



Selling Storm Damaged Timber

Selling timber is a relatively involved process even in the best of times, requiring patience and diligence so that a good harvest and the best price can be achieved. Many individuals hire Consulting Foresters to estimate the volume of timber for sale and take the process through completion. Salvaging tornado-damaged timber is a significantly different process, due to the condition of the remaining and downed trees and their relatively low value when compared to undamaged timber. Another factor to be considered is that as time goes by, the value of the wood decreases. Decaying wood attracts harmful pathogens and insects, further degrading timber quality and earning potential.

It is vital to remember that some individuals who cut and haul timber do not always have landowners' best interest in mind. Landowners may unknowingly end up with more problems than existed before the timber damaging event. To protect yourself and your property from liability claims, knowledge is key.

What can I expect?

In general, storms that cause immediate breakage of the trees must be salvaged immediately. Trees that suffer less damage, such as limb or top breakage and uprooting - either partially (leaning trees) or completely (stem is close to ground with some roots intact) - allow for much longer salvage windows. Trees with severe root damage rarely survive the growing season but can last much longer if the weather event occurred during the cooler seasons of the year. Following significant storm events, many landowners are in the same position. Mills are flooded with storm-damaged timber, foresters and loggers are deluged with requests for assistance and help might not be immediately available. Timber prices and revenues from salvage operations drop to 10% to 50% of their normal value, due to a number of factors: more difficult logging conditions, a larger supply of wood on the market, the potential for unseen wood defects (interior splitting, cracking, etc.), and weight losses.

How to find someone to remove my timber?

Landowners should secure the services of a reputable Consulting Forester, an accountant well versed in timber taxation and a reputable logger. Consulting Foresters provide assistance with (1) a post-event timber appraisal where needed (where there is a timber basis; see section on casualty losses), (2) contacting loggers to start the timber salvage operation, and (3) recommendations for on-site preparation and planting (if applicable) after the salvage operation. The accountant helps claim casualty losses, where appropriate, for the year that the loss occurred. The logger performs the salvage operation.

Do I need a contract?

A written contract is a must. It helps protect property owners from unwanted damage to land and from lawsuits by individuals injured on your property. A sample contract is available online at GaTrees.org. A typical salvage contract should include:

- description and price per unit of timber salvaged,
- method for accounting of units salvaged,
- requirements for adherence to Timber Harvesting Best Management Practices,
- specifics about how money is to be exchanged and when,
- period during which the contract is in force and when the contract expires.

How long do I have?

Timber is sold by weight. The longer it takes to harvest the trees, the more they dry out and become susceptible to wood quality-degrading pathogens.

Table 1 - Timeline for timber to be salvaged to prevent degradation

Product	Harvest window	Comments
Pine and hardwood veneers	4 - 6 weeks	Blue stain prohibits use if left longer
Pine dimension lumber	3 - 4 months	Should be kiln dried to prevent emergence of secondary pests
Pine posts	4 - 6 weeks	Blue stain will affect toughness and preservative treatment
Pine and hardwood pulp, fiberboard, particleboard and OSB	8 - 12 weeks	As wood begins to decay, pulping process will be affected

Source: NC Forest Service Department of Forest Resources, 2000

Table 2 - Timeline for invasion of damaging insects and diseases

Species	Year One	Year Two
Pine	Bark beetles, ambrosia beetles, sawyers, blue stain fungi, soft rot fungi	Decay fungi
Oak and Hickory	Wood borers, ambrosia beetles, sawyers, soft rot fungi	Sapwood decay fungi
Other hardwoods	Wood borers, ambrosia beetles, sawyers, soft rot fungi	Sapwood and heartwood decay fungi

Source: NC Forest Service Department of Forest Resources, 2000

Does the stand qualify as a "casualty loss" for tax purposes?

A casualty loss is a sudden loss. Strong wind, tornado, and hurricane-damaged stands qualify as casualty losses. Casualty losses are deductible for the year of the casualty, using IRS Form 4684, Casualty and Thefts (Gaddis and Dicke 2006). Wind-damaged stands qualify as a casualty loss under the lesser of the Fair Market Value (FMV) formula for timber and the timber basis. Timberland owned for more than one rotation will often have a zero basis, whereas timberland recently purchased (i.e., \$1,800 per acre for 100 acres of loblolly in 2000 with \$500 in a land basis and \$1,300 in the timber basis) may have some timber basis. If the landowner has a timber basis, then a Consulting Forester will (1) estimate the FMV of the timber pre-casualty, (2) determine the FMV following the casualty (# 1 and 2 achieved by timber cruise) = the FMV loss. I.e: FMV before – FMV after (often the salvage value) = deductible loss amount.

Who can I call for assistance?

A list of Certified Foresters and Loggers is available from the Georgia Forestry Commission online at GaTrees.org, or by calling 1-800-GA TREES or your local GFC office.