

TREELINE

NEWSLETTER OF THE NORTH CAROLINA FORESTRY ASSOCIATION

NCFA AND NC SFI SIC TO PARTNER ON SUSTAINABLE FORESTRY EXPERIENCE

The NCFA and the North Carolina SFI State Implementation Committee will partner to plan and host three installments of the Sustainable Forestry Experience (SFE) in 2016 with stops on the coast, piedmont and mountains.

North Carolina State University, which had been one of the program's valuable partners in previous years, has decided to step away from the program.

"We appreciate all of the efforts over the years by our membership, our staff and our partners that went into creating one of the state's most unique learning experiences for our teachers," stated NCFA Executive Vice President Pryor Gibson.

"Adding another program last year was exciting and the 2016 curriculum will have many new, exciting features," stated Gibson. "With continued input from our Education Committee, our sponsors and hosts, and the NCSFI committee; we will continue to improve, adapt and strengthen the program going forward. Our membership and partners are proud to have one of the nation's best programs. We are really excited about next year."

The Sustainable Forestry Experience is a multi-day residential program that demonstrates all elements of forestry in North Carolina through in depth tours of forests, types of forestry, and wood products facilities. In addition, teachers earn valuable CEU credits (18-25 credits). The dates for next year have been established and are as follows:

Coastal	Mountain	Piedmont
New Bern	Asheville	Southern Pines
June 20-23, 2016	June 27-30, 2016	July 19-22, 2016

(continued on page 3)



(right) Carl Parton leads a tour of Parton Lumber Company during the mountain Sustainable Forestry Experience.



The top class out of 18 classes in competition at the NCFA's Forestry & Environmental Camp last week was Ms. Arroyo's group from Roland Grise. For their efforts, the students earned a pizza party and one-year of bragging rights as they were awarded the new traveling Forestry Camp Cup Trophy. NCFA Education Committee Chair Lori Worley (far left, top row) presented the trophy to Ms. Arroyo (far right) and her students.

MURRAY AND ROLAND GRISE ENJOY FORESTRY CAMP COMPETITION

The NCFA's Forestry & Environmental Camp taught close to 600 students in November at Hugh McRae Park in Wilmington. The first four days of the camp focused on course work and field activities covering Dendrology, Land Measurement, Tree Measurement, Forest Products and History, Ecology and Silviculture. The students were put to the test on what they learned earlier in the week on Friday in a series of competitions.

The NCFA would like to thank all of its camp volunteers who made the camp so successful. A special **THANK YOU** goes out to Tonia Burger, the NCFA's 2015 Educator of the Year, for being such a terrific resource for this camp. Tonia might have managed to teach at least one of each of the disciplines during the week! ■



Neal Lofgren teaches land measurement.



Mitchell Brendle guides a group of students during tree measurement class.

Brett Anderson
 Mitchell Brendle
 Scott Brewer
 Ben Burger
 Tonia Burger
 Davis Burton
 John Cecil
 Brian Council
 Jim Durham
 Chuck Daniels
 Tony Doster
 Randle Faulk
 Nate Farrior

Brandon Garner
 Chris Garrison
 Kent Godwin
 Mary Beth Hanson
 Travis Hughes
 Gail Johnson
 Mark Justice
 Lauren Killian
 Josh Lea
 Neal Lofgren
 Percy Lunsford
 Larry Maloney
 Milton Malpress

Tony McNeil
 John Newton
 Ryan Norris
 Allen Plaster
 Frank Rackley
 Colin Shaw
 Scott Smearman
 Hunter Sykes
 Dale Strickland
 Robbie Taylor
 Phil Welch
 Dale Whetzel
 Lori Worley

NORTH CAROLINA FORESTRY ASSOCIATION

EXECUTIVE COMMITTEE

Ray Allen <i>Chair of the Board</i>	Scott Brewer <i>Eastern VP</i>
Frank Rackley <i>President</i>	Boyd McLaurin <i>Piedmont VP</i>
Marshall Thompson <i>President Elect/ Treasurer</i>	Patrick Parton <i>Western VP</i>
Bernard Rose <i>First Vice President</i>	Michael Walters <i>Chair of the Board Forestry Mutual</i>

