



Folk Land Management, Inc.

WOODLAND AND WILDLIFE CONSULTANTS

NEWSLETTER

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Folk Land Management, Inc. Newsletter

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Managing your Timber Investment

The goal of any investment is to maximize your return. Unlike stocks or bonds, with timber there are things you can actively do to increase value and mitigate risks of your investment.

--Seedling selection: Quite a bit of research has been put into "improved" seedlings. The genetically improved seedlings cost more, but have been bred and selected to promote certain characteristics: rapid height growth, suitability for particular soils, resistance to various insect or diseases, ability to self prune, or exceptional straightness.

--Prescribed burning: Using fire to reduce fuel load decreases your risk of loss to your your timber stand from a wild fire. It also can keep competing vegetation at bay. Competing vegetation competes for not only sun, but water, nitrogen, potassium, and phosphorus in the soil.

--Herbicide spraying: Fire alone may not reduce competing vegetation

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A slow backing fire knocking back sweetgum in a pine stand

Updates to the Timber Tax Law

Timber is still taxed as a capitol gains. If your taxable income is over \$464,851 joint or \$413,201 single, it will be at 20%. Most people will be 15%. If your taxable income is less than \$74,900 joint or \$37,450 single, the capitol gains rate will be 0%. There is a 3.8% Net Investment Tax. It is imposed on the lesser of: Net investment income for the year OR the excess of modified adjusted gross income over \$200,000 single, \$250,000 joint. A form 1099-S must be filed when you sell timber. The tax code is not clear on

whose responsibility it is for timber, know that it needs to be done. You can not get the form from the internet, it must be obtained, in paper format, from the IRS. The downloaded 1099-S is not scannable thus would not work when it is sent to the IRS at tax time.

All of these things will need an accountant or qualified tax preparer's input on. Most accountants do not have an understanding of timber tax, this is at least something for you to ask.

A much more comprehensive read can be found at: www.scforestry.org Hover over

7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		1 Date of closing		OMB No. 1545-0097
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		2 Gross proceeds		2016 Form 1099-S Proceeds From Real Estate Transactions
		\$		
FILER'S federal identification number	TRANSFEROR'S identification number	3 Address or legal description (including city, state, and ZIP code)		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
TRANSFEROR'S name				
Street address (including apt. no.)				
City or town, state or province, country, and ZIP or foreign postal code		4 Check here if the transferor received or will receive property or services as part of the consideration <input type="checkbox"/>		
Account or escrow number (see instructions)		5 Buyer's part of real estate tax		
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Form 1099-S		Cat. No. 64292E		www.irs.gov/form1099s Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page				

Copy A of a 1099-S from the IRS web page. It can not be scanned and a paper copy must be obtained from the IRS.

"News & Info" and select "Publications and Information." Look for page 5 of the Nov/Dec 2015 issue under "The Association's CAROLINA FORESTRY JOURNAL."

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Time of the Lowcountry Ricebirds

So when I heard that these same birds, the *Ricebirds*, where back on the heritage rice crop at Nemours, I *had* to see this historic convergence. The flocks of gold & brown birds were smaller, but still rose and fell on the drooping rice heads, making the air vibrate to their dark wings, singing the fall song of Lowcountry Ricebirds.

Thanks Beau! Bobolinks were back in the Lowcountry ricefields!

*Pringle, 'A Women Rice Planter' 1914



by B Bauer, at Nemours Plantation / Sept 2015
non-breeding ♂ or ♀ Bobolink on rice
(They look near-identical when here.)

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Managing your Timber Investment

to acceptable levels. Herbicide can kill competition that fire alone will not. A chemical treatment costs more than fire, but in the right situation, the increased growth can justify the cost.

--Fertilization: A mid-rotational fertilization can provide nutrients the soil lack at the right time. All soils are deficient in something. In the right scenario, fertilization can remedy this.

--Harvesting: There is more to harvesting trees than making money on the sale of timber. A timber harvest is a crucial tool in managing a quality timber stand. As trees grow, the competition among your trees increases, and some of this competition is healthy and vital to eventually producing a quality saw log. Too much competition can lead to disaster in the whole stand. Too little, and the risk is the inability to produce quality sawtimber in the future. Knowing adequate spacing, appropriate trees to leave is vital to ensuring a harvest is used appropriately to maximize the long-term investment.

