



# Forestry, Wildlife & Fisheries Update Newsletter

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

February 2005  
 Website: <http://fwf.ag.utk.edu>

## Calendar of Events

- Feb. 28 Fayette Co. Forestry Association  
 - Forest\*A\*Syst Program
- March 7 Grundy Co. NRCS  
 - Forest\*A\*Syst Program
- March 10 Urban Forestry Program - Jackson
- March 14 Sequatchie Co. Forestry Association  
 - Forest\*A\*Syst Program
- March 15 Rhea Co. Forestry Association  
 - Forest\*A\*Syst Program
- Mar 16-18 The Wildlife Society Annual Mtg.  
 Tenn. Chapter, Fall Creek Falls
- March 17 McNairy Co. Forestry Association  
 - Forest\*A\*Syst Program

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## Notes From the Web- FWF Learning Modules

*Samuel Jackson, Web Coordinator*

This month we want to highlight two web-based resources that the UT Department of Forestry, Wildlife, and Fisheries Extension has developed. Two learning modules have been developed to provide landowners with information on the

timber sale process and timber sale contracts. Modules can be accessed at <http://fwf.ag.utk.edu/Extension/modules.htm>. The modules include video clips from our extension foresters and links to printable publications. The modules also include short quizzes at the end to gauge how much you have learned.

The first module, A Landowner's Guide to Successful Timber Sales, provides landowners with an overview of the timber sale process, from consulting a forester to the bid process to ensuring the future productivity of the harvest area. The second module, A Landowner's Guide to Timber Sale Contracts, gives landowners a detailed look at the importance of a written contract in any timber sale. The module uses video and text to provide examples and highlights of specific items that every contract should include.

We encouraged you to take a look at these modules and share them with your friends and neighbors. Any feedback you have would be much appreciated!

For more information contact: Sam Jackson at (865) 974-2946 or [samjackson@utk.edu](mailto:samjackson@utk.edu)

## **Wildlife Management Calendar For February**

*Craig Harper, Associate Professor, Wildlife Management*

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, do not bushhog oldfields yet – wildlife need the cover for another month!

Disc strips around field edges to encourage early successional growth

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

Continue 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

Continue Timber Stand Improvement activities

- select good mast producers and release their crowns by girdling competitors and spraying herbicide solution into wound (1 quart Garlon 3-A / 6 ounces Arsenal AC / fill to 1 gallon water)

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

Plant perennial clover plots

- ladino white clover, alsike clover, white-dutch clover, and birdsfoot trefoil do well when sown in February
- prepare seedbed and amend soil with lime and fertilizer as recommended from soil test
- inoculate seed (if not pre-inoculated)
- use cultipacker to firm seedbed and get good seed-to-soil contact

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

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**4-H Forestry In-Service**

*Larry Tankersley, Extension Assistant, Forest Management*

We are looking forward to our upcoming 4-H Forestry In-Service the week of March 8. We (Craig Harper and I) will be conducting concurrent wildlife and forestry in-service at the Ames Plantation on March 8-9 and the 4-H Camp in Crossville on March 10-11. This is a great opportunity to talk with the judges about the contests and how to help 4-H'ers learn the material.

In forestry training, we plan to cover each contest event comprehensively with at least 45 minutes to an hour on each subject. I am especially looking forward to spending time on the "Site Evaluation" event. We plan to work on a "mock" or practice contest that will provide participants with the knowledge and skill to set up a practice contest with their teams and teach the 4-H'ers how to succeed in the Forestry Contest. Here's a look at the agenda:

**Proposed 4-H Forestry Judging Training In-Service Training Workshop**

**Day 1**

9:00 a.m. Introduction to the Project with brief history and discussion of relevance.  
"What We Do in Tennessee" project, judging, environmental education

9:20 a.m. Judging—the 4-H Forestry Contest  
Going Over the Manual  
Resources, CDs, Videos, Slide Sets, Website  
Teaching the Teachers

9:30 a.m. Tree Identification, Tankersley

10:00 a.m. Wood Identification

*Break*

11:00 a.m. Forest Insect and Disease identification,

12:00 p.m. *Lunch - Ideally outside*

1:00 p.m. Tree Measurements, Tankersley/Mercker

2:00 p.m. Using a compass and pacing Tankersley/Mercker

*Break*

3:00 p.m. Forest site evaluation, Tankersley/Mercker

**Day 2**

8:00 a.m. Mock contest

11:30 a.m. Adjourn

Let us know if you can make for all or part of the two day training. Bring along some volunteers if you can. I hope to see you there!!

