

Utah Forest News

Utah Forest Landowner Education Program Newsletter

Volume 3 Number 1

Winter 1999

Seedling Source for Utah Landowners

The Lone Peak Conservation Nursery is an excellent resource for Utah landowners who need inexpensive tree seedlings for reforestation projects, windbreak plantings, or other conservation purposes. The Lone Peak Conservation Nursery is a 35-acre farm managed for the production and distribution of tree seedlings and other plants for conservation uses. Utah's



Pinyon pine and ponderosa pine are two of the many species available from the nursery.

conservation nursery program was established in the 1920s under an Act of the United States Congress known as the Clarke-McNary Act, which created a partnership between the USDA Forest Service and the State. This early partnership provided a needed source for native and introduced plant varieties for conservation land practices on private, county, and state lands. The nursery (formerly the Green Canyon Nursery) was initially located in Cache Valley and operated in connection with Utah State University to grow and distribute seedlings to landowners. In the 1970s, the nursery was relocated to the present site adjacent to the Utah State Prison in Draper.

While the name and residing location of the nursery have changed, the original function and impacts remain the same. Lone Peak's mission is to assist private landowners and government agencies by growing and distributing seedling stock for conservation purposes. Reforestation, windbreaks, land reclamation, wildlife habitat enhancement, erosion control, and wetland mitigation are the types of conservation interests that Lone Peak strives to support. As land management issues and interests have evolved, so has Lone Peak's products and services.

INSIDE THIS ISSUE:

- Seedling Source for Utah Landowners
- Forest Stewardship Committee Honors Utahns
- Classifieds
- Landowner Profile: John Upton, Agroforestry in Action
- Help Available to Develop Wildlife/Tourism Businesses
- Timber Sale Income and Capital Gains
- Tax Tips Presented at Forest Taxation Conference
- Upcoming Events

continued from previous page...

Today, the nursery grows more plant varieties and distributes more seedlings than ever before. The nursery's plant list includes more than 90 species of trees, shrubs, grasses, and wetland plants.

Many disciplines are blended in the propagation and distribution of seedlings. This is where the principles of farming, horticulture, forestry, range management, and wildlife management converge. Unlike landscape and ornamental plant nurseries, Lone Peak's staff is formally trained in natural resource fields which contribute to the understanding and application of the species they grow. The nursery produces two general stock types, bareroot and container-grown. Individual species are specifically grown in managed settings which will yield the optimal seedling; one that balances outplanting performance, size, planting methods, and production costs. Container-grown seedlings are germinated in greenhouses while bareroot stock is field-grown. Bareroot stock is harvested in the late winter and stored in large coolers until shipment. Bareroot stock can be stored through May, though its better to plant in March and April if site conditions allow. Container stock can be distributed throughout the year.

Generally speaking, it is best to plant seedlings in the spring months while soil moisture levels are high and air temperatures are cooler. In consideration of Utah's



Bareroot seedlings receive undercutting treatment to promote fibrous root development.



Demonstration windbreaks and other technical assistance are available at the Lone Peak Conservation Nursery.

climate, it is recommended that seedlings be planted on drier sites just after the snow melts. Fall plantings are possible with container-grown stock, but seedlings face several potential hazards, including browsing by animals and seedling upheave as the soils begin to freeze. To facilitate planting success, it is important to select the appropriate species for the site. The existing plant community on the site may give some clues as to what species will survive and thrive within the growing environment. The Lone Peak staff can answer many questions pertaining to species selection, planting techniques, and seedling care. Landowner assistance also is available from the six area Forestry, Fire and State Lands offices that service the state.

Lone Peak Conservation Nursery seedlings are available to any agency, group, or individual for conservation purposes. They are not suited, nor intended for ornamental landscaping purposes. A minimum order of 100 seedlings is required. Orders may be broken down into groups of 25 seedlings per species. The average seedling price is \$0.65 per plant. Free delivery is available in the spring to designated statewide locations or seedlings can be shipped UPS or picked up at the nursery. For more information on ordering, plant selection or services offered, contact the nursery at (801) 571-0900 or www.nr.state.ut.us/slf/lonepeak/home.htm.