--Timing of harvest: This is probably the most important action; for two reasons. If a harvest is delayed for too long, the remaining trees may not respond to a release and their growth permanently stunted. It is a hard decision to sell timber when the market is poor, and a harvest can be delayed a little while in hopes the market improves. A too long of a delay can impact forest health, possibly having drastic consequences with wild fire, or insect and disease problems because of the excessive competition. The timing of the final harvest and selling when the market is high can impact your profit more than anything. The factors that control the price of wood are demand and available places to log (supply). We have had a lot of rain and due to the inaccessibility of pulpwood, there has been a substantial increase in pulpwood prices. Tracts that are high, and well drained are able to command a premium price, because they can be logged anytime. Your final harvest has more wiggle-room on timing, leaving you the ability to hit the market when high. You do need to be conscious of stand health and susceptibility of insect, disease, and fire. Knowing what the market is doing is crucial to knowing when to perform the harvest you have been managing and planing for for a couple of decades.

Every tract and situation is different, so what may be money well spent one place, may do nothing to increase the value on another. We can help you know what you can do to increase your timber's value.

Southern Flying Squirrel

The Southern flying squirrel or assapan (*G. Volans*), is found in the Eastern half of North America, from ME to FL. The flying squirrels that live in the north are larger than the ones that live in the south. The Southern flying squirrel has gray-brown fur on top with darker flanks and a cream color underneath. They have large dark eyes and a flat tail. The furry membrane cape that extends from each side of the body, from the front ankles to the back ankles, is called a patagium. That is what they use to glide through the air and it is also used as a parachute to land. (Base jumpers have developed their suits to mimic the flying squirrel.)



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Fire in Hardwood Forests

When hardwoods and fire are in the same conversation, it is usually in the context of being careful not to damage hardwoods. In the case of sweetgum, fire is a tool to control it. Burning a pine stand slow and hot enough to cook the cambium to control the hardwoods. Fire and hardwoods are not always at odds with each other. There are ecosystems where fire can be used for the benefit of hardwoods. Pine-Hardwood savannas, found on higher, sandy ridges in the SC, is one ecosystem where hardwoods are tolerant of fire. These stands consist of longleaf and slash pine with oaks such as turkey oak, blackjack oak, post oak, and sand hills post oak. These oaks have evolved along with the pines to tolerate fire, it has a fairly thick and dense bark which protects it from the heat that sweetgum is susceptible to.

Fire can also be used to help regenerate certain hardwoods. When regenerating a site after a timber harvest or natural disaster, oaks along with other hardwoods and pine will sprout back. The oaks will focus on root development and storing starches there. Yellow poplar, red maple, other hardwoods along with pines, will focus on above-ground growth. A fire though the stand after things have grown back will knock everything back to the ground, but only the oaks will have enough food stored up to sprout back. The other hardwoods and pines have very little carbohydrates stored and can not compete with the oaks when resprouting after a fire kills everything above ground. This technique has been used most successfully in the Piedmont.

Fire has been reintroduced in the mountains of SC. Years without fire has resulted in an imbalance in the species composition: thin-barked species including red maple, yellow poplar thrive when once they did not when fire occurred every 5 to 20 years. Species like rhododendron and mountain laurel have encroached into more xeric environments where they were historically absent because of the periodic fire regime dictated by Mother Nature. Species like table mountain pine, virginia pine, pitch pine, various red oaks and numerous herbaceous plants have been the losers in the absence of fire. Fire is required for the regeneration of these species. The previously mentioned species have displaced them. This is a process known as mesophication and it has been happening all over the US due to the widespread suppression of fire since the 1920s.



A fire we conducted in a hardwood forest in the mountains

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Southern Flying Squirrel

They can glide 80' to 150'. Their tail is used as a stabilizer and for communication. They are experts at flight, but clumsy on the ground. They are nocturnal, being most active at night and rarely seen by people.