BOARD OF DIRECTORS

David Ashcraft	David Lane
Bob Bardon	Kenneth Lin
Billy Barnette	Robin Little
Scott Bissette	Chris Logan
Scott Brewer	Jim Long
Doug Burleson	Parker Lumpkin
Kenny Cain	Charlie Marshburn
Mark Church	Keith McCollum
Billy Cipriani	Boyd McLaurin
Greg Connor	Stephen Newcomb
John Culp	Wib Owen
Greg Decker	Patrick Parton
Tony Doster	Allen Plaster
Rob Elliot	Fay Raynor
Bruce Evans	Jim Reavis
Ashley Faircloth	Riddick Ricks
John Fletcher	Hans Rohr
Jeff Hanks	Bernard Rose
Fred Hardin	Jack Swanner
Dennis Hazel	Jaime Teel
David Henderson	Marshall Thompson
David Hendrix	Nancy Thompson
Brad Howard	Mark Vollinger
Perry Hunt	Michael Walters
Tom Inman	Mary Watzin
Jimmy Jackson	Aaron Welch
Charles Jones	Allen Whitesell
Robert Jordan	Lori Worley
Charles Kenley	

SUBMIT NEWS TO THE NCFCA

TreeLine is the monthly newsletter of the NCFCA. News items should be sent to Chris Brown at cbrown@ncforestry.org or by calling (800) 231-7723 ext. 3.

The NCFCA is the state's oldest forest conservation organization, consisting of 4,000 members with ties to forestry and the forest products industry. A private, non-profit organization, the NCFCA promotes healthy, productive forests by supporting the efforts of landowners, the forest products industry, and related groups that responsibly manage and/or use forests. ■

POLITICAL NEWS & REGULATORY ISSUES

TRUCK SAFETY ACT AMENDMENT COMES UP SHORT IN WASHINGTON, D.C.

The NCFCA strongly supported the addition of the Truck Safety Act Amendment to the Surface Transportation Reauthorization and Reform Act (STRR) of 2015 that was being debated in early November in Congress. Congressman David Rouzer was one of the principle sponsors of the amendment. Unfortunately, the amendment came up 40 votes short. In addition to asking its membership to reach out to their elected official in Congress through an e-mail alert, the NCFCA's Executive Vice President Pryor Gibson reached out to each congressional office in support of the amendment.

The amendment would have given states the option to set Interstate highway weight limits of up to 91,000 pounds. For more than 30 years, the federal vehicle weight limit has been set at 80,000 pounds. In North Carolina, forest products trucks are already afforded a 10,000 pound weight tolerance, meaning forest products truckers can currently carry 90,000 pounds on any state road. Since the federal law has been stuck at 80,000 pounds for the past 30 years, forest products truckers such as log trucks, chips, etc., with a legal load of less than 90,000 pounds may only travel on state roads.

This often puts a forest products trucker on a longer route to his/her destination rather than a direct path on a federal highway may afford. In some cases, the weight restriction on federal highways forces a forest products trucker to travel on a smaller state road that may weave through local communities whereas he/she could be on a federal interstate, saving time and providing a safer route.

Even though the amendment failed this time, the NCFCA will continue to support giving the state the ability to match the truck weight tolerance allowed on state roads to federal highways. This is a move that would not only make the trucking of forest products more efficient, it would make it safer. ■

EARLY REPORTS SHOW THAT SEVERAL VETERAN LAWMAKERS WILL NOT BE SEEKING RE-ELECTION

There are reports that several current members of the North Carolina General Assembly will not be seeking re-election in 2016. The date for individuals to file for candidacy for public office is December 1st and concludes on December 21. After this date, the list of candidates for each district will be established.

Turnover in the General Assembly always poses a challenge since many of the members leaving office have been supporters of forestry, the forest products industry and rural economies in general.

The NCFCA will continue to monitor the filings of veteran and newcomers throughout December. ■



(l-r) Representative Roger West, Pryor Gibson, Steve Henson and Chris Logan pose for a photograph during the NCFCA's Forestry Day in the Legislature. West is one of the veteran lawmakers to recently announce he will not be seeking re-election.



(center) NCFCA Distinguished Service Award Winner Larry Harris was joined by a sampling of his co-workers from Jordan Lumber and Supply Company at the NCFCA's Annual Meeting.



Logan, Garrett and Amanda Crisp unveil the Memorial Stone in honor of their father and husband Officer Crisp. The stone that holds the plaque came from the Grandfather Ranger District in the Pisgah National Forest.

