

FOREST STEWARDSHIP BRIEFINGS

Timber ◇ Wildlife ◇ Water ◇ Soil ◇ Best Management Practices ◇ Forest Health ◇ Recreation ◇ Aesthetics

TAX TIPS FOR TAX YEAR 2018

from article written by
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October 2018

For more information:

- www.fs.fed.us/spf/coop/library/taxtips2018.pdf
- <https://timbertax.org>

The Federal income tax provisions that apply to timber have changed for the 2018 tax year from the December 2017 new tax legislation. This article is only a summary to make you aware of some of the aspects of taxes for woodland owners. Consult with your tax and legal professionals and for more complete information and advice on your particular situation.

TIMBER PROPERTY CLASSIFICATIONS -

It is important to recognize that the tax treatments vary significantly for different types of properties. You must make a determination on your property type each year. Your timber may be classified under one of the following three types:

1. a **personal-use** property (mainly for personal enjoyment vs. for profit);
2. an **investment** property (mainly for generating profit from growing timber or asset appreciation); or
3. a **business** property (with regular, active, and continuous profit-making timber activities to qualify).

TIMBER MANAGEMENT EXPENSES -

For timber owned as a business, if you are “materially participating” in the business, the timber expenses are fully deductible on Schedule C of Form 1040. These expenses may include fees paid for a forester, attorney, or accountant; precommercial thinning; firebreak maintenance; overnight travel; vegetation-competition control; insects, disease, and fire control; and depreciation from equipment used. For timber held as an investment, timber expenses, along with certain other “miscellaneous itemized deductions,” are no longer deductible, starting in 2018 through 2025 (Public Law 115-97). However, state and

local property taxes on timber investment property are deductible on Schedule A.

TIMBER SALES - To be eligible for the beneficial long-term capital gains, you must own the standing timber held as an investment for more than 1 year before the sale (inherited timber is automatically considered long-term). Timber sale expenses are deductible from the sale proceeds. Report the sale of standing investment timber on Form 8949 and Schedule D. Timber sales from an investment or passive business may be subject to a 3.8-percent net investment income tax for single taxpayers with adjusted gross income (AGI) over \$200,000 (or \$250,000 for couples).

TIMBER BASIS AND DEPLETION - Generally your *timber basis* is the amount you paid for it (if you purchased the property). For inherited property, it is the timber’s fair market value on the decedent’s date of death. *Timber depletion* is a deduction against the timber basis upon timber sale.

REFORESTATION COSTS - Reforestation costs are tax deductible. Taxpayers (except for Trusts) may deduct up to \$10,000 (\$5,000 for married couples filing separately) per year per qualified timber property (QTP). Any amount over \$10,000 per year per QTP may be deducted over 84 months (amortized).

FILING FORM T (TIMBER) - Form T (Timber), Forest Activities Schedule, is required if you claim a timber-depletion deduction, sell cut products in a business (under Sec. 631(a)), or sell outright business timber. However, you are not required to file if you only have occasional timber sales (one or two sales every 3 or 4 years).

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Get a Grip!

GRASSLAND RESTORATION PROGRAM

*from Oaks and Prairies
Joint Venture website*

For more information:

- <https://www.opjv.org/grip>
- Contact your local Texas Parks & Wildlife biologist - https://tpwd.texas.gov/landwater/land/technical_guidance/biologists
- See back page for more contacts.

For more than 50 years, grassland bird populations throughout Texas have been steadily declining. Among these declining birds is the Northern Bobwhite, a popular game bird and an icon of the American south. Since 1965, the population of Northern Bobwhite in Texas has decreased by over 90%.

There are many factors that contribute to these population declines, but the primary cause is the loss of available suitable habitat needed to sustain these species. Conversion of native grasses to introduced pasture, overgrazing, suppression of fire, and brush encroachment have all had a significant impact on the ability of Texas grasslands to provide for the needs of Northern Bobwhite and other grassland species. To address these drastic population declines, it is crucial that private landowners are encouraged and supported in their efforts to improve habitat for these birds on the lands they own and manage.

The Oaks and Prairies Joint Venture (OPJV) partnerships' Grassland Restoration Incentive Program (GRIP) is a multi-organization effort with the primary objective of reversing the decline of grassland bird and pollinator populations through voluntary habitat restoration of private lands within the Oaks and Prairie conservation region.

GRIP provides funding in the form of direct payment to landowners as an incen-

tive for conducting approved grassland bird habitat improvement practices on their property. Starting in 2018, additional incentive funding was made available through Natural Resources Conservation Service (NRCS) EQIP funds, along with other partner organizations, through a Regional Conservation Partnership Program (RCPP) agreement through 2021.

Conservation practices may include: prescribed grazing prescribed burning, fire-break installation, brush management, range planting, herbaceous weed control, fencing, etc. This program also supports private landowners in their conservation efforts through technical guidance and training.

Participating landowners are asked to allow geospatial (data that has a geographic/locational component to it), vegetative, and bird data to be collected and recorded by OPJV partner organization staff for an agreed upon period of time (entrance onto property subject to landowner approval). Collection of data is very important in evaluating progress and in providing information for future recovery and habitat maintenance activities for these species.

Since 2013, over \$1 million of incentives have been paid to landowners for 61,000 acres of conservation projects in focal counties (30 in Texas; 10 in Oklahoma) using existing staff from partner organizations and agencies.

THERE'S AN APP FOR THAT - "GOT LAND?"

An online tool called "got LAND?" has been added to the **Texas Forest Information Portal**, a web-based application.

