



# Partners News

January 2016

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Landowner Cooperative

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## PIF's Website:

[www.partnersinforesstry.com](http://www.partnersinforesstry.com)

## PIF Board

Joe Hovel  
Jim Joyce  
Charlie Mitchell  
Margo Popovich  
John Schwarzmann  
Rod Sharka  
Richard Steffes \*

\* Partners in Forestry welcomes Richard Steffes to the Board of Directors. Dick's many years of conservation work with WDNR have carried through to his retirement years and we are very grateful for his efforts and his expertise.

## WELCOME NEW PIF MEMBER(S)

KEVIN JONES  
KEREN TISCHLER  
CURT WEBB

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A PIF member arrived a day early to prepare for the deer hunt, to find a mature aspen tree threatening to fall on his cabin in the wind. Fortunately the aggressive beaver left more wood on the back and wind side which prevented the fall until the tree was removed.

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## JOE'S COMMENTS

What a terrific up beat end to 2015, following a rather tumultuous and often dismal year for conservation. My pessimism dragged on for way too long, but December ended with optimism.

**LWCF:** Shortly after our last newsletter, about mid December, Congress reached agreement on a budget bill that at least gives a 3 year renewal to LWCF. PIF, along with most every other conservation group in the country, lobbied hard to accomplish this. This gives us hope for future federal Forest Legacy projects going forward, including the Pilgrim River Watershed Project.

**Congratulations Ian:** Back in the spring of 2006 I went to Ironwood, Michigan to pick up blueberry plants from the Gogebic County tree and plant sale. At the county fairgrounds I noticed a home made poster alerting folks to the possible lose of access to Interstate Falls (also known as Peterson Falls) on the Montreal River, which divides Wisconsin from the UP at that area. Shortly after, I met the responsible local conservationist responsible for that poster, a young and very passionate Forest Service Botanist named Ian Shackelford. Ian was trying hard to recruit help to purchase a parcel of land to protect access from the Wisconsin side. It is great to see a successful end to Ian's early efforts as in December a purchase by the Northwoods Land Trust, with a partner grant from the Knowles-Nelson Stewardship fund secured that property. The parcel will be gifted to the local town. Another 'celebration of Stewardship'. It took awhile, but good things often do take time, as a reminder of that statement those blueberry plants have yet to produce fruit. Often in conservation work I remind myself and others that the 'seed does not see the flower,' so those years of Ian's efforts were fruitful in time for celebration. What a great reminder at the community level of the benefits of conservation programs like Stewardship and LWCF.

**New Legacy Forest on Wisconsin River:** The big news of late to PIF is the new Legacy Forest on the Upper Wisconsin River near Land O Lakes. In September of 2014 I began a conversation with Gary Goska about protection of his lands, I invested in the project financially and Gary remained a steadfast partner in the 15 month venture to see WDNR secure a perpetual Forest Legacy easement on this land. This great project received tremendous positive press at completion and a real outpouring of support along the way. As I said on WXPB radio 'Who would not get excited about protecting our namesake river at its headwaters?' See related items in this issue. Another great celebration of Stewardship! The winners here are many but include PIF, the people of Wisconsin who love the outdoors and the Wisconsin River, and, of course, a priceless spruce grouse chick in our photo array.

**Welcome Dick:** The PIF board received a boost recently as Dick Steffes joined our ranks. Dick has an incredible conservation legacy benefiting people of Wisconsin and we are excited to have him with us. See January 2014 Partners News for more on Dick.

We have another board opening or 2 and would welcome a nominee.

I have been very grateful for the skills of this Board. John has been a great forest advisor, Rod is truly steadfast with his support doing what ever needs to be done, Secretary Margo has tremendous skills in clerical and especially newsletter assembly, Jim keeps a first class website which makes this group proud, and my old friend Joe K. keeps us alive in the Central Sands area.

This is your COOP, what can you be involved in, or where can PIF benefit you?

## ENHANCED CONSERVATION EASEMENT CHARITABLE INCOME TAX DEDUCTION – WHAT’S THE BIG DEAL?

By Geary N. Searfoss, CPA

The PATH Act (Protecting Americans from Tax Hikes Act of 2015) was recently passed by Congress and signed by President Obama. One of the provisions of the Act was to make permanent the tax incentive for donations of conservation easements.

What exactly are the tax incentives for donations of conservation easements this Act made permanent and why is it important?

In order to answer this question, one needs to know a little bit about how charitable contributions, in general, are handled on an income tax return. So a quick primer is in order.

