the practices and protect and maintain them for 5 years. Cost-share payments are received after the practices have been completed and inspected. Maximum cost-share is \$1,000 per contract on private lands and is limited to one contract per landowning entity per year. Applicants are considered on a first-come first-served basis.

Interested landowners can contact TWRA regional offices for enrollment information. Afterwards, a TWRA small game biologist will meet with the landowner to develop a habitat management plan. Authorized practices include tall fescue eradication, establishment of native warm-season grasses, prescribed burning, periodic strip discing, annual lespedeza food strips, and establishment of woody escape cover if needed. TWRA also may be able to provide seed for annual grain food plots, but this practice is not cost-shared.

In addition to providing quality early successional habitat for wildlife, native warm-season grasses (big bluestem, indiangrass, switchgrass, and eastern gamagrass) offer quality forage during summer when cool-season forages are not productive. This dual benefit offers great opportunity to producers who are interested in wildlife while providing quality forage production. The FWHP will provide cost-share assistance to farmers who wish to establish native warm-season grasses specifically for hay production. Hay cutting is allowed, but no grazing. Hay may be cut on 75 percent of the acreage during years 3, 4, and 5 of the contract. For more information on the FWHP, contact the TWRA Small Game Biologist in your region:

Region 1 - Jackson	(800) 372-3928
Region 2 - Nashville	(800) 624-7406
Region 3 - Crossville	(800) 262-6704
Region 4 - Morristown	(800) 332-0900

or **Tim White, TWRA Small Game Program Coordinator at (615) 781-6616.**

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Stream Restoration Workshop

submitted by Dr. George Hopper, Professor, Natural Resources Management

The U. T. Department of Agricultural Economics will host a workshop on “Stream Restoration Using Natural Design Techniques”. The U. S. Department of Energy, the Environmental Protection Agency and North Carolina State University are co-sponsors of this program. The workshop will be held in Oak Ridge May 25 - 26, 2004 from 8:00 a.m. - 5:00 p.m. both days.

This workshop will introduce principles of fluvial geomorphology for application in assessing and restoring impaired stream channels. Participants will learn about stream processes related to channel formation, field assessment techniques, the Rosgen classification system for natural streams, channel evolution, and restoration options for degraded streams. Case studies of recently completed stream restoration projects will be presented to demonstrate effective natural stream techniques.

Lead instructor for the workshop is Dr. Greg Jennings. Dr. Jennings is Professor of Biological and Agricultural Engineering at North Carolina State University. He has 18 years experience in water resources engineering, water quality protection, watershed hydrology, and environmental restoration. Since 1990, he has authored over 150 technical papers on environmental management and served on numerous state, regional, and national water resource committees. He holds B. S. and M. S. degrees in Agricultural Engineering from Pennsylvania State University and a Ph.D. in Agricultural Engineering from the University of Nebraska.

Registration information will be posted at the following website <http://economics.ag.utk.edu/> by April 1st or you may e-mail Dr. George Smith, Professor, Extension programs in water quality and resource development, U. T. Department of Agricultural Economics at gsmith@utk.edu.

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Checking Fish Population Balance In Farm Ponds

Thomas K. Hill, Professor, Fisheries Management

In order to maintain balanced fish populations in farm ponds, it is important to know the structure of the populations. There are two basic ways to do this, fishing and seining.

Where a desirable fish population is present in a pond, many bluegill 6 inches and larger will be caught. Several different sizes of largemouth bass in good condition with an average weight between 1 and 2 pounds will be taken. If most of the bluegill caught are 3 to 5 inches and very thin and the few bass that are caught are large and in good condition, the pond is overcrowded with bluegill.

A pond with a balanced population when seined with a 15 foot minnow seine during the summer will average at least two young-of-year bass and have recent bluegill reproduction. A few intermediate bluegill will likely be caught, also. No young bass in the seine and no bluegill reproduction indicate an unbalanced fish population. This balance check method is quite effective, but is only useful after both bass and bluegill have already spawned.

For more information contact: *Thomas K. Hill at (865) 974-7346*
tkhill@utk.edu

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Home-Grown Catfish in Cages

Thomas K. Hill, Professor, Fisheries Management

For Tennessee families with access to a pond or lake, growing channel catfish in suspended cages during the summer can provide fresh fish while stretching food budgets. Catfish have been grown successfully in cages of nylon netting, molded plastic mesh and plastic coated wire. The mesh should be at least one-half inch so that water can move freely in and out of the cage. Where turtles are expected, the plastic coated wire is the best option.

