



Partners News

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WELCOME NEW MEMBER(S)

Paul Stearns

Dick Steffes

Marion True

THE ECONOMICS OF FOREST LAND CONSERVATION

December 6, 2014 PIF Annual Meeting Photos



Following is a solid summary of our annual meeting program, written by Susan Sommer. It was a great program, a very sound topic and a great afternoon in general with good fellowship representing a wide array of forest stakeholders.

Our thanks are out to all who have been part of this meeting, and I especially mention the UW Center for Cooperatives for their financial assistance and the USFS State and Private Forestry for the extensive educational handouts we distributed. It was a general agreement that perhaps this was our best event to date, the program called a 'Leadership Topic.' We had hoped to bring out the issue of how the rampant second home development in the northwoods over the last couple decades, and the effects of forest fragmentation have become a burden to the local economy. I think we accomplished that in a positive way. Now, we need to work to encourage more non polluting, value added processing to this area, to increase the value of these wood products before they leave the area.

THE ECONOMICS OF FOREST LAND CONSERVATION

A summary of the December 6, 2014 Partners in Forestry Annual Meeting
Panel Discussion
by Susan Sommer



Forests are profitable when properly managed using conservation-minded practices. At its Annual Meeting on December 6, 2014, Partners in Forestry offered a program to interested members and the public that supported this point of fact. The program, titled *The Economics of Forest Land Conservation*, was well-attended by land owners, PIF members, foresters, loggers, and citizens interested in the issue.

A panel of experts in the field of forest conservation spoke on the economic return of forest land ownership, growing trees as an investment opportunity, long term conservation forestry planning, and tax considerations for protection and transfer of forest lands. Panel members also explained the necessity of the Land and Water Conservation Fund and the Stewardship Fund in mitigating forest land parcelization as well as the Managed Forest Law's crucial role in keeping forests profitable.

Four experts comprised the panel: John Schwarzmann, PIF Vice President and Forest Supervisor with the Board of Commissioners of Public Lands, with extensive experience in sustainable management and conservation of forests; Richard Steffes, recently retired after nearly 40 years with the Wisconsin Department of Natural Resources, where he worked on land acquisition, including the large Forest Legacy easements using the Land and Water Conservation Fund and Stewardship funding; Matt Dallman, Director of Conservation with The Nature Conservancy Wisconsin; and Geary Searfoss, CPA and forester, with a long career in forestry and tax accounting.

Joe Hovel, President of PIF and a forest manager with lengthy experience in conservation-minded forest practices, appeared with the panel of experts and moderated the program along with Rod Sharka, PIF Board member and a retired biologist, who introduced the panel.

The program centered on the fact that the forest products sector in the Northwoods is thriving and is a critical component of the Northwoods' economy due to the current high demand for forest products and record stumpage prices.

In direct contrast to the forest sector's economic success, Vilas County and surrounding counties have focused on fragmenting thousands of acres of forestland into smaller parcels to support an over abundance of second homes, which have flooded the market. This particular development practice has proven to be unsustainable. This practice has effectively removed the affected lands from forestry production for generations, if not indefinitely, thereby limiting the opportunity for economic growth in these counties.

John Schwarzmann explained that forests generally can be a very good long term investment for land owners. According to John, profitable forests occur when forests are healthy, the tax rates are not too high, and starting costs are reasonable and as low as possible. Generally forestry rates of return for timber vary between 3-15% annually over the course of a rotation, according to John.

John explained that forests grow in value in three different ways. First, good healthy trees in a well-stocked stand usually grow 3% per year with a net growth of 2% per year on average given forest mortality. Second, timber prices over the long term exceed inflation. Third, the grade for trees will increase with a 5% to 8% rate of return annually when attention is paid to quality of individual forest crops. John stated that it is essential to start with healthy growing, well-stocked forests. John said his rule of thumb for profitable forest management is 35 crop trees, or more, per acre of forest, enough for six to seven cutting cycles.

Forestry markets are critical to profitability, John explained. Wisconsin is fortunate that many of its trees have economic value, he said. There must be enough of a species to create the market, John said, and it is important to have a sustainable flow of each profitable species in the market.

The Managed Forest Law (MFL), John explained, is crucial to keeping the forest industry profitable in the Northwoods. John stated that basically the forests need to be enrolled in MFL if a landowner is going to keep them for the long term and make them profitable because of the tax advantages. He described the MFL as the institutional bridge that helps keep forests growing in our state.

Note: To listen to the audio recording of John's discussion of "The Economic Return of Growing Trees", click ([HERE](#)) in the electronic version of the newsletter, or go to the PIF website: www.partnersinforesstry.com.



John Schwarzmann



Richard Steffes

Richard Steffes spoke about his recent lobbying trip to Washington D.C. on behalf of the Land and Water Conservation Fund (LWCF) coalition. **Dick** spoke with one legislator and aides for five other legislators, along with a lobbyist from the Trust for Public Lands. **Dick** explained that the LWCF program began in 1964 and had two 25-year renewals, the second of which will expire in 2015. He said that the law called for \$900 million in appropriations each year; however, only in one year, 1998, was that level of full funding appropriated. Most years Congress diverts more than half of the LWCF funding to other budget needs. LWCF is used by the federal government, often with state and local partnerships, for Forest Legacy Easements, grant programs for local parks, and protecting historic battlefields as well as national forests and parks. The money for these appropriations comes from offshore oil leases and not from public tax dollars, Dick said. He explained the mission of his advocacy was to obtain the appropriation for this coming year for LWCF and to get the program renewed again. Since the Partners in Forestry meeting, Congress did appropriate about \$300 million for the LWCF program for fiscal year 2015. However, Congress has not yet renewed the program, set to expire September 30, 2015.

Dick mentioned that in the late 1990s, large paper companies in Wisconsin started selling their lands. Approximately 1 million acres were sold by the paper companies and some acreages turned over 5 or more times since then. He mentioned that a large forest owner in Wisconsin right now is a Brazilian company. Richard explained that land bought from the paper companies went to Real Estate Investment Trusts (REIT), such as Plum Creek and Potlatch, and Timber Investment Management Companies (TIMOs, such as The Forestland Group.