USFS RENAMES STATION IN HONOR OF JASON CRISP

The U.S. Forest Service ranger station in the Pisgah National Forest within the Grandfather Ranger District in Nebo, North Carolina was renamed the Jason Crisp Forest Service Building during a ceremony on Nov. 10, 2015. U.S. Forest Service Officer Jason Crisp and his K-9 partner, Maros, lost their lives while on a manhunt in pursuit of a homicide suspect on March 12, 2014.

His widow, Amanda Crisp, his two sons, Logan and Garrett, other members of the Crisp family, more than 80 State, County, Forest Service, Federal law enforcement officers along with Forest Service officials from Asheville and the Region 8 Headquarters in Atlanta, and Congressional members attended the building dedication.

"This building will stand in honor of a selfless servant who answered the call and paid the ultimate price," said Congressman Mark Meadows, who introduced legislation to rename the Forest Service building. "People who come to this building who didn't know him can be told what type of person he was. Thank you to the Crisp family for allowing us to be part of your life."

Officer Crisp was killed in Burke County, North Carolina. He had previously served as a part-time and later fulltime deputy with the McDowell County Sheriff's Office before joining the Forest Service in 2004. ■

Sustainable Forestry Experience...(from page 1)

The costs for the entire week of lodging and food is only \$50. Teachers may request registration vouchers from NCFA members in their community.

The goal is to have 40 participants at each location. Registration for the program is first-come-first serve basis based on qualifications. Top priority is given to those teachers from urban counties and/or involved with a science curriculum but all teachers interested in learning more about forestry and the forest products industry should apply. Registration details are online at www.ncforestry.org under the Teachers tab.

The Sustainable Forestry Experience allows teachers to get a hands-on view of the forest products industry and NCFA members have been great hosts over the years!

For more information on the program or registration, please contact Eddie Reese at the NCFA (919) 834-3943 ext. 2 or at ereese@ncforestry.org. ■

TAX TIPS FOR FOREST LANDOWNERS FOR THE 2015 TAX YEAR

by Dr. Linda Wang, National Timber Tax Specialist, U.S. Forest Service

Federal income tax laws can influence a private woodland owner's financial decisions about land management. Yet, special favorable tax provisions on timber that are intended to encourage private forest management and stewardship are commonly unknown. To help woodland owners in filing their 2015 tax returns, this publication explains the federal income tax laws on timber. The information is not legal or accounting advice. It is current as of September 30, 2015.

Timber Property Classifications

For tax purposes, a woodland property may be classified as an investment, business or personal-use property. Tax deductions and losses that are allowed for investment or business properties may be limited or denied for personal-use property. So the classification is important in that the tax treatment on each type of property differs widely. If your primary purpose of owning land is for personal enjoyment (such as fishing and family retreat), your property may be taxed as personal-use property. In contrast, if your primary purpose of land ownership is for making a profit from growing timber, your timber may be taxed as an investment property or a business when such profit-seeking timber activities are more regular, active and continuous than an investment. Which status applies depends on the specifics of each case. The IRS presumes a profit motive if profit is realized in at least 3 of the past 5 years. Such profit, however, includes expectation of future profit from the appreciation of asset.

Example 1: Mr. Smith sold timber for \$20,000 profits in 2015. He replanted the land with loblolly pines. He treats his woodland property as an investment.

Basis and Depletion Deduction

Timber basis. Basis is the cost of the timber to the owner. You may deduct it from timber sales, which reduces the tax due on the sales. To establish the timber basis, find

out how the property was acquired. 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 (FMV) on the decedent's date of death. If you receive the timber as a gift, the timber basis is the lower of its FMV or the donor's basis.

Example 2: Mrs. Anderson inherited forest land a year ago but didn't establish the timber basis. A consulting forester provided a retroactive professional appraisal on her timber value on the date of the decedent's death, which established her timber basis.

Depletion. Depletion is a deduction against timber sale.

Example 3: Mrs. Anderson sold 600 cords of pulpwood. She took depletion deduction of \$6,000 (\$10,000 of total timber basis ÷ 1,000 cords of total volume x 600 cords of timber sold).