For more information contact: *Larry Tankersley at 865-974-7346*  
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### **Reporting Timber Sales Proceeds**

*Larry Tankersley, Extension Assistant, Forest Management*

**Basis continues** to be the primary question from forest owners who sold timber last year. It seems more folks understand that timber sale proceeds are a capital gain, most often a long-term capital gain. Schedule D of the 1040 is where “**Capital Gains and Losses**” are reported. The information requested is straight forward. Reading the columns from part II, “long-term”, the first column requests a description of **what was sold**, timber would suffice, the amount of timber might be more informative. The next two columns request the “**date of acquisition**” and the next column requests the **date the timber was sold**. These columns simply verify that the sale was long-term. Column d requests the **sale price**, interpreted as “**Gross proceeds**” from the sale. If you receive a 10099-S this will be the amount shown in box 2.

Column e is next and requests, **cost or other basis**. Instructions for column e state, the “in general the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization and depletion. When property is received as a gift the basis is the usually the donor’s basis and if the property is inherited the basis is FMV at the date of death. ( Timber is a natural resource, whose basis is recovered as the timber is sold or “depleted” )

You might say your basis is “what you have in the timber”. Well, what does that mean? Timber, or standing trees that can be used as wood products, is considered real estate, or income-producing property that we buy or otherwise acquire and ultimately sell. Our profit is the increase in value while in our hands. We are not taxed on “what we have in the timber” our basis only on the increase in value. This is the function of column e as we look to column f which instructs us to subtract column e from column d. We technically only pay taxes on our net gain.

The anxiety for timber sellers is that they seldom know” what they have in the timber”. Often the land was inherited, purchased or otherwise acquired years ago. This is an important point as the definition of basis requires that we know the **timber value at the date of acquisition**. Well how does one go about doing that?

Frankly, there is not a “simple” answer. One of the skills taught in forestry schools is determining the value of standing timber at a given point in time. It can be done and is done by certain forest professionals for owners who establish their timber basis soon after acquiring the timber. UT Extension Publication 1691, “Settin’ Up the Books,. . .” describes the suggested allocation process. A timberland purchase for a lump-sum, requires an allocation of the sale price between the timber and the land; two distinct assets.

The process of evaluating timber is much simpler for the present than it is to reconstruct conditions “years” ago. We are allowed however, to evaluate our timber basis today, but the value must reflect conditions at the time of acquisition. Depending on how long ago we acquired the timber, the value of the basis may be low to moderate and the price to obtain this evaluation increases.

There is a cost to evaluating timber. A sample must be drawn and trees measured in order to determine the volume and value of the standing timber. If the timber is gone and we are trying to reconstruct the forest several year back, we may need to visit the field of stumps and take measurements. There are protocols for doing this but physical work and the technical skills will require an investment of time and/or money. Any money spent to obtain a timber basis should also be included in the basis, as this expenditure is part of, “what you have in the timber”.

An important consideration is what are the tax benefits of the reduced proceeds. The cost to obtain a basis in some cases may be greater than the tax benefit. I am aware of at least one case where a taxpayer, hired a forester to reconstruct a forest and allocate a basis from an inheritance 17 years ago. The taxpayer saved some taxes but they didn’t save any money. The forester’s fee was virtually the same as the taxes saved.

Now there is no apology for the fees paid, this is why there are private forestry services. Where timber is inherited and a sale ensues within a year or two of the inheritance the cost of obtaining the basis is surely worth several hundred dollars in tax savings. A purchase of timber even as far back a 10 years may be worth a little work to figure or otherwise obtain a basis to off set taxes.

