

FORESTRY FACTS



UW
Extension

COLLEGE OF
**AGRICULTURAL
& LIFE SCIENCES**
UNIVERSITY OF WISCONSIN-MADISON

Department of Forest Ecology and Management • School of Natural Resources

No. 87

June, 1997 (Updated 2001)

Caring for Your Woods... A 10-step Plan for Landowners Jeff Martin and Jerry Lapidakis

When people acquire forestland they often lack information on what to do with their new property. Long-time woodland owners are often equally at loss when they decide to actively manage their woods for the first time. Some woodland owners wish to do little with their woods. Other owners want to do everything.

The 10 steps presented here, suggest important information to obtain and the first things to do if you want to care for your woods with active management. Follow the steps and you will also learn what is feasible both for your land and your pocketbook.

The steps are numbered, but you need not follow them in exactly this order.

1. Get Professional Help

The first thing to do, if you are a new woodland owner or are just beginning to manage your land, is obtain professional advice. **Seek out trained foresters, wildlife experts and other professionals.** They can suggest specific practices that will help achieve your goals.

Forestry assistance is available from several sources. First, contact your local Wisconsin Department of Natural Resources (DNR) Forester. There is an office in every [county](#). They can provide information and limited free management assistance. The DNR forester will also give you a [Directory of Cooperating Foresters](#). This booklet lists private consulting and industrial foresters (and their

services) who work in Wisconsin. You should also read Forestry Fact [No. 75](#), *Hiring a Consulting Forester*.

A number of forest industry firms in Wisconsin have a "Tree Farm Family" program. These provide free assistance from industrial foresters to woodland owners who are members. You may want to check out this opportunity. To learn more about industry programs for private woodland owners, contact the [Wisconsin Forest Productivity Council](#) at 715-369-3475.

2. Taking Stock

Before deciding just what action you will take, **conduct a forest inventory** to determine your woodlands current conditions. You need a benchmark to gauge how much you will have to do to accomplish the goals you have in mind. Usually your forester will do this for you or at least help you get the job done. When you set goals and develop a management plan, inventory information also helps identify options that may not be feasible on your property.

An inventory provides a lot of information about your woodlands and about each individual stand¹ within the wooded area. Your inventory will describe the tree species and information on tree size, volumes, timber quality, site quality, stocking level and tree condition for each stand that you have. A wildlife specialist can conduct a wildlife habitat survey. This identifies wildlife currently using your woodlands and describes habitat conditions. Your forester can

provide the name of a local wildlife specialist. You may be able to conduct your own inventory, if the property is fairly small. But, before doing so, talk to your forester and get some help.

To learn more about inventory procedures and what the inventory can tell you, read the following UW-Extension Publications: [G3332](#), *Measuring Trees and Estimating Volume*, [G3361](#), *Estimating and interpreting Site index*, and [G3362](#), *Estimating Stocking Conditions in Your Timber Stand*. To better understand basic forestry measurement units, see Forestry Facts [No. 42](#), *What is a Board Foot?*, [No. 43](#), *What is Basal Area?*, and [No. 44](#), *What is a Cord?*

¹A stand is an aggregation of trees that occupies a specific area and is fairly uniform in species composition, age arrangement and condition so that you can easily distinguish it from adjoining forestland.

3. Your Cost Basis

Knowing your timber's worth at the time you acquired it (your timber's **original cost basis**) can reduce the amount of taxes you owe on timber sale income. Even if timber harvesting is not on your agenda at the moment, you may feel differently in the future, and by then determining your cost basis may be quite difficult. Determining your basis is fairly simple and easy if done soon after you acquire your woodland property.

When you acquired your woodland property you became the owner of land and trees. You need to separate the total price paid into the fair market value of: (1) bare land and (2) timber. At some future time, when you have a timber sale and receive income, you can deduct part of the basis from the income and pay tax on the balance. How much can you deduct? Let's look at some examples: if you sell 1/4 of your current timber volume, deduct 1/4 of your adjusted basis in this timber; if you sell 3/4, deduct 3/4 of the basis.

For more information, see Forestry Fact [No. 71](#), *Determine Your Basis...And Keep More Timber Income*. This publication also helps you decide if resurrecting a basis for timberland acquired in the past is worth the effort and expense. A few rules of thumb will guide you in reconstructing past timber volumes and values if you decide to do so.