Dick said that REITs have a fiscal obligation to their shareholders to return dividends and thus are generally not very long term landowners. They try to buy large acreages at low per acre cost, and then sell, often in smaller tracts at a higher per acre value, while harvesting timber in the meantime. He explained those companies shift the tax burden to their shareholders along with providing the shareholders with dividend income. TIMOs likewise are buying and selling timberlands more frequently, by far, compared to the long term ownership patterns before the late '90s.

Dick also talked about easements through the Forest Legacy program. He explained that easement value affects the lands the DNR chooses to buy these easements on. The conservation easements provide that the public has open access to the lands, except if the access interferes with forestry, no buildings can be constructed, except those that involve forestry, the lands cannot be subdivided, and no mining is permitted. Easement costs run about \$450 per acre in the northern part of Wisconsin and as high as \$1100 per acre around populated areas in southern Wisconsin. The DNR is changing from larger real estate transactions to purchasing easements on smaller parcels of land that might be near existing DNR lands, **Dick** explained.



Matt Dallman

Matt Dallman explained The Nature Conservancy (TNC) is an international conservation organization, working across the 50 United States and in 30 countries, essentially as a very large land trust. TNC works with landowners to purchase conservation easements. TNC can work with these landowners on forest management practices. Matt explained TNC uses the Land and Water Conservation Fund and the State Stewardship Fund to help make these conservation purchases.

Matt explained the State Stewardship Fund is a 50% matching program where TNC can get dollars to help protect land and the rest of the funding comes from private individuals and donations to help protect that property. Matt said he is a member of the Governor's Council on Forestry for the State of Wisconsin. He mentioned that the current

administration wants the State Stewardship Fund to be used only for the purchase of conservation easements that will allow the public on easement lands for all recreational purposes. Matt said The Nature Conservancy and other conservation easement groups, such as the Northwoods Land Trust, rely heavily on the Stewardship Fund to meet their goals.

Matt also mentioned that there may be an attempt in the upcoming legislative session to eliminate the Managed Forest Law. He said there are 3.6 million acres of private lands in Wisconsin's MFL program.

Note: To listen to the audio recording of the above portion of the panel discussion entitled: "The Importance of the Land & Water Conservation Fund and Stewardship Fund", click ([HERE](#)) in the electronic version of the newsletter; or go to the PIF website: www.partnersinforesstry.com.

During the presentations, panel members had a discussion about the forestry market starting out at a disadvantage because of Wisconsin's current taxation system. Geary said we stubbornly stick to the model of land equaling wealth. He pointed out that in comparison to other investments, such as stocks, agriculture and soon manufacturing, forestry is taxed at the outset. Richard agreed with Geary's point and mentioned that the clout of the forestry owner as compared to that of the agricultural landowner has changed. He said it seems that the agricultural landowners have support from the legislators that the forest owners do not. Joe mentioned that a group called the Wisconsin Alliance of Forest Owners is forming to address the issue of tax disparity between agriculture and forestry.

Geary Searfoss ended the program with a discussion of tax opportunities for conserving land. He discussed conservation easements, like-kind exchanges, and estate tax issues. His comprehensive outline is included in this PIF Newsletter and is available online at the PIF website, www.partnersinforesstry.com.

Note that for anyone who was not able to attend the annual meeting, audio recordings of the presentation segments can be accessed on the PIF website (www.partnersinforesstry.com). Also, we can provide a set of 3 audio CD's of the entire discussion for those members who do not have internet access, or would like the convenience of listening to the discussion on your CD player at home or in your car. Send your request with a check for \$5.00 made out to PIF (to cover materials and postage) to Rod Sharka, 7733 Palmer Lake Road, Land O' Lakes, WI 54540.



Geary Searfoss

**Have you checked out
PIF's website?**

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.

Tax Opportunities for Conserving Land

A Discussion of conservation easements, like-kind exchanges, and estate tax issues
by Geary Searfoss, CPA, EA, CF

Note: This outline follows Geary's presentation at the PIF Annual Meeting on December 6, 2014. To listen to his actual presentation (helpful in understanding his outline), click ([HERE](#)) in the electronic version of the newsletter, or go to the PIF website: www.partnersinforesstry.com.

I. Introduction

- A. Tax Code is not necessarily set up to conserve land. It's goal is to raise revenue for the Treasury. As such, the tax code looks for "for profit" activities and normally denies deductions for activities that do not have a profit motive.
- B. That said, Congress also made room for activities that are charitable in nature or serve a public service or for membership organizations and the like. Section 501(c) of the IRC contains many organization types that can be tax-exempt if they make application as such.
- C. Congress also felt it would serve the public good if it allowed a deduction from income for taxpayers who donated to the government, to a church, or to a charitable 501(c)(3) organization.

II. Land Trusts

- A. Enter land trusts. I happen to be on the board of the CWRLT. CWRLT is a 501(c)(3) land conservation organization that works with landowners in a specific area of NW WI to preserve significant portions of the varied natural habitats found in this region for the benefit of current and future generations.
- B. The CWRLT works with Gathering Waters – Wisconsin's alliance for land trusts. There's something like 47 land trusts in WI under Gathering Waters.

III. Conservation Easements

- A. Landowners make gifts to the land trusts of conservation easements. A conservation easement is a contribution of a real property interest to a qualified organization exclusively for conservation purposes.
 - 1. Landowner has bundle of landowner rights (like a bundle of sticks). In a conservation easement the landowner is giving up one or more of those rights (most common are development).
 - 2. Donor gets to take a charitable contribution deduction for the value of the conservation easement donated.
 - a. To be deductible, donation must be legally binding and there must be permanent restrictions on the use, modification or development of the property.
 - i. Current and future owners are bound by the terms of the conservation easement.
 - b. Donation must also be of a right you possess. For example, you cannot donate a right that is already restricted by local law.
- B. 4 deductible types of conservation easements
 - 1. preservation of land areas for outdoor recreation by, or the education of, the general public.

2. Protection of relatively natural habitat of fish, wildlife, plants, or similar ecosystems.
3. Preservation of open space – including farmland and forest land.
4. Preservation of a historically important land area or certified historic structure

C. Value of Conservation Easement.

1. The value of a conservation easement is determined in a qualified appraisal. The value of the contribution is the FMV at the time of the contribution. To the extent there is a substantial record of sales of easements comparable to the donated easement, the FMV is based on the sales price of such comparables. If there is no substantial record of marketplace sales, the value is generally the difference between the FMV of the underlying property B4 and after the easement is transferred.
 - a. IRS paying more attention to the appraisals associated with conservation easements as there have been some pretty questionable appraisal numbers brought to light by major media.