Most folks have a timber basis, it is just a matter understanding just what it is, teasing the numbers and being realistic about just what you have in the timber. You are encouraged to claim what you are entitled to. Let us know if we can help clarify “timber basis”

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### **Costs of Timber Sale**

*Larry Tankersley, Extension Assistant, Forest Management*

Costs associated with selling timber are also deducted in column e of the 1040 Schedule D. Fees paid out of pocket from proceeds of the sale should be deducted from the gross reported in column d. Costs not paid, “out of pocket” but deducted from the proceeds prior to you receiving your part would not be deducted. Fees retained by the logger or a consulting forester prior to disbursing proceeds to you would not be deductible. Fees where you receive the money and cut the logger or consulting forester their fees back would be deductible.

Costs for legal fees, recording fees or other closing costs would also be deductible as would the cost of paint to freshen boundaries or mark the trees for sale and/or retention. Costs associated with roads such as gravel, culverts or grading would be deductible as long as the road being used for the timber removal is closed following the sale. This would meet the definition of a “temporary road” and the “improvements” would be assumed depreciated based as the units sold were depleted. Costs for these improvements might need to be depreciated over several years if the road is considered a permanent road or you choose to use the standard depreciation.

In general if you spent money to get the timber to the market, this should be considered as cost of the sale and netted out of you timber sale proceeds before paying capital gains tax.

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## **Determining the Best Native Warm Season Grasses Mix**

*Craig Harper, Associate Professor, Wildlife Management*

Landowners planting native warm-season grasses (nwsg) this spring face a decision – which species should be included and at what rate? Single-species plantings are generally not recommended for wildlife habitat. That is not to say a pure stand of switchgrass does not necessarily benefit wildlife. Even a field of switchgrass hayed for livestock can provide cover for wildlife if the field is managed correctly, but its value is not equal to that of a mixed stand of nwsg along with a variety of wildlife-friendly forbs. Several nwsg mixtures have been developed for wildlife plantings in the Mid-South; however, most can be placed in one of two categories: a tall mixture or a short mixture.

Tall mixtures are dominated by big bluestem, indiagrass, and/or switchgrass and normally range in height between 6 – 8 feet. Short mixtures are dominated by little bluestem, broomsedge (which is usually not planted, but occurring naturally) and/or sideoats grama and normally range in height between 2 – 4 feet. Mixtures are determined primarily upon objectives and preference of the landowner.

Tall mixtures provide cover for ground-nesting birds, as well as others that nest amongst the aboveground stems (e.g., dickcissel, field sparrow, Henslow's sparrow and red-winged blackbird). Tall mixtures also can provide excellent cover for brood rearing and escaping predators. In addition, thermal cover is provided in winter for many wildlife species and sufficient structure is present in tall nwsg fields for deer to bed during the day. Short mixtures provide excellent nesting cover for ground-nesting birds and can provide attractive brood-rearing cover. Short mixtures also are aesthetically pleasing to many people who like to look out over the grasses from ground level.

A typical tall nwsg mixture intended for wildlife habitat might be comprised of (rates of PLS per acre):

- 1.5 lbs. big bluestem
- 1.5 lbs. indiagrass
- 1.0 lb. little bluestem
- 0.5 lb. switchgrass
- 1.0 lb. native legumes and other forbs

A typical short nwsg mixture intended for wildlife habitat might be comprised of (rates of PLS per acre):

- 3.0 lbs. little bluestem
- 1.0 lb. sideoats grama
- 0.5 lb. indiagrass
- 1.0 lb. native legumes and other forbs

Selected forbs should be added to nwsg mixtures to provide enhanced brood habitat, invertebrate availability, seed production, forage and/or aesthetic value. Planted forbs are intended to complement the forb community that should arise naturally from the seedbank. Forbs most often added to nwsg mixtures include partridge pea, Illinois bundleflower, roundhead lespedeza, perennial sunflowers, purple prairieclover, purple coneflower, black-eyed susan, blazing star and lance-leaved coreopsis. Many others might be added for aesthetics and use by butterflies and/or hummingbirds.

Species and mixtures for livestock forage are generally determined by objectives, preference, and potential problems with competitive weeds. For example, pure stands of

switchgrass or eastern gamagrass can provide excellent forage for livestock. However, if crabgrass and/or johnsongrass are prevalent in the field to be planted, a mixture of big (3.5 pounds) and little bluestem (3.0 pounds) and indiagrass (3.5 pounds) might be a better choice because imazapic can be used to help ensure successful establishment. For additional information on establishing and managing native warm-season grasses, pick up a copy of *A Landowner's Guide to Native Warm-Season Grasses in the Mid-South*, PB 1746, available at UT Extension offices.

