



The Dogwood Times

A Publication of the Tyler County Forest Landowner Association

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Tyler County Forest
Landowner Association

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Tax Tips for Forest Landowners for the 2015 Tax Year

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.

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East Texas Facts— *USDA(2015)*

- 25 Million Acres Total
- Nearly 50% is Timberland
- 12 Million Acres of Timberland in East Texas
- 92% of Timberland is Privately Owned
- 6 Million Acres belong to family forest landowners (or Non-industry Private Forests)

CALENDAR

January 16, 2016, 9:30AM— TCFLOA Board of Directors Meeting and tree farm tour. We meet at Fred and DeAnna Turner's cabin and tree farm located at 485 FM 256 (west of Woodville, 4 tenths of a mile south of US190). Look for the red flag. Association members are welcome to attend the meeting and tour.

April 3, 2016—Tyler County Dogwood Festival. TCFLOA will be giving out trees at our booth next to the courthouse.

April 2016—TCFLOA Spring Meeting. Date and time to be announced.

August 2016—TCFLOA Board of Directors Meeting and tour. Date, time, and tour arrangements to be announced. Association members are welcome to attend.

September 2016—TCFLOA General Membership Meeting. Agenda to be announced later.

October 2016—Texas Forestry Association Annual Conference, Nacogdoches, TX. More information later.



Websites of Interest



Texas A&M Forest Service Information Portal
<http://www.texasforestinfo.com>

National Timber Tax Website
<http://www.timbertax.org/>

Natural Resources Conservation Service – Texas EQIP Program Information
<http://www.nrcs.usda.gov/wps/portal/nrcs/main/tx/programs/financial/eqip/>

Learn More About Pollinator Habitat
<http://www.xerces.org/pollinator-conservation/agriculture/pollinator-habitat-installation-guides/>

Pipeline Safety in Tyler County

On Tuesday, October 27, 2015, John Cross, Senior Safety Representative for Energy Transfer Partners, presented the company’s Emergency Action Plan to the Tyler County Local Emergency Planning Committee. Energy Transfer has 150-160 miles of pipeline running primarily east-west through Tyler County. The Brookland Field Gathering facility in Jasper County is the largest facility in the area.

John detailed Energy Transfer’s steps to promote safety, but is keenly aware that in spite of those efforts, incidents can occur. A landowner who witnesses an incident should first move to safety and then call 911. Local responders are encourage to focus on grass and traffic at the perimeter of the event and to wait for expert personnel from Energy Transfer to attend to the incident itself. While there are no Energy Transfer personnel stationed in Tyler County, John said that Energy Transfer personnel can be onsite in Tyler County within 30 minutes to an hour. Dale Freeman, Tyler County’s outgoing Emergency Management Coordinator, confirmed that Energy Transfer personnel responded within 45 minutes to a minor incident and that was quickly resolved.

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Most pipeline incidents are caused by landowners accidentally hitting a pipeline while digging. Pipelines are initially buried deep, but erosion may change the terrain and leave the pipeline near the surface. John urged landowners to call 811 prior to digging so that the location of pipelines can be confirmed.

John also advised attendees to be observant when driving. If you notice a sudden mist on the windshield on a sunny day, quickly and safely drive out of the vapor cloud and then call 911. The mist may be evidence of chemicals escaping.

Flash Drought of 2015

You may have noticed a higher than usual mortality rate of seedlings and trees this summer. In discussions with members of the Texas Forest Service, they attribute the mortality rate to the unusual weather pattern this year. In the spring, we experienced constant rains that kept the ground saturated. This stressed the roots of the trees as they tried to adapt. This was followed by an abrupt absence of rain in the summer which further stressed the roots. The Texas Forest Service coined a new term for the phenomena – Flash Drought. Trees and seedlings planted in sandy soil were more severely impacted.

Rainfall Totals - Tyler Co. Emergency Management Weather Division

	September (inches)	October (inches)	November (inches)
Chester	1.77	6.37	6.82
Colmesneil (4E)	3.98	7.62	7.03
Spurger	2.77	12.36	7.92
Warren (5SSE)	3.63	6.25	5.81
Woodville	3.50	4.65	6.47

Note: When the official rain gauge is located outside the town, i.e., “(4E)” after Colmesneil, see above, means 4 miles east of town.



(Tax tips-continued from page 1)

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.