First of all, charitable contributions are what are called an “itemized deduction”. In other words, you need to itemize your deductions instead of taking the standard deduction to get benefit of charitable contributions. People will typically choose to itemize their deductions if the total of those deductions, which include medical expenses, state income or sales taxes, real estate taxes, home mortgage interest, and miscellaneous deductions, along with charitable contributions, exceeds the standard deduction amount.

Medical expenses and miscellaneous itemized deductions are subject to a limitation. That limitation is a percentage of adjusted gross income (AGI). A taxpayer can only deduct the expenses that exceed that percentage of AGI. AGI is, in essence, your total income, that is taxable, reduced by certain adjustments. If you file Form 1040 or Form 1040A (the long-form or the short-form) it is the number on the very bottom of the first page of the return.

Charitable contributions are subject to their own limitation. Most are subject to a 50% of AGI limitation. In other words, you can only deduct charitable contributions up to 50% of your adjusted

gross income. Any excess is carried forward to the next taxable year. You will have five years to use up the excess. Any excess over that five year carryover period is lost.

But there is a lower 30% of AGI limitation that applies to what is called “capital gain property”. Capital gain property is property that would result in income being subject to the capital gain provisions had it been sold rather than donated. The sale of land, or rights associated with the land, typically results in capital gain income so it would be capital gain property subject to that 30% limitation.

So that was the problem. Donations of conservation easements were subject to the 30% of AGI limitation. A donor who earns \$50,000 a year and who gave a conservation easement worth \$500,000 would only be able to deduct \$15,000 ( $\$50,000 \times 30\%$ ) as a charitable contribution in the year of the donation. For the next five years, assuming the same level of income, she would be able to deduct an additional \$15,000 each year for a total of \$90,000. Keep in mind that is a deduction, not a credit. It didn't reduce her tax by \$90,000 over that period, just her taxable income. Not a lot of incentive to make a \$500,000 contribution.

The PATH legislation makes permanent an enhancement that increases the AGI limitation from 30% to 50%. For farmers or ranchers the increase is even larger, to 100% of AGI. So in our example above, the donor could take a charitable contribution deduction of \$25,000 per year on that donation ( $\$50,000 \times 50\%$ ) or, if they were a rancher or farmer, up to \$50,000 per year.

In addition, the legislation increases the carryover period for conservation easements from five years to fifteen years. So on the \$500,000 contribution in the above example, the non-rancher or farmer could benefit from a total of \$400,000 ( $\$25,000 + (15$

years x \$25,000)) of charitable contribution deductions on the \$500,000 donation. The farmer/rancher would benefit from charitable contribution deductions for the full \$500,000 contribution.

And that's why this legislation is so huge for those who wish to protect their land holdings through conservation easements. It results in a much larger tax benefit, for most people, than the previous law provided. Of course, you would want to consult with your tax advisor as tax savings will vary based upon your personal situation and circumstances.

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Geary is PIF member and accountant, also serves on the board of the Couderay Waters Regional Land Trust, where he also submitted this excellent information.



**Have you paid your PIF dues?**

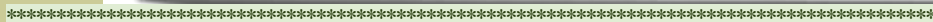
**Have you checked out PIF's website?**  
[www.partnersinforesstry.com](http://www.partnersinforesstry.com)

The website is for members to expose your business, service or tree farm, share thoughts, ideas, articles, photos, and links.

This is your COOP, we need your input as much or more than your dues.

**As a service to PIF members, contact Joe for special pricing in your needs for:**

- **Napoleon wood stoves**
- **wood finishes and preservatives**
- **garden and tree amendments**
- **grass seed for trails**
- **Tool handles, replacement handles**



## **Upper Wisconsin River Legacy Forest**

*New Forest Legacy project completed in Vilas County*

The State of Wisconsin's most recent Forest Legacy project was recently completed in the headwaters of the Wisconsin River near Land O' Lakes. This partnership between two private landowners and the State of Wisconsin protects 1,042 acres of wooded forestland and 2 miles of Wisconsin River riparian habitat, and contributes to existing public lands. This project adjoins the Chequamegon-Nicolet National Forest along the east border, and is in close proximity to the Ottawa National Forest, the Spruce Grouse State Natural Area and the Vilas County Forest. The project has 1 mile of frontage on County E on the south, and also fronts on South Crystal Lake Road on the north.