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### **Edges, Gaps and Clumps**

*David Mercker, Extension Assistant, Forest Management*

The practice of forestry entails much more than knowledge of trees. How the trees are formed, arranged, and displayed can be interesting too. To demonstrate this, let's examine some less-used forestry terms: **edges, gaps, and clumps**.

In the environment, an **edge** is an obvious line of separation between two or more stands or habitat types. An example of an edge, often referred to as a "hard edge," is the point where a row crop field meets a forest. Here the line of intersection (the edge) is obvious. A variation is the "soft edge." Soft edges occur when an intermediate successional stage exists at the hard edge – for instance a swath of briars and smaller tree seedlings growing between a field and forest. The line of intersection is more gradual, but still distinguishable. *In a forest setting*, however, a stand edge can be more difficult to detect. A forest stand edge is observed when the structure of the trees on either side of the edge is distinctly different, for instance in age, species, growth rate, density, etc. Typically an edge is caused by variations in soil and microclimate, and by previous disturbances to the site (such as harvesting, wind, agriculture, etc.).

Forest **gaps** are created when individual trees or small groups of trees are removed from a stand either by harvesting, blow-down, or mortality. New trees that initiate within gaps will have uniform structure (species, age, height, etc.) but will be noticeably younger and shorter than the surrounding trees. Each gap has a distinct edge, though much smaller than the edge that surrounds an entire stand. Trees found within smaller-sized gaps typically show poor growth characteristics, especially when the crowns of adjacent overstory trees aggressively grow into the gap, thereby capturing the sunlight and shading the newly formed trees.

A **clump** is the converse of a gap. As with a gap, clumps are small areas of uniform trees, except the trees are much taller, and normally older, than their surrounding trees (note this is the exact opposite of trees found in a gap). Collectively, the area of a clump is too small to be classified as a separate stand, and is thus "clumped" in with the surrounding trees of the existing stand. An example of how clumps form is a clearcut harvest, where small and scattered ¼ acre areas are left within the clearcut, for wildlife. The new forest that develops following the harvest simply surrounds then encapsulates these clumps.

Spend some time searching the forest for edges, gaps and clumps. The forest is a striking show, and it stands ready to reveal how it is formed, arranged and displayed.

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## **Tennessee's Wood Budget**

*Wayne K. Clatterbuck, Associate Professor, Forest Management and Silviculture*

We always get questions about how much wood is being grown and harvested each year in Tennessee. Because harvested sites are so visible, perceptions are that a large and perhaps excessive amount of wood is being harvested. Then, we speak in terms of different volume units (cubic feet, board feet, cords), weight, acreage, number of trees, and other measures that tend to confuse just how much wood is harvested. Outlined below is a table that I use to put the amount of wood harvested and grown in Tennessee into perspective. Statewide, total volume numbers for growth, mortality and harvest are divided by the number of people who reside in Tennessee, such that these volumes are expressed on a per person basis. I usually carry around one board foot (12 inches long by 12 inches wide by 1 inch thick) as a visual aid.

### Tennessee's Wood Budget (Statewide Totals Per Year)

	<b>Million Board Feet</b>	<b>Board Feet Per Tennessean</b>	<b>Percent of Growth</b>
Growth	5,470	943	
Natural Loss	979	169	18%
Harvested	2,302	397	42%
Surplus	2,189	377	40%

\* Based on the 2002 adjustment of the 2000 Census for Tennessee (5.8 million people)

\* Volume Statistics from 1999 USDA Forest Service Forest Inventory Analysis for Tennessee

Based on the table above about 42 percent of the annual growth is harvested and 18 percent of the annual growth naturally dies in the forest. Trees do die! Thus, net growth (total growth minus mortality or natural loss) exceeds timber removal by a ratio of almost 2 to 1, i.e., twice as much timber is being grown on a volume basis than is being harvested annually.

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## **Timber Sellers Quiz**

*Wayne K. Clatterbuck, Associate Professor, Forest Management and Silviculture*

The phone rings or there is a knock on the door. A man identifies himself as a timber buyer/logger who is working nearby and has noticed that you have some nice timber. He has taken the liberty of walking your woods. He asks: "Would you accept \$10,000 for your timber?" Ten thousand dollars! Heck, I didn't think it was worth anything. Ten thousand dollars right out of the blue. What a lucky day!