Whether you're looking to purchase land for the first time or you just inherited property, this online application can help new landowners during the initial stages of acquiring property.

Based on the answers to a few short questions, management information and re-

sources are provided to help you better care for your land and reach your property goals. Questions on property ownership goals, desired or current water features, past land uses, desired tax valuations, region of the property's location, and amount of acreage help the app to generate a report that gives you information that applies to your particular case. In order to see the report make sure pop-ups are enabled in your browser.

For more information:

- <https://gotland.tfs.tamu.edu>
- <http://texasforestinfo.tamu.edu>

EMERALD ASH BORER CONFIRMED IN TEXAS

As of December 2018, emerald ash borer (*Agrilus planipennis*) has been confirmed in Tarrant County and several counties in northeast Texas. The emerald ash borer (EAB) is a destructive non-native wood-boring pest of ash trees (*Fraxinus spp.*).

Native to Asia, EAB was unknown in North America until its discovery in southeast Michigan in 2002. Since then, this invasive pest has spread, killing millions of ash trees across the country. The beetle has spread to 33 states, including Texas.

Texas A&M Forest Service began monitoring for the pest in 2012 by strategically deploying detection traps each spring. The traps are monitored throughout the spring and summer months during peak EAB emergence and movement.

EAB was first detected in Texas in April 2016 when four adult EAB beetles were caught and confirmed in a monitoring trap in Harrison County just south of Karnack, Texas. After this initial capture of four EAB in Harrison County, three additional traps in the county have caught one EAB each, indicating the spread of the pest throughout the county. As of July 31, 2018, traps in Marion and Cass counties

near the northeastern corner of Texas have caught adult EAB beetles.

EAB is a significant threat to urban, suburban, and rural forests as it kills both stressed and healthy ash trees. EAB is very aggressive and ash trees may die within two or three years after they become infested. Ash trees are widespread in the United States, and all 16 native ash species are susceptible to attack.

Signs/Symptoms: Ash trees with dying or dead branches in upper crown; shoots or suckering along the trunk; bark splits with winding galleries and white larvae beneath the bark; presence of the beetle itself; heavy feeding by woodpeckers; and “D”-shaped exit holes in bark.

Preventative Management: Remove poor condition ash trees now before infestation occurs to reduce current and future risk. If EAB activity is confirmed within a few miles of your area, treat high value ash trees with systemic insecticide to reduce intensity of attack.

Therapeutic Management: Once infested, if more than 50% of crown remains, treat with systemic insecticide to slow down the attack. If less than 50% of crown remains, remove tree.

from Texas A&M Forest Service fact sheet

For more information:

- <http://tfsweb.tamu.edu/eab>
- <http://ow.ly/LIji30lbBxz> - EAB photos
- <https://soundcloud.com/treesarekey/keys-to-eab>
- Hotline to report possible emerald ash borer sightings: 1-866-322-4512

2019 URBAN RIPARIAN SYMPOSIUM

Early Registration is open for the Urban Riparian Symposium to be held February 27 - March 1, 2019, at the Grapevine Convention Center in Grapevine, Texas.

Registration can be done online by going to the link in the sidebar, or by going to <http://texasriparian.org> and clicking on 2019 Urban Riparian Symposium.

The call is out for oral and poster presentations. Oral presentations will be 25 minutes in length (20 minutes for your presentation with 5 minutes for questions). If your abstract is accepted, you will receive additional information regarding presentation logistics and guidelines.

All oral and poster presenters are required to register for the conference before January 8, 2019 or their abstract will risk being withdrawn from the final program. Early Bird and students rates will be available.

Session Topics for Conference:

- Best Management Practices
- Ecology and Biology
- Education and Outreach
- Hydrology
- Regulations
- Riparian Area Management
- Lessons Learned

from Texas Riparian Association website

For more information:

- <http://texasriparian.org/2019-urban-riparian-symposium>

Distribution of this newsletter is provided free of charge to professional foresters, state and federal agency professionals, county judges and commissioners, state senators and representatives, various forestry-related associations, and others.

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This newsletter is also available on the web at tfsweb.tamu.edu/StewardshipPublications. If you would rather receive this newsletter electronically (by e-mail), contact us at the address, phone number, or e-mail address above.

The Texas A&M Forest Service is an Affirmative Action/Equal Opportunity Employer committed to Excellence through Diversity.

Editorial Advisor:

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GET A GRIP! MORE INFO ON THE PROGRAM

GRIP-eligible counties in Texas and Contacts

Contact OPJV staff for assistance in evaluating and planning restoration efforts.

Northern Texas OPJV Counties: Wise, Montague, Clay, Archer, Baylor, Throckmorton, Shackelford, Callahan, Stephens, Fannin, Lamar, Red River, Delta, Hunt, Ellis, and Navarro.

- Derek Wiley, Throckmorton - (940) 736-5949
DWiley@QuailForever.org
- Steve Riley, Georgetown - (512) 902-7379
Steven.Riley@tpwd.texas.gov
- Ken Gee, Ardmore, OK - (580) 319-8440
kennethlgee@gmail.com

Southern Texas OPJV Counties: Real, Edwards, Val Verde, Kinney, Uvalde, Washington, Austin, Colorado, Fayette, Lavaca, Gonzales, Dewitt, Karnes, and Wilson.

- Will Newman, Floresville - (817) 528-9455
WNewman@QuailForever.org
- Steve Riley, Georgetown - (512) 902-7379
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