D. Charitable Contribution

1. Typically, a charitable contribution must be of a complete interest in property to be deductible. The rules relating to conservation easements are a rare exception.
2. There must be charitable intent. The receipt of or expectation of a direct or indirect benefit will reduce or eliminate the charitable contribution deduction.
3. Burden is on the T/P to demonstrate the property transferred is a deductible contribution. Need:
 - a. contemporaneous written acknowledgment from the donee organization. Donee must also sign Form 8283 that goes in to IRS with donors tax return.
 - b. For donations in excess of \$5,000 in value, need a qualified appraisal and appraiser also needs to sign Form 8283 that goes in with donors tax return
 - i. IRS has strict rules as to who qualifies as a “qualified appraiser”.
4. How much can be deducted? *(*See Footnote for update.)*
 - a. Through 12/31/13 - 50% of AGI limitation w/ 15 year carryover. Farmers and ranchers 100% of AGI w/ 15 year carryover.
 - b. After 12/31/13 – 30% of AGI w/ 5 year carryover for all.
5. Bargain Sales
 - a. Sale of property to a qualified organization for less than FMV. In bargain sale, T/P has charitable intent and therefore, purposely accepts less than FMV for the property.
 - b. Bargain sale treated as partly a charitable contribution and partly a sale or exchange. The FMV of the contributed part is the total FMV of the easement less the amount received on the sale.
 - i. Basis is also allocated between the portion sold and the portion contributed.
 - ii. Example: Betty sells a conservation easement to a qualified organization for \$10,000. FMV of the easement is \$12,500. Fair market value before the conservation easement is \$30,000. She has a basis of \$12,000 in the property.
 1. Contribution deduction (appreciated property) = \$2,500 (\$12,500-\$10,000)

2. Allocation of Basis

Interest in Property	Fair Market Value	Percent of FMV	Allocation of Basis
Timberland after conservation easement	\$17,500	58.33333%	\$7,000
Conservation Easement	\$12,500	41.66667%	\$5,000
Total	\$30,000	100.00%	\$12,000

3. Basis allocable to sale ($\$10,000/\$12,500 \times \$5,000$) = \$4,000

4. Gain on Sale

Sale Price	\$10,000
Basis allocable to sale	<u>\$4,000</u>
Gain on sale	\$6,000

5. The basis allocable to the charitable contribution of \$1,000 ($\$10,000/\$12,500 \times \$5,000$) just disappears. You got a better deal in being able to deduct the FMV of the easement.

c. Loss on bargain sale of conservation easement

- i. Cannot claim loss. Basis in excess of payment would be added to the basis in timberland after conservation easement (would remain with the bundle of rights that Betty retains)

6. Sales of conservation easement without a bargain sale component

- a. Betty sells conservation easement for its FMV of \$12,500, FMV of property before the easement is granted is \$30,000. She has a basis of \$12,000 in the property.

- i. Contribution deduction = \$0 ($\$12,500 - \$12,500$)

- ii. Taxable gain

Sale price		\$12,500
Basis allowable to sale of easement	$12500/30000 \times 12000 =$	<u>-\$5,000</u>
Gain		\$7,500

- iii. Remaining basis of \$5,000 ($\$12,000$ basis less $\$5,000$ basis used) would remain with the bundle of rights that Betty retains

- b. A loss would not be deductible. Basis in excess of the sale price would remain with the bundle of rights retained.

- i. Example: Instead of Betty's basis being \$12,000, it is \$32,000.

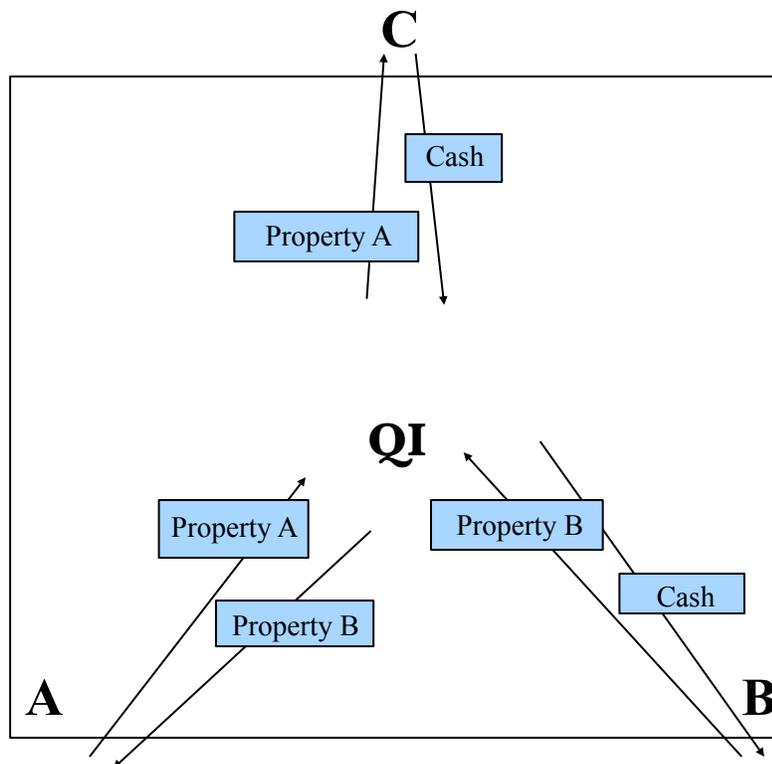
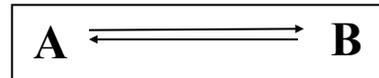
Sale Price		\$12,500
Basis allowable to sale of easement	$12500/30000 \times 32000 =$	<u>-\$13,333</u>
Deductible loss		\$0

- ii. Basis remaining on bundle of rights retained by Betty would be \$19,500 ($\$32,000 - \$12,500$)