Before you get too excited, slow down and ask yourself a few questions. Be completely honest, and if you answer any of these questions with, "I don't know," the deal is likely to bring less money than is potentially possible. One "I don't know" answer means you should seek more information. To maintain control of the sale of timber and how the timber might be harvested, the services of a professional forester are recommended.

1. **How many trees will be cut?**  
Don't know \_\_\_\_\_ 20 \_\_\_\_\_ 200 \_\_\_\_\_ 2000 \_\_\_\_\_
2. **How many board feet will be cut?**  
Don't know \_\_\_\_\_ What is a board foot? \_\_\_\_\_ 10,000 \_\_\_\_\_ 100,000 \_\_\_\_\_
3. **How much is my timber really worth?**  
Don't know \_\_\_\_\_ \$10,000 \_\_\_\_\_ More than \$10,000 \_\_\_\_\_
4. **How and when will I get paid for the timber?**  
Don't know \_\_\_\_\_ Before timber is cut \_\_\_\_\_ As timber is cut \_\_\_\_\_  
After timber is cut \_\_\_\_\_ Maybe never \_\_\_\_\_
5. **Will they remove the lower-valued hickory, elm, locust, beech, red maple, etc., or will they only take the higher-valued oaks, walnut, and yellow-poplar?**  
Don't know \_\_\_\_\_ Everything marketable \_\_\_\_\_ High quality only \_\_\_\_\_
6. **He said they would not ruin the woods by only cutting trees 15 inches and larger. Fifteen inches measured where?**  
Don't know \_\_\_\_\_ Ground level \_\_\_\_\_ Breast high \_\_\_\_\_ Top of butt log \_\_\_\_\_
7. **If the logger or one of his crew members is injured or killed, who is responsible?**  
Don't know \_\_\_\_\_ My liability insurance \_\_\_\_\_ His insurance company \_\_\_\_\_
8. **Does the logger and crew have insurance? Are they covered by Workman's Compensation?**  
Don't know \_\_\_\_\_ No insurance \_\_\_\_\_  
They supplied written proof of insurance \_\_\_\_\_
9. **Who fixes the rutted roads, farm lanes, ruined fences or pulls tree tops back out of the crop fields, pastures and/or creeks?**  
Don't know \_\_\_\_\_ Logger does after sale \_\_\_\_\_  
Security deposit to cover such damages \_\_\_\_\_
10. **If the logger says he will do all of the above, will he let me hold a security deposit to insure my property will not sustain excessive damage?**  
Don't know \_\_\_\_\_ No written arrangements \_\_\_\_\_
11. **How long will they be on my land? (And have a right to cut timber.)**  
Don't know \_\_\_\_\_ 1 month \_\_\_\_\_ 1 year \_\_\_\_\_  
Assumed it would be immediately \_\_\_\_\_
12. **Is the money I receive from my timber sale taxable?**  
Don't know \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ Maybe \_\_\_\_\_

Assuming you answered “I don’t know” to one or more questions, you should find the following information very valuable. The use of a professional forester can be a real bargain and asset.

Based on the answers to **questions 1-5**, trees should be marked by a professional. Each saleable tree (mature, overmature, damaged/defective) is measured and tallied for diameter and merchantable log lengths by species and grade and paint-marked on the trunk and the stump. By marking trees, the forester controls the sale and sells the trees which have reason to be harvested, as opposed to the logger taking what he wants and often leaving all the poorer quality trees. After marking the trees to be sold, the forester tallies the board-foot volume in the marked trees by species and grade. With this information the forester can make a very accurate evaluation of sale value. The marked timber is usually then sold by sealed bids to the highest bidder. There are many good timber buyers/loggers who are interested in buying timber at a fair market value and performing a good job of logging. By knowing the value of your saleable timber and having a good timber sale contract, chances are good that your timber sale will be a positive experience.

Always get your full payment prior to allowing any harvesting (question 4). Selling timber on shares or percentage, which is always a cut now, pay later situation is not recommended. Always know the true and fair value of your timber prior to selling.