Source: Scott Zeidler, Nursery Manager, Utah Division of Forestry, Fire and State Lands

Forest Stewardship Committee Honors Utahns

The Utah Division of Forestry, Fire and State Lands has presented 1998 Forest Stewardship Awards to three Utahns. The awards were presented during the annual convention of the Utah Association of Conservation Districts.

James and Kathy Kennedy, Logan, Utah, were recognized as “Utah Forest Landowners of the Year for 1998.” The Kennedys own and manage land near Tropic in Garfield County. James Kennedy is a professor of forestry at Utah State University and Kathy is a school psychologist with the Cache County School District.

The Kennedys are active participants in a Forest Stewardship Program designed to improve and conserve the woodland they own. Despite hectic teaching schedules and sabbatical commitments, the Kennedys personally carried out most of the work on their land.

The “Utah Forest Stewardship Achievement Award for 1998” was presented to George Roether of Ogden, Utah. Roether is a 34-year veteran of the USDA Forest Service, retiring in 1988. Since that time he has participated as a member of the Forest Stewardship Coordinating Committee and volunteers much time teaching school age children the importance of stewardship.

“We take great pride in recognizing these people for their outstanding examples of stewardship,” said State Forester Art DuFault. “Their concern for the environment while caring for a renewable resource is exemplary.”

Source: Jim Springer, Public Information Specialist, Utah Division of Forestry, Fire and State Lands

Classifieds

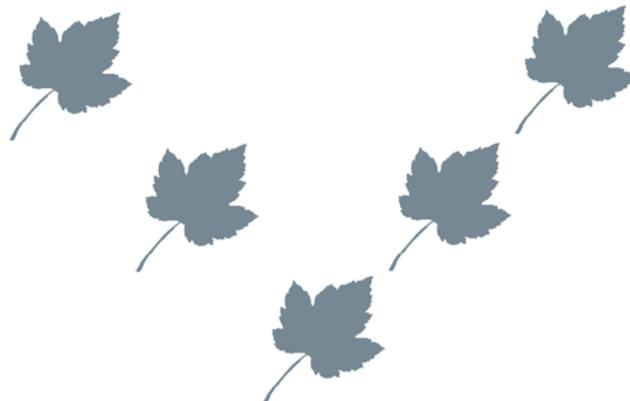
This classified section is intended as a service for forest landowners. Listing of these services, companies, and individuals here in no way implies endorsement by Utah State University Extension. We suggest that you use the same precautions you would use in the purchase or sale of any goods and services, including asking for and checking references and using a written agreement to clarify the obligations and responsibilities involved in a sale or service contract.

Utah Forest Products, Inc. – Looking for saw logs and offering competitive bids on standing timber. All species considered. Complete management proposals offered using best management practices. Contact John Schmidt, Forester, at 435-865-9438 or at our mill in Escalante, 435-826-4521. Please keep Utah forests working for Utah!

Buying Property – Looking to buy mountain property; large acreage; aspen, pine, or sage covered. Please contact Mike at 801-367-2999.

Do you have forest resources you are looking to sell? Are there specific timber resources you are looking to buy? Do you offer services useful to forest landowners? This is the place to advertise your needs! If you would like to place an ad, call Lisa Dennis-Perez at 435-797-0560 or e-mail lisadp@ext.usu.edu.

Advertisement is FREE!



Landowner Profile: John Upton, Agroforestry in Action

John Upton has one of the largest, if not the largest, windbreak projects in southwestern Utah. His property is located adjacent to the southbound Rest Area along I-15 in the Buckhorn Flat area of Iron County (north of Paragonah). What is most impressive about John and his project is the sheer magnitude of the windbreak itself, and his willingness to experiment and try new things. The three-row windbreak which will surround the entire 125 acres will be nearly two miles long when completed! At present the project is 1/3 completed. Work is progressing a row or two each year, two legs at a time.