IV. Like-Kind Exchanges

- A. Perhaps own an investment or business property in WI and wish to acquire some in AZ as you are sick and tired of winter and are leaving ASAP, or an awesome piece of property w/ conservation potential just became available but you don't have the cash to purchase it. Enter LKE
1. Does not apply to property not held for business or investment
- B. Under LKE rules you can exchange like kind property – real estate for real estate, for example – tax free
1. If no boot (cash) received there will be no gain recognized
 2. Basis in property given up transfers to property received.
 - a. Boot (cash) paid will add to basis in property received
- C. Simple Like-Kind Exchange
- D. Use of Qualified Intermediary

1. A wants B's property, B wants cash



- a. If cash touches hands of A, LKE rules not met – will not qualify

E. Like-Kind Exchange Rules

1. Identification – property to be received must be identified w/in 45 days of date property given up was transferred.
2. Receipt – property to be received must be received by the **earlier** of;
 - a. 180 days after transfer of property given up, or
 - b. due date, including extensions, for the tax return for the tax year in which the transfer of the property given up occurs.
3. Related party exchanges – if exchanged w/ related party and w/in 2 years either party disposes of the property received, the previously deferred gain is recognized at time of disposition.
 - a. Related parties
 - i. immediate family members – brothers, sisters, spouses, ancestors and lineal descendants
 - ii. corporations, LLC's or partnership in which have an interest of 50% or more.
 - iii. Related parties don't include step-parents, uncles, aunts, in-laws, cousins, nephews, nieces and ex-spouses

V. Conservation Easements and Like-Kind Exchanges

A. Would an exchange of a conservation easement for other real property qualify as LKE?

1. Qualified yes – IRS has ruled in numerous letter rulings that it does
2. Example: Landowner agrees to give up development rights on his property in exchange for adjoining property. This would qualify as a LKE.

B. Would an exchange of a conservation easement for other property also subject to a conservation easement, qualify as a LKE?

1. Qualified yes – again, IRS has ruled such in a letter ruling
2. Example: Mary owns Timberland A near a metropolitan area. The local land trust owns Timberland B located next to Mary's property. Timberland B is subject to a conservation easement. The land trust would like to exchange Timberland B in exchange for a conservation easement on Timberland A. This would qualify as a LKE.

VI. Estate Tax Provisions

A. Maybe your idea of conserving the land has nothing to do with a conservation easement. You want the property to stay in the family, but you don't want to lose it through the estate tax provisions.

1. Estate tax provisions really quite generous at present time.
 - a. If die in 2014, estates up to \$5,340,000 in value are tax-free
 - b. Now have portability of estate exclusion
 - c. Example: Joe and Donna have assets totaling \$7,000,000. Donna dies and leaves all the assets to Joe
 - i. Without electing portability
 1. No estate tax for Donna (all assets going to spouse) but Joe would pay estate

tax on \$1,660,000 (\$7,000,000 - \$5,340,000)

1. exclusion adjusted for inflation so actual taxable amount may vary
- ii. Election of portability on Donna's estate tax return
 1. No estate tax (all assets going to spouse)
 2. No estate tax for Joe because his exclusion amount is \$10,680,000. Value of estate is only \$7,000,000.
- d. Must file estate tax return (Form 706) to elect portability.

VII. Gifting

- A. If estate exceeds the exclusion amount can gift up to \$14,000 per year per individual (while living) – related or unrelated – w/o filing of gift tax return and w/o reducing estate exclusion amount.

*Footnote: **A Recent update from Geary...**

It's all final now. There are two changes to my presentation with the tax act (the Tax Increase Prevention Act of 2014) that was passed this month (December, 2014):

1. Under D4 in my outline. the 50% of AGI limitation was extended for one year as was the 15 year carryover. To update my presentation change the date in D4a to **12/31/14** and change D4b to **"after 12/31/14..."**
2. This wasn't actually in my presentation but I know I mentioned in response to a question that the Section 179 deduction cap for 2014 was \$25,000. The Act extended what was in place in 2013 to 2014. So for 2014, the Section 179 cap is \$500,000 with a phase out of \$2 million. As of 1/1/15, it again falls down to the \$25,000.

The short-term impact of this tax act led one lawmaker to lament that it had a shorter shelf life than a dozen eggs. Everything in the bill was retroactive to 1/1/14 but expires on 12/31/14, less than two weeks after the legislation was signed!

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as it relates to forestry
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PIF INTERVIEW:

COLLIN BUNTROCK

submitted by Joe Hovel



PIF recently spent some time with Collin Buntrock, and we wish to welcome him to this area and look forward to working with him.

Collin Buntrock is the northern district forest products services specialist with the Wisconsin DNR Division of Forestry

in Rhinelander. Collin grew up in Elgin, Minnesota, a rural community located an hour northwest of La Crosse. He received a BS in Forest Science and an MS in Forestry from the University of Wisconsin, Madison. Prior to attending graduate school, Collin was employed by the South Dakota Department of Agriculture and also interned with a sawmill in northern Wisconsin. In his current position, he provides utilization and marketing assistance to a wide range of stakeholders including sawmills, loggers, foresters, and other agencies to maximize wood's contribution to Wisconsin's economy. Collin also manages the Wisconsin Wood Marketing Bulletin newsletter, administers the Wisconsin local-use dimension lumber grading program, and assists with DNR outreach and field trainings. He is a member of the Society of American Foresters and is a director of the Great Lakes Kiln Drying Association.

PIF: We are excited to have your services at our disposal Collin. Are you covering the northern part of the state and taking up much of what Terry Mace had done prior to his retirement? Is there a counter part covering the southern counties? I recall Terry Mace working out of the Forest Products Lab in Madison, but he was a WDNR Forestry employee.

You are correct, much of what I do overlaps with the work Terry Mace had done. Prior to his retirement, Terry was the statewide specialist in Madison. He and many others worked hard to locate forest products personnel throughout Wisconsin. Last April, the DNR hired three regional specialists and filled Terry's statewide position. I joined the DNR in April and live and work in Rhinelander. I have a counterpart in Green Bay, Scott Lyon, who covers southeast Wisconsin and a counterpart in Dodgeville, Anna Healy, who is the southwest specialist. Sabina Dhungana is the statewide specialist in Madison. Having a regional focus allows us to better serve our customers by more effectively addressing region-specific issues (and opportunities!).