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

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 fire-break 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.

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.

To view the entire *Tax Tips for Forest Landowners for the 2015 Tax Year* fact sheet along with example situations and forms please visit <http://www.fs.fed.us/spf/coop/programs/loa/tax.shtml>

Texas Timber Sales Tax Exemption Renewal

Four years ago for the first time in Texas, forest landowners actively involved in timber farming and sales were offered an exemption on sales tax for qualified purchases. To receive the exemption you had to apply for a registration number from the Texas Comptroller of Public Accounts. The exemption is valid for four years, which means it is now time to renew before December 31, 2015, or your registration will be cancelled.

If you are actively involved in the operation of your forest land and do not now hold a timber exemption, you may consider doing so.

For more information about the ag/timber exemption, visit the Texas Comptroller of public Accounts website at www.comptroller.texas.gov/taxinfo/agriculture. You may also call their helpline at 1-800-252-5555.



Tyler County Forest Landowner Association Forest Ecology and Tree Identification—September 19, 2015

On Saturday, September 19, 2015, twenty-six attended the Tyler County Forest Landowner Association (TCFLOA) general meeting in Woodville, Texas. The program focused on Forest Ecology – especially that in East Texas – and tree identification.

Forest Vegetation Response to Disturbance Factors

Mike Oliver, State Forester, USDA, presented Forest Vegetation Response to Disturbance Factors. He showed slides that recorded the effects of natural occurrences such as fires, windstorms, flooding and ice storms. Other parts of the county may also experience earthquakes or volcanic eruptions and lava flows. Possible post-disturbance impacts include

- One species is favored over another.
- Dead plant material is consumed.
- New substrates (the surface on which an organism grows) are created.
- Nutrients are returned to the soil.
- Forest gaps and patches become very dynamic.

Biological diversity is dependent on disturbances. Many species depend on disturbances. For example, bald cypress and black willow seeds are transported to new locations by floating on water. Historically, the Carolina parakeet was the only bird known to transport these seeds, but the parakeet is now extinct. The longleaf pine likes fires. Understanding disturbances allows us to mimic them so that we can restore and manage ecosystems. Ecosystems recover from disturbances, but may be quite different – sometimes in ways that are desired.

Basic Tree Identification Techniques

Jacob Spivey, Texas A&M Agrilife, Tyler County Extension Agent, presented Basic Tree Identification Techniques. To identify a tree, one should observe the tree's form, habitat, bark and leaves.

The leaves are the most common ID tool. First determine if the leaves are simple or compound. A compound leaf, like the pecan, comes from a single lateral bud. Other characteristics are the leaf type and arrangement, its shape and form, the shape of its apex (outer tip), the details of its margins (edges), the shape of its base (where it attached to the tree), and finally, its arrangement (alternate, opposite or whorled).

Next observe the fruit or nut type. Pine trees have pine cones that vary significantly by species. The characteristics of the different pine trees typically found in East Texas are as follows:

Longleaf pines have needles that are clustered in 2's or 3's at the apex; the needles are 10"-18" long; and the cones are 6"-12" high.

Loblolly pines have needles that are clustered in 3s at the apex; the needles are 5"-10" long and the cones are 3"-5" high.

Slash pines have needles that are clustered in 2's at the apex; the needles are 5"-10" long; and the cones are 4"-6" high. The needles of a slash pine tend to be waxier and heavier than those of a loblolly pine.

Shortleaf pines have needles that are clustered in 2's at the apex; the needles are 3"-5" long; and the cones



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are 1.5"-2.5" high.

The longleaf and shortleaf pines are more draught resistant than the loblolly and slash pines. Texas A&M's Trees of Texas website <http://texastreeid.tamu.edu/> provides a wealth of information to facilitate tree identification.

Ecological Reconstruction of the East Texas Forests.

Ike McWhorter, Fire Ecologist, U.S. Forest Service, presented the Ecological Reconstruction of the East Texas Forests. In 1904, William Bray documented the forests of East Texas in Forest Resources of Texas. His documentation shows that much of Tyler County was covered in longleaf pines with a magnolia forest running east-west across the middle of the county. In 1935, a forest survey published in Forest Resources of Southeastern Texas by J. W. Cruikshank and I. F. Eldredge documented vast expanses of longleaf pine in both northern and southern thirds of Tyler County. (The ebook version is available free from Google Books.)