John's goal for the windbreak is two-fold. First, he and his wife Peg will eventually build their home on the property, and he would like protection from the winds. The entire Cedar and Parowan valleys are notorious for wind. Southern winds are funneled between the Pine Valley Mountains and the Hurricane Cliffs as they move northward toward John's property in the Parowan valley. In addition to wind protection, John would like the windbreak to provide privacy from the Rest Area and I15, which are immediately east of his property.

The second reason for the windbreak is to attract and provide habitat for ducks, geese, and sage grouse. John has been a lifelong duck hunter. His interest in hunting and wildlife began at an early age with his father. John's interest in agriculture extends back nearly as far. His property has several artesian wells that feed a small wetland. This in itself is unusual, since the property is located in the Buckhorn Flat area and is surrounded by sagebrush and other shrubs. Large cottonwood trees to the west are popular roosting sites for bald and golden eagles during the winter months.

John had an extensive career in private industry, and also owned and ran his own chainsaw shop and tree pruning and removal service, until he retired at age 50. At age 70, he keeps very busy on his property, which makes him well-suited to this windbreak project. John has given a great deal of thought to his

project and is an active participant in its development.

In 1996, John enlisted the help of the Division of Forestry, Fire and State Lands to develop an Agroforestry Plan and to obtain Stewardship Incentive Program (SIP) monies to implement his windbreak project. He feels he has learned much from FF&SL personnel. Knowing what he knows now, John wishes that he had started the project sooner and used drip irrigation from the beginning instead of hand watering. He also learned to use tree protectors to help guard against voracious jack rabbits, which are common. FF&SL currently helps John prepare yearly practice plans. Last fall, FF&SL, with help from USU Extension, conducted a prescribed burn to remove sage and rabbitbrush from portions of his property.

John purchases his seedlings from Lone Peak Conservation Nursery. He says that his planting secret "is to get the seedlings in the ground right away" because seedling survival decreases as the time period from shipment to planting increases. Another problem John has experienced is the high salt content of the soils on his property. He is working with Chad Reid of USU Extension Service to obtain soil tests. They will be



John and Peg Upton practice innovative agroforestry



The Uptons' windbreak lines will stretch for nearly two miles when completed.

using gypsum and other management practices to help correct the problem.

Although it will be several years until the windbreak is functional, John and Peg reap many benefits from their windbreak project. John and Peg do all their weeding and maintenance work by hand and get a lot of exercise from this. This is more work than most people realize, especially considering the speed at which greasewood invades the planting area. John and Peg are establishing a legacy for their children who will inherit the property, and derive a great deal of satisfaction from their work there.

Recently John has undertaken a 20-bird emu farm project. He will graze the emus on the sagebrush while providing supplemental food, and then harvest the birds at maturity. If successful, the birds will help out with weeding between windbreak rows, control grasshoppers, as well as provide supplemental income for many other projects planned for the property.

Being so close to I-15, John and Peg have gotten several inquiries from passers-by about the windbreak project and have helped to promote agroforestry in an area where it is badly needed. John and Peg Upton's windbreak project is an excellent example of agroforestry in action. Their need for wind protection and desire to enhance the environment for wildlife will yield a project that is a model to SIP goals.

Source: Clint Reese, Southwest Area Forester, Utah Division of Forestry, Fire and State Lands

Help Available to Develop Wildlife/Tourism Businesses

The Nature Business and Community Enrichment Program (NBCE) is a new program of the Utah Division of Wildlife Resources that offers assistance to private landowners and communities who are interested in developing or enhancing wildlife business activities. Wildlife business activities include guiding and/or outfitting tours, photo safaris, hunting and fishing expeditions, and other outdoor adventures focused on wildlife. Other business activities involve providing services, such as lodging and food, or providing the physical environment, such as roads, trails, etc., for individuals looking for wildlife experiences. Communities may wish to enrich community life and economic development by holding wildlife festivals or other activities that focus on local wildlife resources.