Either a rectangular cage 4 ft. x 3 ft x 3 ft. deep or a cylinder 4 ft. x 4 ft. in diameter makes a nice family-size cage capable of holding 500 catfish. Stock 6-inch fingerlings by mid-April and they will grow to an average weight of one pound by October. Plan to feed the fish a 32% protein floating food once per day; the amount they will consume in about 10 minutes or about 3% of their body weight per day.

A cage may be either floated on the water's surface or fastened to a dock. It should be at least a foot off the bottom and far enough away from the shore so that water can circulate freely to move wastes away from the caged fish.

For more information contact: *Thomas K. Hill at (865) 974-7346*
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Take Care of Caught Fish

Thomas K. Hill, Professor, Fisheries Management

You have been on a successful fishing event. You caught lots of fish and had lots of fun. Now is the time to take care of those caught fish to preserve their quality.

Caught fish should be given the best possible care from the time they are lifted from the water until they are served at the table. To keep fish quality high, remove the gills and viscera, then place the fish carcass on ice just as soon as possible.

Depending on the species and size of fish caught, they can be either scaled or skinned and divided into portions after you get home. Small fish are usually cooked whole. Filleting larger fish provides boneless, waste-free portions. Steaks are crosswise sections cut from whole fish. When properly cleaned and cooled, fresh dressed fish should remain in good condition for 8 to 10 days. Frozen fish keeps well for 6 months. Fish covered with water and then frozen will maintain excellent taste for a year.

For more information contact: *Thomas K. Hill at (865) 974-7346*
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Methods of Slicing Veneer (Part 3 in a 7 part series)

David Mercker, Extension Assistant II, Forest Management

Manufacturing quality face veneer is highly specialized and capital intensive requiring watchful control on the quality of logs to be processed. Only the finest logs will pay for the cost of processing, a standard that varies with each mill. Three common methods of slicing hardwood veneer are: flat slicing, half round and rotary cutting.

Finest decorative face veneers are produced from **flat slicing**. With this method, “flitches” are first created. Flitches are pieces of wood produced when a veneer log is halved or quartered. The side of the flitch that has the most aesthetically pleasing face is the side used to slice the veneer sheets. To make slicing easier, flitches are first heated in water vats to soften the wood. At the slicing machine, the flitch is held down (or dogged) into place on a metal frame which rapidly moves down against a long, stationary knife, producing thin sheets of veneer. **Half round** production also employs flitches, however the flitch is rotated against the knife edge while being held in place on a half round machine. The half round machine resembles a lathe and produces slices the size of flitches. Sheets vary in thickness, but the standard for most domestic uses is 1/32 of an inch (thinner for export markets).

Rotary cutting, also referred to as peeling, is a method that is primarily used to manufacture commercial veneers for construction-grade plywood from softwood markets. With rotary cutting veneer, the log is turned against a giant lathe, unrolling the veneer into extended sheets as the log turns (much like unwinding a roll of paper). With hardwoods, it is used to produce core stock for underlayment of finer flat-sliced stock, or it is stained or printed and finished to imitate a more expensive wood.

Veneer is processed in several other ways as well, including: quarter-slicing, flat slicing and rift-cut. Each method produces a different visual effect, forming unique grain patterns.

For more information contact: *David Mercker, Extension Assistant, Forest Management*
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Temporary Stream Crossings During Harvesting Operations

Wayne K. Clatterbuck, Associate Professor, Forest Management & Silviculture

Stream crossings probably are the greatest risk to water quality during harvesting operations. Streams are the lowest point on the landscape where water drains. Roads and skid trails provide a conduit for runoff to enter the stream. With stream crossings, stream banks are often altered with the potential to slough off, soil is rutted or compacted, runoff from the road is concentrated at the crossing, and vegetation is removed, all increasing the chance of sediment entering the stream.

A few general guidelines for stream crossings include:

1. Avoid crossing streams, if possible. Access the timber from the other side of the stream.
2. If streams are crossed, cross at right angles where channels are straight. Do not interfere with stream flow.
3. Approaches should climb away from streams. If possible, approaches should be graveled to provide stability and reduce erosion. Dips and turnouts should be installed to turn water off the road above the crossing. These structures will allow silt to fall out above streamside management zones (SMZs) and prevent it from entering streams.
4. Choose narrow places with low banks to cross the stream. Deeply cut channels and those in soft, muddy soil should be avoided.