The Forest Legacy program is designed to protect working forests with high ecological and recreational value, and achieves a permanent conservation easement between the landowners and the Department of Natural Resources. This perpetual agreement ensures non-motorized public access to the entire parcel for traditional forest uses like hiking, hunting, fishing and skiing, and leaves open the possibility of establishing trails for biking. Further public access is available by licensed motor vehicle to a parking area approximately one mile north of County Highway E, and a short segment of snowmobile trail is also in the property. In addition to requiring public access, the Forest Legacy agreement forbids future development or parcel division and mandates sustainable forest management under a Forest Stewardship plan.

Situated at the origin of the Wisconsin River, this project protects water quality, riparian habitat, and northwoods forests. The forest resources are diverse and include large stands of jack pine and red pine, aspen, white pine, fir-spruce and hardwoods on the upland sites. The wetland areas feature very significant stands of 120 year old white cedar near the river, as well as black spruce and tamarack. In accordance with the Stewardship plan, the timber resource will continue to be managed by the landowners, with emphasis on watershed protection, wildlife habitat and protection of rare plants. Rare or endangered taxa have been documented on the project, including the Calypso Orchid, the Spruce Grouse and Kirtland Warbler, and management for these species is included in the Forest Stewardship plan.

Partners in Forestry Co-op (PIF), with cooperation from American Acquisitions, LLC, brought this project forward, as yet another significant step in the Co-op's efforts in enhancing local economies by maintaining working forest lands and associated public benefits. PIF board representative Rod Sharka of Land O' Lakes was elated by this transaction, stating, "With the very reduced level of Stewardship Funds in the current budget, we are very pleased to achieve such a significant project in the headwaters area, protecting our namesake river in its headwaters, as well as all the valuable habitat on this property. This project is a huge benefit to this community economically and ecologically and will be a solid legacy benefiting future generations. We are very grateful to DNR and the landowners for the vision they display with this project." The Land O' Lakes Chamber of Commerce also supported the project as a benefit to the community. "This is another great area for healthy public recreation, and close to town so folks can also enjoy the amenities we offer," said Chamber President Cheryl Pytlarz.

The value of the Forest Legacy conservation easement was appraised at \$1,010,000. The easement was purchased using \$745,000 from the Knowles Nelson Stewardship Fund, and, to alleviate reliance on public funds and help move the project forward, the landowners donated \$265,000 of value. The Natural Resource Board approved the purchase unanimously on October 28, and the Joint Committee on Finance confirmed.

This conservation project was generated through collaboration of Land O’ Lakes real estate businessman Gary Goska and well-known conservationist Joe Hovel of Conover.

For more information on this Forest Legacy project please contact Joe Hovel of Partners in Forestry at 715 479 8528 or [logcabin@nnex.net](mailto:logcabin@nnex.net)

*For supplementary material on the easement and approval process, please see below.*

[dnr.wi.gov/About/NRB/2015/Oct/10-15-3B4.pdf](http://dnr.wi.gov/About/NRB/2015/Oct/10-15-3B4.pdf)  
<https://dnrmedia.wi.gov/main/Catalog/Full/9da0bb432fd448a69d86756192a62f1721>  
(see 1 hour 35 minutes into webcast)

**From NRB Brief October 2015**

**Doug Haag**, Facilities and Lands Deputy Bureau Director, requested permission to combine his presentations for 3.B.4. and 3.B.5.

**Co-Chair Hilgenberg** approved.

3.B.4. Easement Acquisition and Donation, Hovel – Forest Legacy Program, Vilas County and  
3.B.5. Easement Acquisition and Donation, Goska – Forest Legacy Program, Vilas County (**PowerPoint**)

Discussion followed on whether the disabled will be able to use the logging roads on these properties, whether all easement lands in the ceded territory are subject to tribal night hunting, and whether signage will be in place.

**Dr. Prehn** stated for the sake of agreement, we need to make it clear what is and is not allowed. The ceded territory item needs to be addressed. We need clear rules or we will have conflict. This is an easement and not ownership. Discussion followed on significant management issues and the size of the properties.

**Public Appearances:**

1. **Joe Hovel**, Conover, representing himself and as agent of Goska’s

**Mr. Hovel** responded to questions from the Board regarding Ceded Territory and the tribal night hunting questions, disabled access, and his concerns with unregulated ATV use and the spread of invasive species.

2. **Jane Severt**, Merrill, representing Wisconsin County Forests Association as Executive Director

Ms. Severt supported the proposal as good for the industry and the area.

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**Dr. Prehn MOVED, seconded by Mr. Zimmer, approval of the department’s recommendations for agenda item 3.B.4. Easement Acquisition and Donation, Hovel – Forest Legacy Program, Vilas Count and 3.B.5. Easement Acquisition and Donation, Goska – Forest Legacy Program, Vilas County. The motion carried unanimously.**

**Secretary Stepp** thanked the Hovel’s and Goska’s and then presented Mr. Hovel with plaques recognizing the donations.

See [www.partnersinforestry.com](http://www.partnersinforestry.com) for photos and text on a four page document previously used for advancing this project.