The Division of Wildlife Resources is prepared to custom assist private landowners and community leaders in planning and developing nature tourism-type activities. NBCE can help you identify nature/tourism business opportunities based on local wildlife resources, your goals and objectives, and your limitations in terms of time, money, and effort. NBCE can provide information on the economic values of wildlife, wildlife-user profiles (e.g., birders), wildlife skills such as animal identification, business skills such as marketing and promotion, and much more. NBCE can provide communities with information on how to plan and promote a wildlife festival, as well as examples of successful efforts by other communities. A series of publications and workshops are planned to address these and other topics. For more information on the Nature Business and Community Enrichment Program and nature business in general, contact Wes Shields, Program Coordinator, at 801-5384776 or NRDWR.wshields@state.ut.us.

Source: Wes Shields, Program Coordinator, Utah Division of Wildlife Resources

Timber Sale Income and Capital Gains

Internal Revenue Service rules on taxation of income from capital gains changed with the Taxpayer Relief Act of 1997, the first major change in more than ten years. Significantly, the new law is more favorable to investors and so is more forest-owner friendly than before. Both the “holding period” for the sale of assets to be treated as a long-term capital gain, and the tax on gains, have changed, effective on sales after May 7, 1997.

The new law increases the holding period from 12 months to 18 months (except on sales that took place between May 7, 1997, and July 29, 1997, when the holding period is 12 months, even though the new lower rates apply). Effective on sales after May 7, 1997, the tax rate on capital gains declines from a maximum of 28 percent (on sales before that date) to 20 percent (on sales after that date) for taxpayers in the 28 percent bracket and higher. For taxpayers who do not exceed the 15 percent bracket, the rate on capital gains is lowered from 15 percent to 10 percent. The 18 month holding period applies to all lands acquired before January 1, 2001.

For lands acquired in the year 2001 and after, the holding period increases to five years, and the maximum tax rate on capital gains declines further to 18 percent and 8 percent, respectively. Longer holding periods mean less incentive to speculate on investments. In most circumstances, the tax advantages of holding timber for five years will exceed the benefits of quick profits taxed at a considerably higher rate.

Self-employment taxes (a self-employed person’s payment into the Social Security system) are not assessed on profits from the sale of capital, whereas “other” income is subject to the tax. Self-employment tax is an important consideration for anyone who is apt to be viewed by the IRS as a sole proprietor or partner in a timber business, or individuals who are retired and have little or no income from wages or other sources. Long-term capital gains income is not

taxed for Social Security purposes, and income from capital gains does not reduce Social Security payments. Unless your strategy is to build up your Social Security trust fund account, timber should always be sold in such a way as to allow treatment of profits as capital gains and not as other income. Many inexperienced forest owners report income from timber sales as “other” income on Form 1040 and pay more tax than necessary.

Another reason to report timber sale income as a capital gain: Capital losses can be used to offset up to \$3,000 of ordinary income in a particular year, and – a big advantage for some taxpayers – capital losses can fully offset capital gains. This means that a person who, say, loses in the stock market can use those losses to offset the capital gain from a timber sale so that no tax is paid on income from timber. A small consolation, but an advantage nevertheless.

A forest owner should always sell timber in such a way as to allow capital gains treatment. This means selling standing timber, not logs or the products of trees. It is a fine distinction. (*There are other fine distinctions that determine whether sale income qualifies for capital gains treatment. Ideally, these distinctions should be considered before structuring your timber sale.*) In most circumstances, capital gains are reported on Schedule D, but to comply with IRS rules, you should attach a page to further explain the transaction.

Source: Excerpted from Chapter 8, Forest Taxation, in “Legal Aspects of Owning and Managing Woodlands,” by Thom J. McEvoy, published by Island Press, Washington, DC, and Covelo, CA, 1998.

Does Your Timber Sale Income Qualify as a Capital Gain?