Stream crossings should be “red flag” areas during harvest planning. Recent BMP surveys in Tennessee indicate that about two-thirds of the sampled harvest operations avoided crossing streams completely. However, most of the potential water quality threats statewide were still associated with stream crossings.

In reality, some streams must be crossed during harvesting operations, but utmost care should be taken to ensure that the crossing is not a detriment to water quality. Low water fords, portable bridges and log or pole fords are options for crossing small streams.

The streams of **low water fords** must have a solid rock or gravel bottom so that no muddy water will result from the crossing. Locate fords where stream banks are low. Logs cannot be dragged/skidded across the stream bottom according to Tennessee BMP guidelines.

Bridges vary in expense and design. Portable bridges that can be carried from site to site are commercially available and are excellent temporary options for narrow stream crossings. Metal grating is another alternative. Log or timber bridges can be constructed from low-grade lumber and logs from the site. However, safety and load (weight) concerns should be considered. The ability to maintain traction on the bridge surface and the safety of the bridge approach is critical when the surface is wet or frozen.

Log or pole fords may be used by placing a pyramid of poles in the streambed. Green or small diameter tops, limbs and brush should not be used for this purpose. The crossing surface can be improved by use of secured decking or panels. Old gasoline pipes could also be used to allow the flow of water through the crossing structure. Logs, poles and pipes must be removed immediately after use to prevent clogging with debris and obstructing streamflow.

PVC (polyvinyl chloride) or HDPE (high-density polyethylene) pipe bundles can be used to build temporary stream crossings. Pipes are cabled together and layered like an accordion on top of

geotextile fabric sets in the streambed. Operators can place wood mats, wood panels or other materials over the pipes to add stability and traction. Water flows through the pipes while vehicles travel over them. HDPE pipes are recommended over PVC pipes because they tolerate the cold better and do not need protection from sunlight. Pipe bundles can be used in areas that are less than 10 feet wide and 4 feet deep.

Do not use fill material over these temporary crossings. Wood planking, decking, mats or panels; geotextile fabric; expandable metal grates; or even pallets are acceptable alternatives. All temporary stream crossing materials should be removed from the stream channel after use.

Stream crossings should be avoided, if possible, during harvest operations. However, if stream crossings are necessary, care should be taken to ensure that sediment does not enter the stream. Using BMPs in your stream approaches and spending some time and effort in using temporary crossing structures will ensure that your stream crossing is not a water quality problem.

For more information contact: *Wayne Clatterbuck at (865) 974-7346*
wclatterbuck@utk.edu

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Forest Stewardship Tip (Flooding)

Larry Tankersley, Extension Specialist, Forest Management

Flooding basically drowns the tree, since every cell in the tree needs oxygen, and trees unlike fish can't get it from water. Flooding doesn't affect all trees equally. Some species are well adapted and thrive with regular flooding. Others can't tolerate it, and soon fail.

It's mostly about the timing. Prolonged flooding well into the growing season is detrimental to good tree health. Every flood will not be lethal to all the trees. Our best defense from excessive damage from flooding, however, is good selection of species during timber stand improvement activities and as always maintaining good individual trees, each with plenty of room.

Forest/land management plans should show flood prone areas which should be managed distinctly different from upland areas. Given abundant water, these areas are very productive and provide habitat to a variety of plant and animal species. Bottomland Hardwood Forest Ecology/Silviculture is very exciting. Proximity to water however, requires extra attention and specialized skill during any forest management activity. Protecting water quality is mandatory. Plan for it first!

Areas blessed with beavers should consider a regular trapping program and or a "pond leveler" that allows an existing pond but prevents expansion of the area. Water control is expensive, but there may be cost sharing. Contact your local natural resource professional for help.

If you don't mind the beavers enjoy 'em!