Timber Sales

Sale of standing timber. Sales of standing timber held as an investment for more than 1 year qualify for long-term capital gain, which is taxed at advantageous lower tax rates than ordinary income. Sale of inherited timber is considered long-term. Report the sale of standing timber held as an investment on Form 8949 and Schedule D.

Both outright sales and pay-as-cut sales of standing timber by a business qualify for long-term capital gain (Sec. 1231 gain) after the timber has been held for more than 1 year. Report the sale of standing timber held for business use on Form 4797 and Schedule D. If you sell timber outright in a



Linda Wang was one of the speakers at the NCFA's 2015 Annual Meeting.



SLTC COMMITTEE MEETS AT DRAKE LANDING



The NCFA's Safety, Logging and Transportation Committee met last week at Drake Landing to complete a wrap-up of the Mid-Atlantic Logging and Biomass Expo, address the Special Emphasis Program by the North Carolina Department of Labor, and preview ProLogger course schedules for 2016.

Jack Swanner, with the Carolina Loggers Association, thanked the members of the committee for their assistance with the Expo. While the final numbers are being tabulated, Swanner stated that this year's show was the best attended in terms of exhibitors and spectators. Revenues from the show will reflect that as the partnership of the Carolina Loggers Association, Hatton-Brown Publishers and the NCFA will share the proceeds. Swanner believes the show will return to the same area in 2017.

The SLTC also discussed the "Special Emphasis" designation that the NC Department of Labor maintains on the logging category. This designation mandates that any North Carolina Labor Enforcement Staffer must stop at a logging job when it is discovered. Members of the committee made the point that North Carolina's safety record is better than many of its neighboring states and that those states do not have a "Special Emphasis" tag. The committee voted to submit a letter to the North Carolina Department of Labor to ask for a meeting to discuss a pathway towards downgrading the designation to a "Maintenance" emphasis.

The SLTC also set a rough timetable for its base ProLogger courses. The committee is looking to hold a course in Brasstown, NC in the first quarter followed by courses in Whiteville, NC in the second quarter and in Troy, NC in the third quarter. The final dates will be finalized in the coming weeks. The SLTC also approved reducing the ProLogger base course down to a two full-day course. The proposal will now go to the NC SFI State Implementation Committee for its approval. ■

PROLOGGER MODULE 16 IS UNDERWAY

The annual training module for 2015-2016 is Module 16. The topics include Logging Costs Analysis, Biodiversity, Truck Safety and PPE. The run time for the DVD is two hours and 19 minutes. The class will be scheduled throughout the state at local facilities and community colleges. If you are hosting a class, please send the details and flyer to Chris Brown at cbrown@ncforestry.org. ■

Date	Time	Location
2/9/16	5:00 p.m.	DTOC Building, Domtar - Plymouth, NC
4/12/16	5:00 p.m.	DTOC Building, Domtar - Plymouth, NC



(right) David Johnson with Weyerhaeuser led a Module 16 class in Winston-Salem in November.

FORESTRY MOURNS THE LOSS OF RICH

Robert Lee Rich of Garland passed away on Tuesday November 10, 2015 at the age of 89. Rich was the president and sole owner of Robert L. Rich Timber Harvesting.

Rich started his company with help of his wife, Frances, after his honorable service to this country was completed over 60 years ago. A terrific ambassador for the timber industry, Rich has successfully shaped landscapes while making countless friendships.

Rich's two sons and a grandson will continue the legacy of being committed to quality work! ■



PELLET IMPACT STORY AIRS ON WUNC

Reporter Dave DeWitt with WUNC produced the following story, *The Wood Pellet Industry In NC: Economic Boon or Climate Disaster?*, in November. You can see and hear the story online at <http://wunc.org/post/wood-pellet-industry-nc-economic-boon-or-climate-disaster#stream/0>

DeWitt spent two hours at the NCFA office in preparation for the story with the NCFA's Executive Vice President Pryor Gibson learning more about the production of wood pellets, the forest products industry and the economic pressures on private forest landowners. ■

FORESTRY LICENSE PLATES AVAILABLE

In recognition of the importance of forestry in North Carolina and the state's status as the birthplace of



professional forestry in the United States, the North Carolina General Assembly maintains a special "First in Forestry" license plate.