Their habitat is deciduous and mixed forests. Their favorite home range trees are hickory, beech, maple, poplar and oak trees. The males' home range is larger, to find females and better food sources. The females' range is smaller, but contains more nesting sites. They nest along the perimeter of their home range and do not like disturbances such as logging. They have several nests, and will move their young to another nest if necessary. They are very social mammals and have been seen foraging in large groups. As temperatures fall, they will gather as a group in dens to conserve heat energy, saving as much as 30% more heat energy than being alone. There have been as many as 50 in one den. They also nest in groups, providing advantages such as increased foraging, mating and increasing their defense against predators. Hiding their food is recovered by memory, not smell or random searching. They are omnivores, eating both meat and plants. In the wild, they can live five or six years, however, they can live up to 13 years in captivity. They are the oldest living line of modern squirrels, dating back over 30 million years.

They become pests when they nest in attics of homes. As far as impacting the ecosystem, they are important in hardwood forests for seed dispersal.



by J.J. Audubon, *Birds of America* / c.1838
breeding male ♂ Bobolink on elm.

Time of the Lowcountry Ricebirds

I got the call mid-week in early-September from Beau Bauer, the biologist at Nemours Plantation: "...if you want to see 'em, the Ricebirds are here now." That's all it took, Yes, I wanted to see them, Bobolinks, or Ricebirds or any of two dozen other names across their two-hemisphere range, were back in the Lowcountry!

The next day I drove over to Beau's office in the fine old house on the banks of the Combahee. We piled into the four-wheeler and within five minutes I was standing on the dike of a seventy-acre flooded impoundment, one of several managed by Nemours Wildlife Foundation, witnessing an historic scene: Large flocks of Bobolinks, *Dolichonyx oryzivorus*, the Lowcountry Ricebird of old, were feasting on this year's ripening crop of Rice that had been planted by the Foundation field staff.

When these fields are described today in the *Post and Courier*, or depicted in internet videos, they are near-always described as 'duck impoundments'. But it hasn't always been like that.

In their 18th-century beginnings, these managed fields were not built for ducks, but for growing commercial rice, what came to be known as *Carolina Gold*, and it made the Lowcountry famous and Charleston wealthy. Thousands of acres of these fields on hundreds of plantations were spread over the south Atlantic coastal plain, and the South Carolina Lowcountry was a concentration. And this bountiful, annual concentration of a nutritious, wetland seed crop readily caught the attention of this migrating member of the Blackbird family. In epic numbers.

All growers know that raising a crop -any crop- means contending with wildlife that finds food and habitat in their fields. Historic Lowcountry rice growers, and the field workers that spread out daily across the soft rice beds, had to keep track of the abundant 'gators, wild hogs and deer that would find the field's wetland cover, fish life and young plants a tasty meal. In addition (and sometimes especially) it was birds that were the major rice field nemesis, no more so than the Ricebirds. Keeping protective vigilance over the rice fields was hard work never ending.

The Bobolink's northward migration usually passed over the Lowcountry plantations in mid-May and often forced a pause in the field planting schedule until early June, just to contend with the sky-darkening flocks that could strip a day's seed from prepared fields. Few knew then they were coming all the way from the Argentine Pampas wetlands, over the South American jungle forests and Caribbean Seas, to reach our rice fields. Or that after pillaging our growers of their new spring seed, would go on farther north yet, to Maine, over the St. Lawrence and into the Canada north to nest.

And in the late summer, for Lowcountry generations, just as the ripening rice reached the critical 'milk-stage', the skies over Lowcountry fields would again darken with Bobolinks, as the Ricebirds returned from their north country nesting grounds on their long migration back to South America.

Flocks of thousands at a time would descend on the September South Carolina rice fields, feasting on the soft, ripening rice. For several weeks at this late stage in the rice's growth, the developing grains within the kernels are quite soft, and the kernel interior is filled with a white starchy liquid resembling milk. This high-energy fuel bonanza was well-timed and well-positioned along their route. They needed a good layover in their long travels and good fuel for the remainder of the trip.

So, for weeks again, the Lowcountry fields were manned with workers tasked to shoot, shout, scare and drive the Ricebirds from the ripening fields. Flocks of thousands would explode from the two-foot tall drooping rice heads only to rise, fly off a ways and settle back to gorge themselves. For days on end the flocks kept coming, only to be driven back and replaced by more new Ricebird arrivals on each weather front, "in clouds so that the sun seemed darkened . . . and the noise of their wings was deafening" *

If the drivers were successful that day, pounds and pounds of Bobolink carcasses could be gathered. And in true Carolina make-do, good plantation cooks assembled them into a tasty bird pie. Old cookbooks of the day are still out there carrying recipes for 'Lowcountry Ricebird'. They would bring up to 35 cents per dozen at the Town markets.