PIF: Would you tell us a little about your sawmill internship? I especially appreciate your seeking the practical experience as for years I was a host-trainer for a program with the University of Minnesota, where our trainees were forestry placements from different countries who came here looking for practical experience in value added processing, in order to round off their education.

I was extremely fortunate to intern with Nicolet Hardwoods Corporation in Laona, WI while I attended forestry school at UW-Madison. Although I spent a lot of my time preparing and administering timber sales on company lands, I also scaled saw logs and worked closely with management on day-to-day operations. Oh, how I miss having an office out in the woods! We took a lot of pride in sustainably managing some of the most productive forests in northern Wisconsin, a responsibility the company has been committed to for over five generations. The experience really changed the way I viewed forestry. It made me appreciate just how vital our forest products industry is to local families, businesses, and nearby communities.

PIF: One of my proudest accomplishments in my time with PIF was achieving the 'Local Lumber Use Law', a 5 year experience with a very committed and steadfast State Senator Roger Breske at the time. The impetus for this was when I, as a builder using local wood, learned from a building inspector that there was soon to be a requirement in the Uniform Dwelling Code for graded lumber. I called NELMA (Northeastern Lumbermans Association) and asked about grading our lumber, and after a friendly discussion with their representative, where I learned that rough sawn lumber could not be grade stamped, he said "you do not need to grade, you need a local lumber use law. I suggest you contact your state representative". Thus I knew of former Senator Breske being a staunch friend of the working folks, and he immediately realized the concern. This was not an easy accomplishment, as the initial level of interest in the legislature was very weak, but over time and after making a number of trips to Madison to testify at hearings, after a series of conference calls to find common ground with the opposition and after years of educating others on the importance of this bill, in 2007 Wisconsin Act 208 became law, known as the Local Lumber Use Law. I proudly display on my desk a 'Planque' awarded to me by Timbergreen Farm and the Green Squared Building Association. I recall very clearly one rather sarcastic question I was asked from a state senator at a hearing: "Do you really believe that there could possibly be enough interest in this that the state should sponsor these so called grading classes you mention?" He honestly did not think there would be a dozen people state wide affected by this.

I was in the very first grading class, with Terry Mace and Bob Govett at UWSP instructing, I recall in early spring of 2009, and I recall these classes filled up fast.

Do you know how many small sawmill operators have so far been certified by this? Will you bring some of these classes further north?

From my conversations with Terry and Bob, I certainly appreciate all the hard work you put into the Local Lumber Use Law. Since the enactment of 2007 Wisconsin Act 208, over 300 people have gained certification to sell local-use dimension

lumber, many of whom are custom sawmill operators and builders. Several of my counterparts in other states have even contacted me about possibly adopting a similar local-use grading program.

To gain certification, one will need to attend a day-long workshop and then pass a written test. In the past, these short courses were held at UW-Stevens Point. For those who have an interest in gaining certification, I will be teaching the next course on February 23rd, 2015 at the DNR Service Center in Rhinelander. Please send me an email (Collin.Buntrock@wisconsin.gov) with your name, address, and phone number and I will get you registered. You can also reach me at 715-365-4703.

PIF: As with most industries, there are the big ones who are noticed, and all the rest of us who must constantly strive for a fair shake and proper networking opportunities. For many years I would receive the Wisconsin Wood Marketing Bulletin as a quarterly publication in print. Terry Mace also worked on that if I recall. Can you tell us the status of this publication? As I recall it being of great value especially to the small operators I refer to.

Thank you for asking this question. The DNR Forest Products Services program reintroduced the Wisconsin Wood Marketing Bulletin this past September. We will be publishing the bulletin on a quarterly basis with the next issue set for publishing in January. The newsletter provides readers with market updates and interesting stories about wood products from around Wisconsin and the Lake States Region. To find past issues and/or sign up to receive this free newsletter, please visit: <http://dnr.wi.gov/topic/ForestBusinesses/newsletter.html>

PIF: What other topics or issues may our Partners in Forestry network be able to engage you with?

I would love the opportunity to connect with PIF members sometime in the future. If you have specific needs, please do not hesitate to give me a call (715-365-4704) or send me an email (Collin.Buntrock@wisconsin.gov).

EMERALD ASH BORER AND PORTABLE SAWMILLS

BY JOHN G. DUPLISSIS

Note from Joe: “We wish John DuPlissis the very best as he embarks on a new career challenge with the University of Nebraska and the Nebraska Forest Service. I have truly enjoyed John’s company at Stewardship meetings over the years, and much appreciate his contribution to the people of Wisconsin.”

One of the real difficulties in owning or managing a piece of land is that you are at the mercy of so many external forces...Drought, fire, flood, insects and diseases, zoning, regulations, and taxes, lack of qualified assistance, lack of markets for your products; wreck and ruin seem to be the woodland owner’s constant companion. You have to be crazy to want to own a piece of land! Maybe that is one of the essential ingredients of being a woodland owner... just crazy enough to accept the good with the bad; the peace and joy that comes from working the land far outweighs all of the other “stuff.”

Emerald Ash borer is the most recent calamity to affect our woods. According to the Wisconsin Department of Agriculture, Trade and Consumer Protection’s [Emerald Ash Borer Resources Guide website](#); Wisconsin forests contain more than 770 million ash trees (nearly 7 percent of all the trees in the state). Additionally, it is estimated that ash trees account for, on average, 20 percent of trees in our urban forests.

Why the emphasis on crazy? When Emerald Ash Borer first hit Detroit the city and surrounding communities were overwhelmed. But at some point folks there started to think about how they could use the wood and turn a bad situation into a teachable moment. Ann Arbor’s [Traverwood Branch Library](#) may be one of the best examples of this; they took on the disaster of Emerald Ash Borer and created a place of peace and joy in their community. Crazy...Right?

The concept here is that they took something local, in place, and tried to find a use for it beyond chipping and sending it to a landfill. Many woodland owners do this all the time. Whether it is hunting for wildlife or morels, cutting firewood, or turning sap into syrup it’s a matter of looking at what you have turning it into something more. So...What is the opportunity for dead, dying, or infested ash trees?