\$20 of the \$30 fee collected for each plate goes to forestry education programs in the state. The plates are available for purchase from the North Carolina Division of Motor Vehicles online and at offices located throughout the state. ■

NCFS ALERTS NCFA MEMBERS ABOUT CHANGE IN NEUSE-TARPAM BUFFERS ALONG COASTAL MARSHES

The North Carolina Forest Service would like to remind NCFA members that there has been a slight modification in the Neuse-TarPam buffer rules. The change only applies in the 20 coastal zone "CAMA" counties of North Carolina. Thanks to Tom Gerow with NCFS for sharing this information!

The Neuse River Basin Riparian Buffer Rule and Tar-Pamlico River Basin Riparian Buffer Rule were modified by the General Assembly, in Session Law SL2015-246. The change went into effect on October 1, 2015. With this modified language, the Zone 1 of each buffer rule now starts at the "most landward limit of the normal high water level or the normal water level, as appropriate". The old rule language previously stated that the buffer rule zone 1 started at the transition point where the coastal marsh came up to the edge of dry land. Now, the buffer rule zone 1 can include the actual coastal marsh as part of the buffer, depending upon the water levels.

The new language is cited below, from the Session Law.

SECTION 13.3.(a) As used in this section, "coastal wetlands" means any salt marsh or other marsh subject to regular or occasional flooding by tides, including wind tides, whether or not the tidewaters reach the marshland areas through natural or artificial watercourses, provided this shall not include hurricane or tropical storm tides.

SECTION 13.3.(b) For purposes of implementing 15A NCAC 02B .0233 (Neuse River Basin: Nutrient Sensitive Waters Management Strategy: Protection and Maintenance of Existing Riparian Buffers) and 15A NCAC 02B .0259 (Tar-Pamlico River Basin: Nutrient Sensitive Waters Management Strategy: Protection and Maintenance of Existing Riparian Buffers), Zone 1 of a protective riparian buffer for coastal wetlands shall begin at the most landward limit of the normal high water level or the normal water level, as appropriate.

SECTION 13.3.(c) The Environmental Management Commission shall adopt temporary rules to amend its rules consistent with this section.

SECTION 13.3.(d) This section becomes effective October 1, 2015.

SECTION 13.4.(a) The Environmental Management Commission shall amend its rules for the protection of existing riparian buffers to provide for the case-by-case modification of the requirement for maintaining woody vegetation in the riparian buffer area upon a showing by a landowner that alternative measures will provide equal or greater water quality protection. ■



HARDWOOD CHECKOFF PROGRAM DISCUSSION TERMINATED

After two years of discussion and several revisions, the United States Department of Agriculture has decided to terminate the Hardwood Lumber and Hardwood Plywood Promotion, Research and Information Order program proposal, which was commonly referred to as the Hardwood Checkoff Program.

The Hardwood Checkoff program would have funded a marketing program through assessments of mills across the nation.

The USDA terminated the proposal because of critical public comments, lingering and substantive questions and significant proposed modifications from key stakeholders over the past year.

The program was first proposed back in 2011 by the Blue Ribbon Committee, a group of 14 hardwood lumber and hardwood plywood industry leaders representing small and large manufacturers in the U.S. The rule was first published in the Federal Register on Nov. 13, 2013, and a comment period was opened. More than 900 comments were submitted with the majority being opposed the program. Over the last two years, there have been modifications to the original proposal but the program never found favor with the majority of the mills that it would impact. ■

FOREST MANAGEMENT COMMITTEE MEETS AT NCFA

The NCFA's Forest Management Committee met on Tuesday to set a direction for the committee in 2016. Traditionally, the Forest Management Committee has played an important role of providing insight and recommendations on issues impacting forestry and the forest resource in North Carolina. The original concept for the current Working Lands Trust was forwarded from discussions by the Forest Management Committee.

Tony Doster has stepped forward to serve as the new chair of the committee.

"It was important to bring this group together before the end of the year and establish some goals and priorities," stated Doster. "We hope to identify some top issues and provide input to the NCFA's Board of Directors on a regular basis. Today's meeting was a good first step."

Doster reached out to previous committee members and new individuals to join the committee.

The committee set forth four schedule dates for 2016 - January 21, 2016; April 19, 2016; July 21, 2016 and September 20, 2016. ■

LANDOWNER PARTICIPATION NEEDED FOR SURVEY

The Warnell School of Forestry and Natural Resources is conducting a study on what non-industrial private forest landowners (NIPF) view regulations as pertaining to endangered species. Survey responses will shape policies to fortify private property rights. All surveys are anonymous and confidential.