For more information contact: *Larry Tankersley at 865-974-7346*
ltanker1@utk.edu

###

Delivered Timber Price Trends in Tennessee

Wayne K. Clatterbuck, Associate Professor, Forest Management & Silviculture

Delivered timber prices have been collected on an annual basis by the Tennessee Department of Agriculture, Forestry Division since 1977. The table below provides average values at 5 year intervals

Year	Hdwd Crosstie Logs	Grade 2 Red Oak Sawlogs	Grade 2 White Oak Sawlogs	Grade 2 Y. Poplar Sawlogs	Pulpwood	
	-----\$ per MBF Doyle Rule-----				---\$ per Cord---	
1977	98	155	125	96	22.74	25.00
1982	134	154	162	121	32.78	35.00
1987	149	265	222	157	33.71	37.52
1992	170	338	310	175	37.58	38.42
1997	196	498	425	240	47.06	51.84
2002	220	517	361	205	54.51	47.32
Mean Annual Percent Change (25 Years: 1977-2002)						
	3.3	4.9	4.3	3.1	3.5	2.6

Delivered prices are those that are paid at the mill for logs. That price encompasses the stumpage price (price paid to the landowner), the logging costs from cutting the tree to loading it on the truck, the transportation cost from the woods to the mill, and some margin (profit) that the timber harvester collects. These surveys are taken at the mill because it is very difficult to determine the stumpage price between a buyer and a seller on an independent basis.

The table above is for average (grade 2) sawlogs. Higher quality logs (grade 1) will command higher delivered prices and low grade logs (grade 3) will have lower prices. The prices given are statewide averages in Tennessee and may not necessarily reflect local conditions.

The mean annual percent change was calculated by taking the price in 2002, dividing it from the price in 1977, taking that number to the exponential 1/25 power (25 years of data), then subtracting 1.0 and multiplying by 100. The formula is $\{[(\text{Price in 2002} / \text{Price in 1977})^{1/25}] - 1.0\} 100$. The percent change is nominal and includes the inflation rate.

In summary, delivered timber prices have increased annually in the 3 to 4 percent range for the last 25 years. This price increase has generally exceeded the rate of inflation over that time period. There was not much difference in the annual average price changes among the different products, even though sawlog prices for the red and white oak were the greatest. One would expect that higher valued products will have a greater percentage price change and lower valued products a lower price change. Thus, based on this 25 year price information, one can probably assume some price escalation when determining future returns on investments of growing trees.

For more information contact: *Wayne Clatterbuck at (865) 974-7346*
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Tennessee's Tree Farm Program – Get Certified!

Sam Jackson, Extension Forestry

One of the more active forest certification programs for private landowners in Tennessee is the Tennessee Tree Farm Program, a subsidiary of the American Tree Farm System (ATFS). The American Forest Foundation sponsors the work of the ATFS. The mission of the National Tree Farm System is to “promote the growing of renewable forest resources on private lands, while protecting environmental benefits and increasing public understanding of all benefits of productive forestry.”

A Certified Tree Farm is a piece of privately owned land that is managed by its owner to practice sustainable forestry, promote wildlife habitat, water quality protection, and other benefits. Certification, applicable to forests of greater than 10 acres, requires a written management plan that is approved by both the landowner and a volunteer professional forester. At the end of each 5-year period following enrollment into the program, a professional forester will visit the landowner to update the management plan. Landowners whose forests become certified receive a certificate and metal sign to show their accomplishment. Tree Farms represent the best of sound forest management in their communities. A point of pride for many landowners, a Certified Tree Farm is a great way to make sure that private forest lands are sustainably managed.

There are two levels of the Tree Farm System. The first is the Pioneer level, a beginning Tree Farm. At this level the landowner establishes their objectives for management, develops a management plan, and works toward becoming Certified but is still involved with the Tree Farm System. At the Certified level, a landowner has a successfully developed and approved management plan and is well on the way to implementing good forestry on their land. The program does not cost anything to join and does not obligate the landowner in any way.

The first Certified Tree Farm in Tennessee received this status in 1964. Today, we have over 700 Certified Tree Farms, with more certified every day. The program is administered by the Tennessee Tree Farm Committee, a group of volunteer landowners and professional foresters and is co-sponsored by the Tennessee Forestry Association. Professional foresters across the state have been trained as Tree Farm Inspectors and are waiting to help you get certified! Call the Tennessee Tree Farm Program at 615-883-3832 or visit <http://www.treefarmssystem.org/> to get involved!

For more information contact: *Sam Jackson at (865) 974-2946*
samjackson@utk.edu

###

A Reliable Source of Income

Larry Tankersley, Extension Specialist, Forest Management

This is often the term I hear from many landowners. Foresters and loggers are essentially impotent if landowners are unwilling to sell their timber. Circumstances beyond control often dictate when one “needs” to cut some timber rather than a “want” to cut timber. In either instance, timber sales almost always involve the person who owns the land and has the “right” to cut their timber. The only “legal” obligation that one has is to prevent silting a stream. TDEC is the authority to contact if a water quality problem is occurring.