Another historian of Tyler County's forests was Herman H. Chapman who published Forest Mensuration in 1921. Chapman noted that East Texas was composed of even-aged forests that formed a mosaic of different-aged forests. Currently under construction are maps of Tyler County from the Houston Oil Company's 1910 Survey.

Longleaf forests grow as open forests (limited undergrowth) that include areas with no trees. Shortleaf pine forests had heavier undergrowth as they tended to grow in clay soils with higher nutrients. Hardwood tends to grow in bottomlands. Longleaf pines produce seeds in intervals of about seven years. Hence, even though the loggers in the late 1800s and early 1900s tended to harvest only trees with a diameter of 12" or more, there were seldom seeds left for reforestation.

The role of fire is a driving force in reconstructing forests because it promotes grasses and understory. Control burns of longleaf forests are more effective in May – June. If longleaf trees are exposed to fire during the April timeframe when they are candling, the tree may be permanently damaged. It is important to protect the bud on the candle. Longleaf pines may remain in the grass stage for as long as 20 years. Loblolly forests are not as open as longleaf forests. Loblolly may produce more financial benefits, but the long leaf produces superior products, especially for poles.

The Boykin Springs Longleaf forest, just across the Neches River from Tyler County, was not harvested in the 1900's because the trees had experienced severe storm damage and the loggers decided it was not cost-effective to build the railroad trams necessary to transport the trees that were left. Today, it is a beautiful forest. When you observe a forest of crooked trees, they are probably growing in clay soil.

Originally, pinehill bluestem grass grew under Tyler County's longleaf pines. Pinehill bluestem likes sandy, non-fertile soil. It is also known as little bluestem, but the pinehill bluestem is different from the little bluestem that grows in prairies. While prairie little bluestem seeds are available, the seed bank for the pine-hill bluestem has almost disappeared. The East Texas Plant Material Center (ETPMC) is working to create a supply of these seeds. ETPMC is part of the Natural Resources Conservation Service (NRCS), United States Department of Agriculture. The ETPMC is a joint venture between Soil and Water Conservation Districts in east Texas and northwestern Louisiana, NRCS, Stephen F. Austin State University, and US Forest Service. The ETPMC is located at the Stephen F. Austin Experimental Forest.



**Tyler County Forest
Landowner Association**

C/O Charles Zimmerman
298 County Road 2152
Woodville, Texas 75979

Phone: 409-200-1451
charles.zimmerman@hughes.net

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DO NOT FORWARD

**OFFICERS & DIRECTORS
2015-2016**

- Pres: Sarah Reinemeyer
- VP: Jeffrey Parker
- Sect: Brianne Parker
- Treas: Charles Zimmerman
- Dir: Betty Zimmerman (past President)
- Dir: Jack Clark
- Dir: DeAnna Turner
- Dir: Dr. Jay Fish

Check your membership date on the label for 2016 dues. '16 or greater = OK.

Board of Directors Meeting - January 16, 2016

Membership 2016

Be sure to check the two digit code on the mailing label.

Send your renewal check to the treasurer at the address on the membership form. Use the form to join TCFLOA or update your information.

Note that we are asking for your e-mail address. This will allow us to get time sensitive information on programs, conferences, workshops, weather, or fire situations. We will **NOT** give your address to any other groups, people, advertisers, etc. This information is for your board members and newsletter editor **only**.

On behalf of the Officers and Directors of TCFLOA, we wish you a Merry Christmas and a Happy New Year.

Charles Zimmerman—editor

MEMBERSHIP FORM
For Calendar Year 2016 - TCFLOA

Regular Membership: Private non-industrial owners of five (5) or more acres of land in Tyler Co.
Dues: \$10 per calendar year per couple. One (1) vote per membership.

Associate Membership: Any individual not qualifying as a Regular Member who supports the objectives of TCFLOA. **Dues:** \$10 per calendar year per individual or organization. Associate Members are non-voting.

USE THIS FORM TO JOIN TCFLOA OR TO MAKE CORRECTIONS

NAME

ADDRESS

CITY / STATE / ZIP

PHONE

APPROX # TIMBER ACRES IN TYLER CO.

E-Mail

Please make checks payable to TCFLOA, and mail to:

Charles Zimmerman, Treasurer TCFLOA, 298 County Road 2152, Woodville, TX 75979