If you would like to participate, you can go online at https://ugeorgia.qualtrics.com/jfe/form/SV_3XmREFEbl4NLUvH to take the survey.

If you have any questions about this research project, please contact Lauren K. Ward at lkward@uga.edu or Gary T. Green at gtgreen@uga.edu. ■

MINORITY WORKSHOP HELD IN ROANOKE RAPIDS

The Sustainable Forestry and African American Land Retention Project and University of Mount Olive Agribusiness Center combined efforts to present a workshop entitled, Sustainability and Transition of Forestland in North Carolina. The workshop is designed to reach out to landowners with information on topics such as estate planning, easements, leases, and tax implications.

The program was directed by Alton Perry, who is a Forest Management-Land Retention Consultant with the Roanoke Electric Cooperative.

"It's all about providing information to landowners who might not be connected with a forestry club or organization," stated Perry. "Bringing landowners together with our speakers and forestry professionals is the first step towards creating more awareness in the community about assistance programs and various strategies to keep our private forests healthy and productive. We were really pleased with the quality of our program, the response from our industry partners, and the turnout we received from the landowners." ■



Tax Tips...(from page 3)

business, you also are required to file Form T unless you only have an occasional timber sale (see "Filing Form T" below).

Example 4: Your consulting forester advised an improvement cutting and estimated that there were 800 cords that should be sold. The highest bid was \$30/cord. You signed the contract for sale of standing timber owned as an investment. You report a capital-gain on Schedule D and Form 8949.

Sale of products cut from timber held for use in a business. If you cut your own timber or have it cut by a contractor working at your direction, either for sale or for use in your business, the gains are ordinary income unless you elect to use sec. 631(a) on Form T, Part II.

Example 5: You paid a contractor \$2,000 to cut standing timber held for business use for over 1 year into logs and you sold the cut logs to a mill for \$30,000. The FMV of the standing timber was \$23,000 on Jan. 1 and your basis in it was \$1,000. If you elect to use sec. 631(a) on Form T, report a \$22,000 long-term capital gain (\$23,000 FMV - \$1,000 basis) on Form 4797 and Schedule D, and \$5,000 of ordinary income (\$30,000 sale price - \$23,000 FMV - \$2,000 contractor fee) on Schedule C. If you fail to make the election, all \$27,000 profit is ordinary income.

Net Investment Income Tax

For taxpayers meeting income threshold, investment timber sales and passive business timber sales are subject to a 3.8 percent net investment income tax, effective January 1, 2013. This 3.8 percent tax, enacted as part of the 2010 healthcare reform law, applies only to single taxpayers with adjusted gross income ("AGI") over \$200,000 or couples with over \$250,000 AGI. "Material participants" in timber business are not subject to this tax.

Example 6: Husband and wife's adjusted gross income is \$260,000, including a \$50,000 capital gain from their investment timber sale. The timber gains of \$10,000 (the lesser of the excess of their adjusted income of \$260,000 over the \$250,000 threshold or the capital gains of \$50,000) are subject to the 3.8 percent tax (\$380 tax), in addition to the capital gain tax on the sale.

Installment Sales

An installment sale involves receiving one or more payments after the year of sale, allowing you to defer tax by spreading your gain over 2 or more years. Interest is charged on deferred payments.

Example 7: You sold timber for \$10,000 (\$8,000 after deducting timber depletion and sale expenses) in 2015. Your gross profit percentage is 80 percent ($\$8,000 \div \$10,000$). The buyer paid you \$5,000 in 2015 and will pay the remaining \$5,000, plus interest, in 2016. Report a \$4,000 gain ($\$5,000 \times 80\%$) for 2015, using Form 6252.

Timber Management Expenses

Timber management expenses may include fees to a consulting forester; cost for competition control; the expense for insects, disease and fire control; pre-commercial thinning or firebreak maintenance. Investment timber owners may deduct expenses on Schedule A, but they are subject to a 2 percent of adjusted gross income reduction. Business timber owners who are "materially participants" deduct them in full on Schedule C. Property taxes are deductible.

Reforestation Costs

Taxpayers (except trusts) 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. Qualifying costs include the direct costs to plant or replant a stand including natural regeneration.