Check here: <http://www.fnr.purdue.edu/ttax>

This web site contains an interactive questionnaire to help you determine if your timber sale income qualifies as a capital gain. Other timber tax issues are addressed here as well and links are provided to obtain necessary tax forms.

Tax Tips Presented at Forest Taxation Conference

What is a Form T? What tax benefits can you receive if you “materially participate” in the management of your land? How can you preserve your estate for your heirs? These are the kinds of questions that were answered at the Forest Taxation and Estate Planning Conference held in Ogden, Utah, on January 26 & 27, 1999. The conference was sponsored by the Utah Division of Forestry, Fire and State Lands and Utah State University Extension. Three taxation experts from the USDA Forest Service presented information and answered questions about how to avoid paying unnecessary taxes annually, as well as when you pass on your estate. Some key points from the conference are summarized below.

Form T is a federal tax form that helps you establish basis and recover some of your initial timber investment. Following timber sales, many forest landowners pay unnecessary taxes by reporting their timber sale revenue as “other” income. By using Form T, you may be able to subtract a portion of your initial investment, or basis, from the sale revenue. As a result, the taxable portion of the revenue will be smaller and, if treated as a capital gain, will be subject to a lower tax rate than “other” income.

Why “materially participate” in the management of your land? This can help you qualify for capital gains treatment and make you eligible for Section 179 deduction and depreciation benefits, saving you substantially at tax time. “Materially participate” means that you take an active role in the management of your forested land. One of the best ways to prove that you are actively managing your land is to have a written management or stewardship plan in place and show that you are implementing that plan.

How can you preserve your estate for your heirs? It is critical that you know your estate’s real value. You may not think that your assets value more than \$650,000 (estates valued below \$650,000 are not subject to estate taxes). However, timberland holds value

for both the land and the standing timber. Add the value of your home, savings, life insurance policies, and other investments and you can easily reach the \$650,000 cut-off. If you do reach the cut-off, it is well worth the expense to hire a qualified estate planning professional to help you preserve your assets.

Sound confusing? Forest taxation and estate planning issues are undeniably complex, but there is much to be gained by developing a basic understanding of the issues and strategies that may save you money at tax time. Answers to the questions above and many others are covered in more detail in the packet of information presented at the Forest Taxation Conference. The packet includes copies of all the overheads presented, handouts, tax forms, and two USDA Forest Service publications, *The Forest Owners Guide to Federal Taxes* and *An Estate Planning Guide for Forest Landowners*. If you would like a packet, send a check for \$20.00 to:

Department of Forest Resources
Attn: Lisa Dennis-Perez
5215 Old Main Hill
Utah State University
Logan, UT 84322-5215

If you prefer to attend a conference in person, we hope to hold another Forest Taxation and Estate Planning Conference in January of 2001. For more information, contact Lisa Dennis-Perez at 435-797-0560 or lisadp@ext.usu.edu.

Source: Lisa Dennis-Perez, Extension Associate, Utah State University



Upcoming Events

Fourth Annual Cooperative Wildlife Management Unit (CWMU) Winter Meeting:

- March 12, 1999, at the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah

Call 801-538-4776 for more information.

Natural Resource Festival:

- April 23-24, 1999, in Richfield, Utah.

Call Ellen Daniels at 435-896-1042 for more information.

For More Information:

Regarding any of the information presented in this newsletter, please call Lisa Dennis-Perez at Utah State University at 435-797-0560.

State of Utah Division of Forestry, Fire and State Lands (FF&SL) service foresters for your area can be contacted by calling 801-538-5555.

Ideas and written contributions to this newsletter are encouraged. Send your comments to the return address below or call 435-797-0560. NEXT DEADLINE:

April 9th

Non-Profit Org.
U.S. Postage Paid
Logan, Utah
Permit No. 1

Private Forest Landowner Education Program
College of Natural Resources
5215 Old Main Hill
Logan, Utah 84322-5215

UtahState
UNIVERSITY
EXTENSION