A great deal of work has been done in urban areas, like the Traverwood Library, to look at opportunities to use the wood locally. One of the options that folks have been looking at are bringing in portable sawmills to turn the trees into useable lumber onsite or at collection points. Companies like [Baraboo Woodworks](#) and [Wudeward Urban Forest Products](#) have been sawing urban wood into lumber and working with wood workers and architects to use this wood in their communities and give it a new life as a

useful product. I use these companies as specific examples of what can and has been done not to promote their businesses.

But it is not limited to urban areas. Wisconsin is fortunate that we have a "[Local Lumber Use](#)" law on the books. "The purpose of this law is to permit in very limited circumstances that dimension lumber (that has not been grade-stamped under the authority of a lumber grading bureau) may be used in the construction of a dwelling." Folks who own and operate portable sawmills, who have been through training, are certified to saw timber for dimension lumber.

Emerald Ash Borer has created a renewed interest in portable sawmills and new opportunities for folks who own them in and around large urban areas. What we have found is that there are a lot of people who own and operate portable sawmills but they have a lot, and I mean a lot, of questions about which type of mill is best, how to dry sawn lumber, and how to market it. Most of the folks who own a portable sawmill have learned the hard way, through trial and error, what works and what doesn't work and when you put them in a room together the conversations are truly interesting as they share what they have learned with each other. But what I have learned is that there is no formal or informal way for portable sawmill owners to get together and share their ideas, what they have learned, or to learn new ways of doing things without out paying a heavy price in trial and error or for classes hosted by manufacturers. Which has led UWSP to consider starting a portable sawmill owners association at our Treehaven facility. Our goal is create a working laboratory where folks can learn how to merchandize a tree from its harvest through kiln drying and marketing the wood produced. Kevin Burns, Forest Ecologist at UWSP's Treehaven Field Station, is currently working on developing a working laboratory that includes a portable sawmill and dry kiln with the assistance of Dr. Les Werner, UW – Stevens Point; Dr. Scott Bowe, Extension Forest Products Specialist at UW – Madison; and Colin Buntrock, WDNR Forest Utilization and Marketing Specialist out of Rhinelander.

Emerald Ash Borer is just the latest and worst calamity to visit Wisconsin's woods and it won't be the last but the opportunity to promote small businesses that look to use this wood for long-lived forest products might be a legacy that might just bring a little peace and joy to the folks who lost trees to this pest and to the folks who own locally grown and manufactured cabinetry, flooring, or furniture made from Wisconsin's ash trees.

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Northwoods Wildlife Habitat and Aspen Forests

Ron Eckstein
Rhineland

The petiole on trembling aspen leaves is flat, which causes the leaves to be in constant motion. One Native American tribe named the aspen tree “old woman’s mouth” because the leaves constantly moved. Chris Madson in National Wildlife Magazine gives a good description of trembling aspen:

“No other tree species occupies a larger part of North America. Aspens challenge the Arctic tundra along the tree line in Alaska and the Northwest territories, accompany the black spruce and jack pine of Canada’s boreal forest and follow the continents two great mountain ranges as far south as Georgia and Mexico. They withstand temperatures of 70 degrees below zero and 100 degrees above. They crowd in on the water-saturated edges of muskeg and tamarack bog and eke out a living on the rain-starved slopes of the West’s desert basins. They are survivors.”

Aspen’s success, however, is built on catastrophe (fire, blowdown, and clearcutting). Aspens are relatively short-lived and highly intolerant of shade. Aspen needs periodic disturbance to survive.

Presettlement

Aspens were uncommon to rare before Europeans arrived in Wisconsin. Most of the Northwoods was dominated by extensive forests of maple, hemlock, and yellow birch. Aspens were rare in these extensive heavy-soiled landscapes. Aspen could only compete where sandy soils permitted wildfire. In these sandy-soiled landscapes the aspens were a common associate in forests dominated by white and red pine. Overall, in Wisconsin’s Northwoods, forests dominated by aspen made up only about 5% of the pre-settlement forests.

Settlement

Between 1875 and 1940 the Northwoods forests were commercially clearcut and burned. The plow was to follow the axe and 90% of the Northwoods was clearcut and wildfire burned through most of these clearcuts. Agriculture never developed over extensive areas of the Northwoods because of the poor climate, poor soils, and inadequate markets.

Recovery

The stage was set for the rapid expansion of aspen and white birch. Because of aspen’s light wind-blown seeds, it was able to rapidly invade the cut-over and burned-over maple and pine landscapes. Forests in the Northwoods continued to recover after the Conservation Department implemented effective wildfire control in the 1930s. By 1950, early successional forests of aspen and white birch covered nearly 40% of the Northwoods.

Conversion

Harvest of the recovering forest began in the 1950s. This harvest included the planned conversion of most aspen stands back to maple because almost all the mature pines and their seed-bearing cones were gone. The larger, fast-growing aspen and white birch poles were harvested and the smaller, slow-growing maple saplings were left. So began the large scale conversion of aspen forests to pole-sized maple forests. In the last 60 years aspen and white birch forests have declined by an average of 1% per year and have gone from the dominant Northwoods timber type in 1950 to 23% of the Northwoods today.

Today’s Aspen Forests

There are three species of aspen in Wisconsin: trembling, bigtooth, and balsam poplar. Trembling and bigtooth occur statewide on a wide variety of soils while balsam poplar is associated with some Northwoods lowland forests and with upland forests in the Lake Superior clay plain. Most of the volume of trembling

aspen occurs in the Northwoods while about half the volume of bigtooth aspen occurs in southwest Wisconsin. More than 80% of the acreage and volume of all three species occurs in the Northwoods.

WDNR defines aspen stands to be those stands where aspen comprises more than 50% of the basal area in poletimber and sawtimber or more than 50% of stems in seedling and sapling stands. Common tree associates in aspen forests are red maple and balsam fir on wet and mesic sites; sugar maple on rich mesic sites; scrub oak and red maple on dry sites; and red oak, white pine, and red maple on mid-range soils. White birch was formerly a very common associate but in the last 25 years has declined very rapidly due to stiff competition from aspen sprouts and deer browsing. Red oak is decreasing due to harvest of mature trees and deer browsing. Red maple is rapidly increasing as a component of aspen stands while white pine is moderately increasing in areas where mature white pine provides a seed source.