Example 8: You spent \$17,000 to reforest after a harvest. Deduct \$10,000, plus 1/14th of the remaining \$7,000 (\$500) on your 2015 tax return. Deduct 1/7th of the \$7,000 (\$1,000) on your returns for 2016-2021 and the last 1/14th (\$500) on your 2022 return. If you qualify as an investor, take the \$10,000 deduction as an adjustment to gross income on the front of Form 1040; if you hold your forest land for business use, take it on Schedule C. Elect to amortize and take amortization deductions on Form 4562, Part VI.

Depreciation and Sec. 179 Expensing

Depreciation is a tax deduction that is based on the cost (basis) of assets used, such as those for machinery, computers, cars, vans, logging equipment, bridges, culverts, fences, temporary roads or the surfaces of permanent roads. For example, light-duty truck and logging equipment are depreciated over 5 years.

Also, business taxpayers may deduct up to \$25,000 in the first year in qualifying property in 2015, subject to a \$200,000 phase-out and business taxable income limitation (sec. 179 expensing). Land is not depreciable.

Cost-share Payments

If you receive a cost-share payment from a qualified government program, you may exclude part or all of the payment from your income if the cost share is used in capital expenditure. Otherwise, it is ordinary income. Qualified federal programs include the Forest Health Protection Program (for southern pine beetle and mountain pine beetle), Conservation Reserve Program, Environmental Quality Incentives Program, Wildlife Habitat Incentives Program, and Wetlands Reserve Program (discontinued Feb. 7, 2014). 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 9: You received a \$3,900 cost-share payment from the Conservation Reserve Program and used it as capital expenditure for your 100-acre woodland. If you had no income from the property in the last 3 years, you could exclude up to \$4,798 ($(\$2.50 \times 100 \text{ acres}) \div 5.21\%$). The interest rate is from the Farm Credit System Bank. If you had \$6,600 of income from the property, you could exclude the entire payment: $(10\% \times (\$6,600 \div 3)) \div 5.21\% = \$4,222 > \$3,900$. Attach a statement to your tax return describing the program and your calculations.

Timber Casualty and Theft Losses

Loss of timber from a casualty—a sudden, unexpected and unusual event such as a fire or severe storm—may be deductible from your taxes. The deduction is the lesser of the decrease in FMV caused by the casualty or your basis in the timber block (the area you use to keep track of your basis). Similarly, a theft loss deduction is limited to the lesser of the decrease in FMV or your basis in the stolen timber. A competent appraisal usually is required.

(continued on page 7)

NEW MEMBERS

MEMBER.....	Sponsor	City
Benenhaley Hunt Club.....		Midland
Bradley, Marcus.....		Hobgood
Brentwood P.H. Church.....		Tarboro
Campbell Hunt Club		Wilkesboro
Clifford, Susan.....	David Henderson...	Park Ridge, IL
Colley Hunt Club.....		Raeford
Crow's Nest Gun Club		Nashville
Curtis, Kenneth Jr.....		Raleigh
Dean Hunt Club		Newland
Doggone Hunt Club		Lemon Springs
Dundee Estates LLC		Galax, VA
F K Borden Farm LLC		Goldsboro
Flat Fork Hunt Club LLC.....		Wadesboro
Gehman, Seth/Ryan Ebersok/		
Dan August.....		Mt. Joy, PA
Ground Nut Creek Hunt Club.....		LaGrange
Keisler, Clyde A Jr.....		Sanford
Killette Hunt Club.....		LaGrange
Maxwell, Mildred, Elizabeth Pelletier.....		Goldsboro
May, Matthew.....	Gail Johnson.....	Greenville
Meherrin River Forest Products.....		Alberta, VA
Mills, Terry.....		Vanceboro
Oak Grove Hunting Club		Whitakers
Peete, Greg		Richmond, VA
Poor Boys Hunting Club.....		Wendell
Riddle Hunt Club.....		Hope Mills
Shearin, John Phillip/Sandra Shearin/		
Julia Hall/Stephen Hall		Whitakers
Steve Phillips Hunt Club.....		Laurinburg
Stump Jump Hunt Club.....		Wilmington
Turner Hunt Club		Mount Ulla
Vick Land, LLC.....		Wilson
Ward, Mary		Frederick, MO

Tax Tips...(from page 6)

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, there is an exception for owners who only have an occasional timber sale, defined as one or two sales every 3 or 4 years.