4. What Are Your Goals?

If you have not spent some time **assessing what you want to do** with newly acquired land, you should do so. The same holds if you just acquired an interest in managing land you have owned for some years. The time it takes to specify goals is well spent indeed.

Step 5 discusses the need for a management plan. You should be able to articulate precisely the goals you have in mind for your property before starting the plan. The plan preparer, who might be your forester, yourself or another family member, will then have a much easier job.

To set down the goals for your woodland, all family members and other co-owners should do a little "brain-storming." Spend some time discussing the many possibilities for using the property. Talk about what everyone wants to do and see on the land. What are your dreams for enjoying it?

You will need to be very specific when you list goals. "Wanting more wildlife" is not sufficient. Decide what wildlife species you desire the most and whether your greatest interest is for hunting or watching wildlife. **To learn more** about goal setting and plan development, see Forestry Fact [No. 48](#), *Getting the Most From Your Woodland*, and UW-Extension publication [G3578](#), *A Landowners Guide to Woodland Wildlife Management*.

5. Develop Your Plan

Once you know your woodland conditions (what you have), and specify your goals (what you want), developing a plan is fairly straightforward. This is where your forester will be really helpful.

Your forester will suggest **management practices for each stand**. Foresters base their recommendations on present stand conditions, biological potential, site limitations and ownership goals. They also address the feasibility of reaching the goals, drawing upon their knowledge of what will work and what will not. The value of obtaining your goals must be balanced against the time and cost needed to reach them.

Your forester will also suggest a timetable for getting the work done. You can do some work by yourself, but other projects will require outside help. If a timber sale is appropriate and timely, your logger may be able to accomplish some projects (such as road

building) during the harvest. But realize that projects completed by your logger will lower the price you receive for timber.

Make sure the plan is understandable. Resource professionals use a lot of jargon, so you should be comfortable when reading your plan that you understand what it means. **To learn more** about plan development, see Forestry Fact [No. 48](#), *Getting the Most From Your Woodland*.

6. What is Management?

While your plan is under development, try to **learn more about forest management** concepts and practices. You can do this by reading some of the many available books and publications. You will also learn a great deal by talking with landowners and foresters. In addition, visit other woodlands to see what their owners have accomplished through management. Most active managers enjoy having guests and talking about forestry options. Contact your forester and the [Wisconsin Woodland Owners Association](#) at 715-346-4798 to locate managed woodlands near you.

Forest management is typically "hands-on." Forest management techniques usually modify existing forest conditions. With the proper practices, you will eventually have the necessary forest conditions for achieving your ownership goals.

For some landowners, active forestry starts with preparing the planting area followed by tree planting. For others, releasing desirable trees in young stands from competition may be an early project. Many landowners thin immature stands to maintain good growth and to produce income while crop trees are maturing. Landowners harvest mature stands in various ways depending upon species needs for regeneration and ownership goals.

To help clear up the mystery behind our forestry terminology **read the following** UW-Extension Publications: [G3018](#), *Forestry Terms*; [G3398](#), *Intermediate Cuttings in Forest Management*; [G3424](#), *Harvesting and Forest Management*; and [G3480](#), [G3481](#), [G3482](#), the *Plantation Establishment Series*. Forestry Facts [No. 78](#), *Forest Succession* and [No. 79](#), *Tolerance of Tree Species* help relate management to ecological concepts.

7. Different Trees...Different Needs

Not all trees are created equal. **Some species need one form of management; other species require a much different approach.** To better understand, let's look at two examples:

Aspen is a species commonly used for pulpwood and waferboard in Wisconsin. Some wildlife, such as ruffed grouse and deer, prefer aspen for food and cover. Aspen is an *intolerant* species, meaning it will not grow well in the shade of other trees. Aspen requires full-sunlight to regenerate (from root suckers) and grow. Therefore, if we want mostly aspen in the next generation of trees, we must clearcut the present stand, or parts of it, to provide enough sunlight.

The sugar maple, yellow birch and basswood mixtures, common in northern Wisconsin, are typically harvested by selecting individual trees to either cut or leave. Selection harvests produce uneven-aged forests. These species do well with this approach because they are *tolerant*; they grow well in the shade of other trees.