As the season advanced, the rice hardened, and the Bobolinks would carry off their share, stopping again at Jamaican crop fields for more fuel. And then farther south, all the way back to Argentina's great forests and their wetlands so similar to ours. There, they took a season of respite, flocking in immense groups over the grasslands, cattle ranges and coast lowlands.

This seasonal drama between grower, field minder and Bobolink played out year after year, until war and storm brought changes to the rice planting rhythm. As the reliable acreage of Ricebird fuel waned, so did the big flocks. Other changes on their Pampas wintering grounds also took their toll on the population and, today, in several areas of this once abundant species, concerns are now raised over the dwindling populations of Bobolinks.

But they are still with us and the biological forces that drive migration habits are still operating. For years now, I have stood on the same field embankments that held the legendary Carolina Gold rice, and watched the same tides sweeping past the bordering river banks.

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Rafinesque's big-eared bat habitat

In South Carolina, populations of the Rafinesque's big-eared bat (*Corynorhinus rafinesquii*) are scattered within the Coastal Plain and Appalachian mountains. As the name suggests, a distinguishing characteristic of this nocturnal insectivore is its disproportionate ear size. The Rafinesque's big-eared bat forages at night on flying insects using echolocation. They are colonial, cavity roosters which form maternity or hibernation colonies. Adult females give birth to a single pup during the summer.



Rafinesque's big-eared bats roost in tree cavities and crevices in old growth cypress-tupelo-gum forests and swamps but have also been known to use caves, abandoned mines and abandoned buildings. An example of old growth forest habitat where the Rafinesque's big-eared bat can be found is the Francis Beidler Forest of the Four Holes Swamp located in Berkeley County, South Carolina. South Carolina recognizes the Rafinesque's big-eared bat as imperiled and is on the state endangered species list. Known roosting trees, foraging areas, and migration corridors on private lands of South Carolina are important habitats. In the future, landowner incentive programs may be available as conservation efforts move forward.

Left: A Rafinesque's big-eared bat in a cave. Photo courtesy of U.S. Fish and Wildlife Service Southeast Region.

Carbon Sequestration, carbon credits, and market

Carbon credits, exchanges, and offsets are all means to reduce the total amount of carbon emitted into the atmosphere. The Chicago Climate Exchange came and went. A big part its failure was that there were no mandated emissions caps that required the purchase or exchange of carbon credits on the open market. Factories saw no need to spend money on something they weren't required to do. California has now created a market for carbon credits in the form of legislation limiting

the amount of carbon a factory may emit. Any amount above the set allowable limit must be offset with the purchase of carbon credits. What this means for landowners with trees is that they have the credits and can sell them. We are in the early phases of carbon credits and landowners selling these credits. The process of selling the carbon credits is long and restrictions are imposed on the enrolling properties. So far, these carbon projects have been on many-thousand acre tracts. The process of determining how much carbon is on a tract and enrolling is extensive and expensive. Because of this, small tracts are not worth the effort individually. It is likely that in the future, there will aggregation of smaller properties into one project. This would create an opportunity for smaller tracts to sell carbon credits. This has not been tried yet, but the firms that arrange these carbon transactions are aware that in the future, numerous landowners may join together to cumulatively have enough acreage. There is no federal mandate on carbon offsets so the California mandate is driving the carbon market now.

Right: Cover of "The Compliance Offset Protocol U.S. Forest Projects" is the California document is the basis for all carbon projects right now.



Compliance Offset Protocol
U.S. Forest Projects

Adopted: November 14, 2014

Legislative Issues

There has been little movement on the issues we wrote about in our August 2015 issue. That newsletter can be found on our web page. Here are updates we do have:

-State: Highway and Bridge Funding. This is being debated on and possibly voted on as I type. A gas tax increase is on the table. Our concern is the tax exempt status of off-road diesel fuel logging equipment uses.

-Federal: Updates to the Clean Water Act. This has been put on hold. The updates were finalized and published but much litigation ensued. The lawyers at the Army Corps of Engineers has directed a complete hold on the rules.