Conservation Easement

You may take a deduction on qualified donation of conservation easement in 2015. Absent of new legislation extending the enhanced incentives, the deduction is up to 30 percent (vs. 50 percent or 100 percent if qualified by the enhanced provision from 2006 to 2014) of the taxpayer's AGI in a year. Any excess donation over the 30 percent limit may be carried forward to the next five years. ■



THE BIG PICTURE - BODY POSITION

by Bryan Wagner, Forestry Mutual

Now that the leaves are gone from the canopies, it is easier to see overhead hazards. With this type hazard reduced, we need to focus on body positioning. Simply put, if the body isn't in the "bad" place, it won't be injured there. A large part of the training on a manual job focuses around the chainsaw. Extreme risk is present during the felling and topping phase of these operations. To combat the risk associated with these activities, plans are taught as part of the curriculum. Do you use the "Five-Part Felling Plan"? Here is a quick refresher!



Bryan Wagner in action during a ProLogger base class.

1. Check for all overhead hazards. What's up there that could hurt me?
2. Determine the "side" lean of the tree. The weighted side of the tree is the "bad side". Do you limit your exposure on the bad side of the tree?
3. Escape!! Your escape shall be a 45 degree angle away from the direction of fall. Get as far away from the falling stem as possible. Keep your eyes to the sky!
4. Determine your hinge thickness. The hinge is your steering wheel while the tree falls.
5. Decide what type of back-cut you will use. The controlled-release back-cut is preferred since the tree isn't moving while being cut.

After this refresher, did you realize that 4 of the 5 parts of the felling plan directly relate to the body's position? The limbing and topping plan works in the same manner. By abiding to these step by step plans, great risk is avoided. Safety issues effecting both mechanized and manual operations must include safe working distances. Again, this is a body position subject!

- No one is allowed within two tree lengths of any felling operation.
- Proper distance is to be observed around skidding activities.
- Skidders shall not enter the "safe zone" of ground personnel.
- High visibility clothing shall be worn.
- Be aware of "blind spots" on mobile logging equipment. Body position is very important at the deck or landing area. Remember, this is a very busy place! There are a lot of activities happening in a limited space area.
- Never walk under anything that could fall on you, this includes equipment and processed timber.
- Avoid walking on log piles. Don't place yourself near something that could roll on you.
- Drivers should exit the truck before loading. Drivers should remain in a "safe area" until the truck is loaded.
- Avoid "pinch points". A major pinch point is between the loader and the log truck. Pull away from the loader before strapping down.
- Never stand "in-line" to a buck saw. The buck saw shall be set pointing away from people and equipment.
- Be aware of "blind spots" in equipment.
- Wear high visibility clothing.

By looking at the *Big Picture*, a huge amount of risk can be avoided with any harvesting system. Always remember, if the body isn't in a bad place, it won't be hurt there! Be safe out there! ■

TREE LINE

DECEMBER 2015



Percy Lunsford was one of the terrific camp volunteers in Wilmington.

Sign up for the NCF's weekly e-mail newsletter by typing in your e-mail on the home page of www.ncforestry.org!

THE NCF A STAFF WOULD LIKE TO WISH ALL OF OUR MEMBERS A SAFE AND HAPPY HOLIDAY SEASON! WE APPRECIATE OUR MEMBERS' PARTICIPATION AND SUPPORT THROUGHOUT THE YEAR. WE ARE THANKFUL TO BE SERVING A MEMBERSHIP THAT IS RESPONSIBLE FOR CREATING OUR STATE'S TOP MANUFACTURING AND MOST ENVIRONMENTAL FRIENDLY INDUSTRY - FOREST PRODUCTS!

MEETINGS
Board of Directors
February 4, Raleigh, NC - NC Farm Bureau
Safety, Logging and Transportation Committee
February 3, Raleigh, NC - NC Farm Bureau
NC SFI State Implementation Committee
February 3, Raleigh, NC - NC Farm Bureau

North Carolina Forestry Association
1600 Glenwood Avenue
Raleigh, NC 27609



NON-PROFIT ORGANIZATION
U.S. POSTAGE PAID
Raleigh, NC
Permit No. 459