Table 1 shows the ownership categories for Wisconsin's aspen forests. Since half of all aspen occurs on relatively small private parcels, there is an effort underway to encourage landowners to maintain aspen forests. The group is called the Wisconsin Young Forest Partnership. Landowners can get information and help managing their land for young aspen forests. The contact is: Callie Bertsch, Rhinelander, 715-362-5941 Ext 107; cbertsch@abcbirds.org

Small Private Lands	50.0%
County Forest	23.0%
National Forest	11.5%
Industrial, REIT, TIMO	7.7%
State Lands	5.2%
Native American Lands	2.0%
Other Federal Lands	0.6%

Table 1. Ownership categories for Wisconsin aspen forests.

Management

The most common silvicultural system for aspen management is either simple coppice (total tree harvest) or coppice with standards (clearcut with reserve trees up to 15% crown cover). Uncommon management alternatives include aspen reserve management, two-age aspen management, thinning, and pre-commercial thinning. For information on these management alternatives consult the Aspen Chapter in WDNR's Silviculture Handbook.

Aspen management concerns include: preventing loss of soil productivity through multiple regeneration harvests; converting aspen on wet sites to lowland brush (swamping), rutting by logging equipment on wet sites, and compacting soil on heavy upland soil types.

Longevity

Aspen is often identified as a medium-sized, fast-growing, short-lived tree. In Wisconsin, on good sites, mature trembling aspen trees are typically 70 to 80 feet tall and 10 to 16 inches dbh. On the best sites trembling aspen can attain a height of 120 feet and a diameter of 24 inches. Many stands of trembling aspen begin to lose volume at 55 to 60 years old but some stands, particularly on medium to good sites will hold together (and regenerate) well past 80 years old.

Bigtooth aspen is similar to trembling aspen except bigtooth stands on good sites can hold together (and regenerate) for 80 to 100 years and attain 30 inches in diameter. Individual trees of both trembling and bigtooth over 100 years old have been documented in Wisconsin. In the mountains of the western states trembling aspen stems routinely live over 100 years and some attain ages of 200 years.

Wildlife Habitat

Aspen forests are important wildlife habitats for a wide variety of wildlife and are critical habitats for some wildlife species. When aspen forests became abundant these species thrived. When aspen forests declined so too did these species.

Forest Game

In Wisconsin's Northwoods all the major forest game species find the best habitat; the best food, water, cover, and space; and thus the best carrying capacity and the highest populations in landscapes that are dominated by aspen and other early successional forests. These forest game species include white-tailed deer, ruffed grouse, American woodcock, wild turkey, black bear, snowshoe hare, coyotes, bobcats, and beaver. Wisconsin's small population of elk and the occasional moose both seek out aspen forests as their main, preferred habitat.

The habitat requirements of ruffed grouse and American woodcock and have been well documented. For ruffed grouse the best habitats are 10-acre patches of aspen with four different age classes all within close proximity. These habitats include dense sucker stands for brood cover and mature aspen clones for winter budding. American woodcock breed in young aspen stands with small openings. The openings are usually log landings, frost pockets, or access roads and the best sites are on rich soils. Wild turkeys find good habitat in recently disturbed sites with abundant insects in the spring and summer, seeds in the fall, and mature oaks in the winter.

Forest Songbirds

In the Northwoods some 47 species of birds breed primarily in young aspen-white birch forests and over 100 species can be found in all ages of aspen forests. On the Chequamegon-Nicolet National Forest the most common songbirds found in all ages of aspen forests, in order of abundance, are: ovenbird, red-eyed vireo, chestnut-sided warbler, rose-breasted grosbeak, mourning warbler, white-throated sparrow, blue jay, black-capped chickadee, American crow, and hermit thrush. A very important songbird in young aspen stands with red oak and/or white pine reserve trees is the golden-winged warbler. This warbler also occurs in shrub swamps dominated by speckled alder. The golden-winged warbler is a Species of Special Concern because they are declining in the eastern United States. The upper Midwest, particularly Wisconsin and Minnesota, contains about 70% of the total United States breeding population.



Golden-winged warbler. J. Rasmussen

Recent research has identified young aspen forests as important post fledging habitat for a wide variety of mature forest songbirds. After leaving the nest many young songbirds will switch from mature forest to nearby young aspen forest to hunt for the abundant and diverse insects that occur in young aspen stands.

Mature aspen forests are the preferred home of Wisconsin's small breeding population of goshawks. These forest hawks nest in the canopy of a mature aspen tree and hunt by flying at high speed through the forest.

Their main prey include medium-sized birds such as blue jays, robins, and ruffed grouse as well as small mammals such as snowshoe hare and tree squirrels.

Cavities in Aspen

Of all the forest trees in Wisconsin, trembling and bigtooth aspens are the best cavity trees for forest birds. Aspens are fast-growing; have relatively soft wood; and are attacked by many fungi that cause rapid decay. Small birds like black-capped chickadees, white-breasted nuthatches, and downy woodpeckers nest in cavities in small diameter aspen snags while large birds like wood ducks, pileated woodpeckers, common mergansers, hooded mergansers, and barred owls nest in cavities in huge, old aspens. Trees like sugar maple, yellow birch, and red oak make great cavity and den trees once they attain ages in excess of 100 years while aspen trees can form cavities at younger ages and in a higher percentage of the trees in a mature stand.



Big toothed aspen snag. R. Eckstein

Aspen Management and Wildlife Habitat

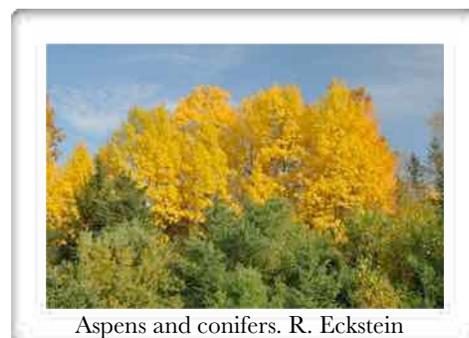
Aspen forests are commonly managed by removing the canopy in the winter (when growth hormones are safely in the roots) and relying on root suckers exposed to full sun to naturally develop into a new stand. In mixed stands of hardwoods (mainly red maple) as few as 20 to 50 well-spaced aspens are enough to regenerate a stand to aspen. Aspen sprouts can attain six feet in height the first year. Dr. Forest Stearns used to say that aspen was one of the few trees that you could actually watch grow.

