



# Exploring Georgia's Wood Products

A Product of the Forest Utilization Department

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## Tax increases likely for 2011 timber sales

Under existing tax law, income from timber sales conducted during 2011 will be taxed higher than current rates.

The *Jobs and Growth Tax Relief Reconciliation Act of 2003* set the current long-term capital gains rates at 15% for most individuals and down to 0% for low income citizens. The rates set by the 2003 Act are set to expire on December 31, 2010. The President's budget proposal for next year includes a recommendation to allow those rates to expire for 2011 and afterwards.

The result of the reversion to pre-2003 capital gains provisions on landowners selling timber will be that most individuals will see the capital gain tax rate rise from 15% to 20% for 2011.

The increase is highest for lower-income families. Currently, those families that file income tax as "married filing jointly" and with a combined taxable ordinary income of less than \$68,000 have a 0% capital gains tax rate. This rate is expected to increase to 10% in 2011. The tax on a timber sale that yields a gain of \$50,000 will be \$7,500 in 2010 and \$10,000 in 2011. For low income families, the tax would be \$0 in 2010 and \$5,000 in 2011.

Every taxpayer should consult with a qualified tax professional to determine the actual impacts in their own situation. However, landowners who are considering a timber sale within the next couple of years should be aware of the impact of this potential tax increase, just as they should consider the status of the timber markets and the biological condition of their timber stands.

Source: Tax Policy Center, <http://www.taxpolicycenter.org/taxtopics/2010-Budget-impose-20-percent-rate.cfm>

## Forests and carbon meeting to be hosted by GFC on May 20th

The Climate Action Reserve (CAR), a national carbon offsets program that now commands over 60% of the domestic voluntary carbon market, will conduct an informational half-day meeting on May 20th, 2010 at the GFC headquarters located in Macon.

CAR representatives will provide an overview of the program, and explain how a forest property can effectively generate carbon credits.

All interested stakeholders are encouraged to attend this free event. CFE credits will be available and lunch will be provided at the conclusion of the meeting.

Attendance is free, but registration is required for planning purposes. Please refer to the attached meeting announcement for complete details and instructions for registering online.

For additional information, please contact Josh Love (contact information on this page of the newsletter).

## Biofuels markets to require land management records

Landowners who wish to sell wood from their pine plantations to the liquid biofuels market must maintain records showing active management of their land. The Energy and Independence Act of 2007 restricted the definition of “renewable biomass” for liquid fuel production to trees from actively managed forest plantations, logging slash, and “pre-commercial” thinnings. The biomass from logging slash and “pre-commercial” thinning can be removed from any area except old-growth forests and rare and endangered ecological communities. However, wood chips from merchantable-sized trees can only be harvested from forest plantations that were actively managed in December 2007.

In February of this year, the US Environmental Protection Agency released the specific rules for biomass sourcing for liquid fuels under this Act. Of most impact for forest landowners is the provision that stipulates how documentation can be made to show that the land was actively managed as a plantation in December of 2007. The EPA provides a list of alternative documents that are acceptable, including:

1. Sales and/or purchase records for planted trees, fertilizer, weed control, or seedlings.
2. A written silvicultural management plan.
3. Documents that show participation in a Federal, state, or local silvicultural program.
4. Documents that show participation in a forest certification program.
5. An agreement for land management by a professional forester that indicates the land in question

Wood suppliers who sell timber to biofuels producers such as Range Fuels will be required to provide copies of at least one of the above-listed documents to the biofuels producer from each landowner where whole trees are harvested. Landowners should expect to receive requests for this information. Similar documents are required for other agricultural crops harvested for biofuels.

In addition to the documentation for actively managed plantations, wood suppliers will also record the locations of biomass harvests for all types of biomass, including logging slash and any pre-commercial thinnings. The EPA suggests that electronic maps created using GPS technology be used by the wood suppliers and provided to the biofuels producers.

Federal law requires that biofuels producers maintain the documentation described above. Landowners, loggers, and wood suppliers involved in biofuels markets should be prepared to provide this information. This rule only applies to biomass being used for liquid transportation fuels.

Details on the EPA rule can be found at <http://www.epa.gov/otaq/fuels/renewablefuels/regulations.htm>.

### UPCOMING FORESTRY EVENTS

#### JUNE

##### Timber & Biomass Expo Southeast

<http://timberexpo.com>

June 11-12, 2010  
Valdosta, GA

#### JULY

##### 2010 Georgia Forestry Association Annual Meeting

<http://www.gfagrow.org/annualmeeting.asp>

July 11-13, 2010  
Amelia Island, GA

#### AUGUST

##### Southeast Bioenergy Conference

<http://www.sebionergy.org>

August 3-5, 2010  
Tifton, GA

##### BioProExpo

<http://www.bioproexpo.com>

August 24-26, 2010  
Atlanta, GA

##### International Woodworking Fair 2010

<http://www.iwfatlanta.com>

August 25-28, 2010  
Atlanta, GA

# FORESTS & CARBON WORKSHOP



CLIMATE  
ACTION  
RESERVE

**May 20, 2010**  
**Macon, GA**

Join the Climate Action Reserve for a free workshop on how to take advantage of the opportunities available to landowners and foresters in the carbon market. Staff from the Reserve will explain the methods used to measure and monitor carbon storage in forested lands.

**Topics covered:** Types of eligible projects  
Monitoring and verification requirements  
Credit calculation and issuance  
Selling credits on the carbon market

**Who should attend:** Private and public forest landowners  
Forestry consultants  
Land trusts and conservation groups

**Space is limited, please register here:**

<http://workshop.climateactionreserve.org/registrations/add/8/Forest-Landowner-Workshop-Macon,-Georgia>

**Location:** Georgia Forestry Commission Headquarters  
5645 Riggins Mill Road, Dry Branch, Georgia 31020

**Time:** 9:00AM to 1:00PM (please arrive between 8:30 and 9:00)

For more information please contact Max DuBuisson:  
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