To learn more about specific practices for important Wisconsin tree species, see Forestry Facts [No. 81](#), *How to Manage Northern Hardwoods*; [No. 82](#), *How to Manage Red Pine*; and others in this group of "[How to Manage...](#)"

8. Important Tax Stuff

Several provisions in the federal income tax code benefit woodland owners. The reforestation tax incentive is an example. If you plant trees, you can recover the associated costs over eight years instead of capitalizing them.

Typically you may treat timber sale income as a long-term capital gain. This puts a limit on the maximum tax rate you will pay and eliminates the self-employment tax on your timber income. Capital losses from sale of other assets can offset timber capital gains. In Wisconsin, your state income tax is based on only 40 percent of your capital gains; you receive a 60-percent exclusion. Timber sale expenses are typically deductible as well as the adjusted basis in timber sold.

You may be able to deduct other management costs, in years without timber income. However, this depends on whether your woodlands are hobby or

business and whether you materially participated in the management effort.

To learn more about tax stuff, read UW-Extension Publication [G3298](#), *Income Tax Considerations for Forestland Owners*. You may also want a copy of [USDA's Agr. Handbook 708](#), *Forest Owners' Guide to the Federal income Tax* (call 404-347-1900 to order).

9. Market Timber...Don't Just Sell It

For many, it is mighty tempting to sell timber to someone who knocks on the door and makes an unsolicited offer. Often, the landowner receives less than the potential value when this occurs; sometimes, much less. A wise landowner does not "sell" timber, but uses a careful **marketing strategy**, and only when the management plan calls for a harvest to further the stated goals.

Once you decide a harvest is appropriate, advertise the sale and solicit sealed bids. Your forester will help locate potential buyers. Prospective buyers will look over your sale area and submit bids. You will then award the sale to the buyer who appears to offer the best value (a quality job and a good price). Before making this important decision, check out the references that reliable buyers will provide. Many loggers have received training in sustainable forestry, and in the use of best management practices for water quality. You may want to consider such training when choosing among bidders.

You and the successful bidder should then sign a written sale contract. A good contract specifies which trees are cut and which are left. It will cover what happens if something goes wrong and the size of performance bond needed. Your contract should specify how the payments will be made and list all of the special considerations you have identified.

To learn more about the marketing process, and to obtain a sample sale contract, order UW-Extension publication [G3297](#), *Marketing Timber*.

10. Other Assistance

Direct **cost-sharing programs** reimburse qualifying landowners for part of the costs incurred for tree planting, timber stand improvement, or other approved practices. Requirements and approved practices vary with each program, and change frequently. Contact your forester or [Farm Services Agency](#) office for the latest information.

Wisconsin's **Managed Forest Law** (MFL) lowers property taxes for woodland owners if they manage their lands according to an approved plan. A minimum of 10 acres of forested land must be enrolled for either 25 or 50 years. To obtain the lower of two MFL tax rates, landowners must allow public access for hunting and other nonmotorized recreation. For more information, read Forestry Fact [No 50](#), *The Managed Forest Law Tax Program*, and talk with your forester.

The [Wisconsin Woodland Owners Association](#) educates and supports private forest landowners. WWOA hosts a statewide annual meeting and produces a magazine 4 times per year. Local WWOA Chapters sponsor educational workshops. To learn more about WWOA, call 715-346-4798. The [Wisconsin Forest Productivity Council](#) provides information on services available to new woodland managers. Call them at 715-369-3475.

To order the Forestry Facts mentioned in this publication, contact:

University of Wisconsin-Madison
Department of Forest Ecology and Management
120 Russell Labs, 1630 Linden Drive
Madison, WI 53706
608-262-9975
<http://forest.wisc.edu/extension/publist.htm>

To order the UW-Extension publications mentioned in this publication, contact:

Cooperative Extension Publications
45 N. Charter St.
Madison, WI 53715
608-262-3346
<http://www1.uwex.edu/ces/pubs/order.cfm>

Also, contact a professional forester in your area for management advice and information.

About the Authors: Jeff Martin is professor emeritus, Department of Forest Ecology and Management, University of Wisconsin-Madison. Jerry Lapidakis was private forestry specialist prior to retirement, Bureau of Forestry, Wisconsin Department of Natural Resources.