Well planned timber harvests, while visually distressing (ugly), do very little damage to the soil. While wildlife habitat is influenced by the amount of canopy cover removed, for the most part

habitat damaged for one species results in creating habitat for others. Those misplaced tops left in the woods become brush piles for small creatures and as they deteriorate/rot, they become habitat for many beneficial fungi and insects that return organic matter and essential elements to the soil.

A well executed timber harvest can leave an area poised to rapidly develop into a new forest. The vigor of a younger forest can be a pest management strategy for many forest owners with stands having a high hazard rating for the multitude of pests and pathogens. Owners who wish to maintain older canopies should consider some type of thinning to allow space for the “best” trees.

At the risk of advocating a timber cut on your place, our point is that the cut that you see driving along Tennessee’s beautiful country side is not necessarily a bad thing. Someone may be paying bills.

For more information contact: *Larry Tankersley at 865-974-7346*
ltanker1@utk.edu

###

Reporting Timber Sales Income

Larry Tankersley, Extension Specialist, Forest Management

Timber sales by individuals are reported on Form 1040 Schedule D, “*Capital Gains and Losses*”, since timber is best treated as a capital asset. Where timber qualifies it should be reported as a long term capital gain on line 8, part 2 of the Sch. D. (Note: Timber is standing timber not logs. Selling logs is ordinary income.)

Reporting the transaction is fairly straight forward if we look at what the columns are asking for. *These columns basically tell the IRS that you, the timber seller, qualify for “long-term” status. The word inherited automatically qualifies as long term. Purchases require ownership for 12 months to qualify for long-term status.*

The **first column** requests a description of the property sold, in the case of a timber sale you can simply put “timber”. You may wish to describe the number of units. Selling timber might require that you provide a Form T, if you claim a depletion deduction described later.

Column b requests the date that you acquired the timber in column a. If you purchased the timber the date on the deed would be most appropriate. If you inherited the land state inherited.

Column c requests the date that you sold the timber. Here the date on the contract would be most applicable, but there are a variety of timber sale structures. Dates on 1099-S should be used if you are issued a 1099 for the sale.

Column d requests the sale price. This is described on a 1099-S in box 2 as “gross proceeds”. Essentially this column is, “How much money you made”. If you don’t receive a 1099, you should still report your gross proceeds for the year. If you have multiple timber sales, you should use another row in the table that is line 8. *Tax treatment of lump-sum sales paid in installments will require a bit more research. Make sure Form 6252 is accounted for.*

Column e is the most exciting and requires the most time. Column e requests, **cost or other basis**. What? **Cost or other basis??**

Costs - Costs directly related to the sale or disposal of the timber include consulting and legal fees, advertising costs, timber cruising, marking and scaling and travel. These costs should be totaled for the sale being reported and included in column e.

Basis - is also reported here. Timber owners are allowed to establish a basis in their timber. The basis reflects costs in the timber. Timber owners are not expected to pay taxes on the money that they have invested in the timber. Reporting a basis, when filing Schedule D is called a **depletion** deduction. When claiming a depletion deduction for a timber sale you may be required to complete a Form T and attach it to your return. For more on your timber basis, see Extension Publication (Settin' up the Books) PB 1691.

Column e is important when reporting timber sale income as this is our opportunity to reduce the amount of the taxable gain. It should be noted that amounts reported in column e should be defensible in the event of an audit. You should be aware of definitions and procedures involved in claiming a depletion deduction for timber.

Form T is generally required if you are claiming depletion for a timber sale. Persons conducting occasional sales are not required to file Form T, but must maintain adequate records to support the deduction claimed.

Column f tells us to subtract the amount in column e from the amount in column d. This results in a **net taxable capital gain/loss** on our timber sale. This amount will be added to other net long-term capital gains(line 16) and the tax is calculated on page two of Schedule D.

For most folks reporting timber sale income is fairly straight forward. Basis is frustrating for some but most should investigate the opportunity to reduce their gain.

Let us know if we can help.

For more information contact: *Larry Tankersley at 865-974-7346*
ltanker1@utk.edu

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The Agricultural Extension Service offers its programs to all eligible persons regardless of race, color, national origin, sex, age, disability, religion or veteran status and is an Equal Opportunity Employer.

COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS

The University of Tennessee Institute of Agriculture, U.S. Department of Agriculture,
and county governments cooperating in furtherance of Acts of May 8 and June 30, 1914.

Agricultural Extension Service

Charles L. Norman, Dean