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*A group attending a Partners in Forestry and UW Center for Cooperatives workshop view the thinned stand*



*100+ year old cedar in river wetlands*

This project is a partnership between two private landowners and the Wisconsin Department of Natural Resources, designed to protect 1,042 acres of forestland and riparian habitat for long-term sustainable forestry, multiple-use public access and a clean Wisconsin River watershed.



*Wisconsin River*



*Entrance on County Road E*

*A bunch of warm comments on the new Legacy Forest came into Joe's inbox!*

'This is a really great project and I'm excited that all the efforts paid off.'

'Congrats...This is such a great benefit to this community, it truly is something to celebrate.'

'That is very good to hear. It's heartwarming.'

'...what a remarkable treasure for us in the northwoods!'

'This is great.....thank you so much.'

'What a terrific press release for a terrific project. Congrats!'

'Great effort on your part. A great conservation victory!'

'Thanks to your efforts I am looking forward to more exploring.'

'This is great news! Thanks for sharing.'

'Congratulations on an excellent project. This gives me hope for the future.'

'Nice release on a great project! Thank you.'

'Are you going to organize a canoe trip next spring so we all can see this great project?'

'Congratulations!!! Thanks for all you do. With all the bad things happening in WI it's great to hear of something positive like this.'

'Congratulations to all involved in this landmark project! Let me know when you plan a field trip to visit the project area. Kind regards.'

'What a tremendous accomplishment. Congratulations and thanks for your good work in making it happen. Are there hiking or cross-country ski trails back there? Very exciting news.'

'This organization is making a difference!'

'Great press release about the conservation easement, CONGRATULATIONS'

'Hopefully this inspires some momentum and support for other future projects and a wake-up from so much of the county-level idiocy...This project is such a great way to end the year.'

'Congratulations. Headlines ... over and beyond snowmobiles. Excellently written. A precedent case for perhaps other states. Keep up the good works.'

*(from a down state conservation leader)* 'Great work. I paddled through that area this fall with some folks who paddled the entire river as a statement about the beauty of the state and the harm being done in an anti-conservation time. It's great to see good work like this



happening in a time where we're moving backwards in many ways in conservation. Thanks for all you do.'

*(and some press)* 'I just set this up for our paper. It is not in our area, but I would like people to see that all land here in our County doesn't have to be developed into a motorized recreation area or covered with houses or cabins to be useful to the people who live here and good for the economy.'

'Quite the accomplishment, and worthy of the headlines!'

'Congratulations, you have gotten the job done. You are to be commended for this effort. I shall look forward to seeing the property next summer.'

'I'm happy to hear of the successful action! Great work.'

'Cool beans Joe et al; I'm glad the process went okay. Current events make this kind of conservation work tougher than ever.'

'real nice and future folks will really benefit.'

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## **DEER FEEDING BAN**

SUBMITTED BY JOE HOVEL

Due to the news late last year of CWD on the game farm near Three Lakes, WI effective on January 11, 2016, a deer feeding ban is in place in Oneida, Forest and Vilas Counties. PIF hopes this ban helps with the uneven distribution of the deer herd on the landscape, and that this benefits our tree regeneration as well as other non timber plants. Perhaps with all the counties affected by CWD and this ban, is it not wise to perhaps simply ban feeding and baiting statewide?

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## FUTURE ARTICLES

Future stories we are working on and hoping to share with you soon!

- *Jane Severt from the Wisconsin County Forests Association on the value of our County Forests and sustainable forest management*
- *Interview with John Gagnon, Forest Administrator, Vilas County Forest*
- *Roy D' Antonio of Associated Title on the things to look for in title issues when buying or selling a real estate holding*
- *Dustin Bronson on woody biomass.*
- *Toward spring, learn about the forest fire two years ago in NW Wisconsin*

If you have questions that you would like to see addressed in the newsletter, suggestions for, or have articles for, future newsletters, please contact us at [partnersinforesstry@gmail.com](mailto:partnersinforesstry@gmail.com) or by mail:

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**PARTNERS IN FORESTRY**  
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"This institution is an equal opportunity provider."

*Protecting your wooded land for the future is essential to clean water, clean air, wildlife habitat, sustainable wood supply...all things that are necessary to society and health, and that are gone forever if the land is developed.*