Most timber is measured at breast height (dbh) or 4.5 feet above the ground (question 6). However, some loggers may mean 15 inches measured at ground level. Since all trees flare out at ground level, the diameter measurement is lower at dbh, and thus smaller diameter trees can be harvested. Woodlots are practically clearcut when loggers cut the small trees at ground level where the stump is largest. A diameter limit cut is very rarely used by professional foresters because it usually results in “high grading” or cutting only the best timber. A low (example 15”) diameter limit may also jeopardize future high quality and high value growing stock trees.

**Questions 7 and 8** can be covered by a Certificate of Insurance from the logger or by a good timber sale contract. A forester will have a good contract protecting both the seller and buyer. Selling timber on shares using only the logger’s contract or a verbal agreement can put you, the landowner, at great financial and liability risk.

**Questions 9 through 11** are part of the timber sale contract. A security or damage deposit is often used to insure access roads, fences, cropfields and pastures are left in original condition after the logging is complete. If the logger completes the work properly as most will when a good timber sale contract is used, the security/damage deposit is refunded to the logger..

**Question 12** refers to an often overlooked situation. Since producing timber is a long-term investment, the IRS allows timber volumes to be “depleted” as timber is harvested from the property. The amount calculated to be the value of the timber when you purchased the property is known as the “timber cost basis.” A professional consulting forester can establish through an inventory procedure, your personal “timber cost basis.” You are then entitled to subtract the value of any timber sales sold from the timber cost basis until it is entirely depleted. The term “depletion allowance” is used to describe this calculation. Taxes on your timber sale proceeds are charged on the revenue that exceeds the balance in the depletion account. Consulting a professional forester and a qualified accountant will help you assess your tax situation.

If you took the quiz, please look at your answers again! Do you still feel comfortable taking the first offer for your timber? Contact a professional forester to help you sell your timber and obtain the best dollar value for your timber. The dollar value of their services is likely to exceed many times the amount of their fees. Be informed and ask questions. Your trees and your land are your responsibility. Make sure that you are informed about all the aspects of selling timber.

For more information contact: *Wayne Clatterbuck at 865-974-7346 or*  
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### **Sterilization of Wooden Pallets**

*Adam Taylor, Assistant Professor, Wood Products Management*

Recent outbreaks of exotic insects such as the Asian longhorned beetle and the emerald ash borer in the United State have heightened concern over the movement of pests between countries. One response has been the development of an international standard to ensure that wood packaging materials are free of harmful organisms. In 2002, the International Plant Protection Convention (IPPC) created ISPM 15, a standard covering the sterilization of wood packaging materials using heat treatment or methyl bromide fumigation.

ISPM 15 is about to be implemented by countries around the world. The European Union will begin enforcement of the standard on March 1, 2005. The United States will require treatment of imports starting September 15, 2005. China has announced its intention adopt the phytosanitation standard, although no date has been set.

The IPPC standard applies to hardwood pallets and Tennessee is a major producer of wooden pallets and pallet lumber. It is too soon to tell how much the new international standards will impact the industry in Tennessee; however it is likely that the industry will need to add lumber treatment capacity, especially as more and more goods are moved around the world in the new global economy. Not all pallets will require treatment: Pallets used produced and used within the United States, and those exported to Canada, will be exempt from the standard.

Companies seeking to provide pallets treated in accordance with ISPM 15 must be registered and inspected by authorized certification agencies. As with lumber grading, sterilized wood must display a stamp that shows that it has been properly treated. The National Hardwood Lumber Association, based in Memphis, is an authorized heat treatment certification agency. The National Wooden Pallet & Container Association (NWPCA) directs methyl bromide fumigation accreditation. Currently, there are approximately 1500 accredited companies producing 0.5 billion board feet of heat treated or fumigated wood materials in the United States.

Producers estimate that sterilization treatments cost approximately \$1.00 to \$1.50 per pallet. Because of this added production expense, many companies have been reluctant to invest in heat-treating capacity until the regulations were implemented. The coming enforcement of the ISPM 15 standard will force many producers to commit to a phytosanitation program so that they can compete in the global marketplace. Despite the added costs of treatment, wood pallets will be cost competitive and, in most cases, Tennessee hardwood will continue to be a superior material for making pallets.

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