The two basic wildlife habitat recommendations for aspen forests are the same recommendations made for most forest types:

- Manage for tree species diversity (composition)
- Manage for complex forest stand features (structure)

Tree Species Diversity in Aspen Forests

- In forests, wildlife diversity is directly related to tree species diversity. A mix of deciduous and conifer trees increases wildlife diversity.
- In aspen clearcuts, maintain mature red oak, white pine, red pine, and/or white spruce as scattered reserve trees.



Aspens and conifers. R. Eckstein

Complex Forest Stand Features in Aspen Forests

- In forests, wildlife diversity is also directly related to the amount of structure in the forest. Complex structure includes various layers of vegetation, trees of various sizes and ages, and a component of cavity trees, den trees, and large logs on the forest floor.

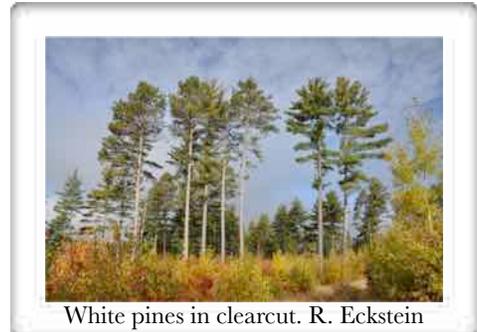
Stand structure starts at the soil. Many species of wildlife live and forage within the first 36 inches above the soil. Salamanders, snakes, frogs, and most small mammals live in the duff layer or under large logs on the forest floor. Many wildlife species such as white-tailed deer, black bears, ruffed grouse, wild turkeys, and weasels forage in this layer.

The next vegetation layer is the tall shrub and sapling layer. In the first five years after an aspen clearcut this layer is dense and diverse. Many understory plants are released and bloom when the overstory trees are removed. Choke, pin, and black cherries appear in many stands. The abundant sunshine and new plant

growth attracts all kinds of insects including a variety of butterflies. The insects attract songbirds as well as ruffed grouse and wild turkeys. White-tailed deer gorge on the young aspen leaves (they love aspen leaves) and, just after sunset, woodcock perform their wonderful sky dance.

The highest vegetation layer includes the scattered, mature reserve trees. In general, 15% of the area in an aspen clearcut can be maintained in reserve trees without harm to the growth and success of the new aspen forest. Important reserve trees include red oak, white pine, and white spruce but can include yellow birch, red pine, and sugar maple.

Reserve trees are very important and sometimes critical habitat components in aspen forests. Overall wildlife diversity, especially bird species diversity, is increased when mature reserve trees are maintained in aspen clearcuts. Some of the reserve trees will die, become large snags, and eventually end up as coarse woody debris on the forest floor. Others will become very large trees that provide food and cover for wildlife and aesthetics for landowners. In particular, reserve red oaks and white pines are important habitat for golden-winged warblers.



Overview

Over the last 100 years, forests in the Northwoods have undergone remarkable changes. In the lifetime of a logger the vast presettlement forests were cleared and burned. In the lifetime of the next generation of loggers these forests recovered and were harvested again. During this 100 year period the area in aspen forests dramatically increased and then slowly declined. Today about 23% of forests in the Northwoods are dominated by aspen. We cannot duplicate the massive region-wide forest clearing and wildfire that gave us the aspen forests of the 1950s. We can, however, work to maintain our remaining aspen forests for wildlife habitat and forest products.

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FUTURE ARTICLES

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 partnersinforesry@gmail.com or by mail:

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2014 PRECIPITATION SUMMARY

by Rod Sharka

WJFW-Channel 12 news Meteorologist Matt Benz gave some remarkable year-end weather statistics during his weather report the evening of December 31 that I found interesting. You may recall that in the last issue of Partners News, I provided an article entitled "Science Opportunities for Land owners", one of which was measuring and reporting daily precipitation measurements to the National Weather Service via the [CoCoRaHS](#) website. Since I have been doing this, I thought it might be of interest to look at some of my data for comparison.

Location	Rhineland	<u>My Location</u> (North-Central Vilas County, 11.7 mi. west of Land O' Lakes ⁽¹⁾)
Annual Precipitation	41.62" ⁽²⁾	Approx. 46.00" ⁽³⁾
Yearly Snowfall (Jan. 1-Dec. 31)	131.5" ⁽⁴⁾	159.4"

⁽¹⁾Note that Benz's data are specific to Rhineland, WI. I live some 38 miles north of Rhineland as the crow flies (practically on the Michigan line). As such, I am more in the "Lake Superior Snow Belt" and do experience a bit more "Lake Effect" precipitation than does Rhineland.

⁽²⁾Tied for second wettest year on record.

⁽³⁾Since I officially began keeping records starting January 13, snow-water equivalent readings for January 1-12 had to be estimated (± 0.5).

⁽⁴⁾A new record. This breaks the previous record yearly snowfall of 108.2" in 1950.

So far this season, my location had seen 62.9" of snow by New Year's Day. This includes 4.6" on October 31, a whopping 36.9" in November, and 21.4" in December.

Other interesting observations to note:

The average temperature for Rhineland for 2014 was 36.5°F. According to Matt Benz, this makes 2014 the second coldest year on record for Rhineland. The normal average temperature for Rhineland is 41.6°F. Now before you "Climate Change Deniers" out there start claiming that this is evidence that there is no such thing as "Global Warming," realize that these statistics are about local weather, not climate. We are talking one unusual year here, not a decade's long trend. Also, this was a local phenomenon. (Remember all the talk about the Polar Vortex last winter?) In fact, global average temperature for 2014 was actually the highest in recorded history.

Liquid precipitation was also evenly distributed throughout the growing season this year, averaging about 4.30" per month from May through October (at least in my location). This made for an excellent (albeit short and cooler than average) growing season. Hopefully this precipitation trend will continue and the multi-year drought we have just gone through is finally over. Here's hoping for another productive growing season for 2015 (but with fewer mosquitoes).

Note: Both Rhineland and especially Rod's area had impressive precipitation through the year. Through the summer months, parts of eastern and central Vilas County actually were a little dry, as west and northern parts of the county experienced numerous but localized small rain fronts.



December 28, 2014



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