



Considerations for Selling Timber

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Why sell my timber?

- Capture tree mortality
- Economic value in trees
- Maintain forest growth
- Regenerate trees
- Wildlife habitat/diversity
- Supply sustainable forest products
- Support an important Indiana Industry







Ruffed Grouse



Golden-winged Warbler

Photo: Rick and Nora Bowers/VIREO



Eastern whip-poor-will

photo Jim Rathert

What are some common concerns?

My woods will look bad

It will cause erosion

I won't get a fair price

I don't understand the process

Will I hurt the wildlife?

Will my woods be ruined?



We can reduce risks through
proven practices

Use a professional forester

www.findindianaforester.org





Foresters Offering Timber Sale Assistance

- **Consulting Foresters** work for landowners on a fee/commission basis to mark and market trees for sale, and a variety of other forest management services, including timber inventory, valuation and management.
- **Industry Foresters** purchase forest products like standing timber and logs, negotiating and marking sales and/or harvesting timber on private lands. They may also offer additional management services to landowners.



Services Provided by Foresters

Selecting the appropriate trees to sell

Provide an estimate of volume and value

Familiarity with timber markets

Marketing/advertising timber for sale

Timber sale contracts

Monitoring logging

Information on tax issues

Follow-up management

Getting Ready for a Sale

Are your property boundaries accurately located and clearly marked?

Are there any disputed boundaries? Work with the neighbors if possible, or survey if necessary.

Mark boundaries in a way that is long-lasting and easy to recognize
– Purple paint rules, painted posts, signage



- **Practice weed species control prior to harvesting**
- Kill some Grapevines
- Kill invasive plants: honeysuckles, tree of heaven, privet, Oriental bittersweet ...



Consider notifying your neighbors about your harvest plans – letting them know the activities are legitimate and have your approval. This might prevent a “scene” when the work starts.





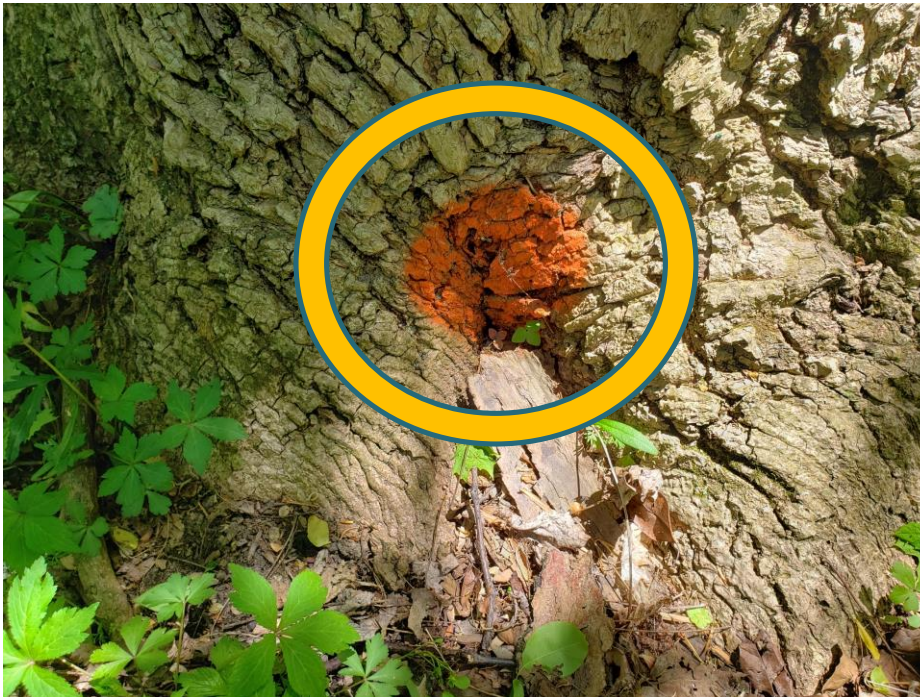
How is timber bought and sold from private lands?

Some sales types

- **Lump-sum bid sale** – bids solicited for all timber marked for sale
- **Shares sale** – Buyer and owner get an agreed-upon % of value of cut trees
- **Pay-as-cut** – buyer pays an agreed-upon amount for each unit of wood harvested
- **Contract logging** – logger is paid for harvesting services and owner sells the logs into the market

How are trees selected for sale?

- **Individually marked trees**
- **Diameter limit or range**
- **Boundary or area**





The Sealed Bid Process

- Forester discusses sale w/owner
- Forester marks, measures, grades trees to sell
- Sale date/time is set and forester sends out solicitations for bids
- Buyers visit sale area to view timber
- Buyers submit sealed bids
- On the sale date, bids are opened
- Owner selects winning bidder and payment and contract process begins

Get in the marketplace to get a better price

A personal example:

43,400 bd ft of mostly low-grade,
low value trees to improve growing
conditions for better trees and new
regeneration.

Three bids submitted –

\$8400, \$9500 and ...

\$13,500

A 30% premium over what I
expected and the next highest bid.



**Encourage competitive pricing. Make sure the
right people know about your sale!**

Risk reduction

- Use a Contract
- Trees to sell are marked
- Market effectively
- Competitive process
- Get paid before the saw starts
- Stipulate conditions for logging
- Set expectations and monitor –
- Timber Buyer licensing/bonding
- Insurance



Practice good communication



Clear communication of expectations between the landowner, logger, and forester can reduce unpleasant surprises and improve results for everyone.

- **For Erosion Reduction Use Best Management Practices – BMP's**

BMP's are a set of voluntary practices designed to manage water runoff to minimize erosion. Put them in your timber sale contract.



Most erosion happens on skid trails and roads.

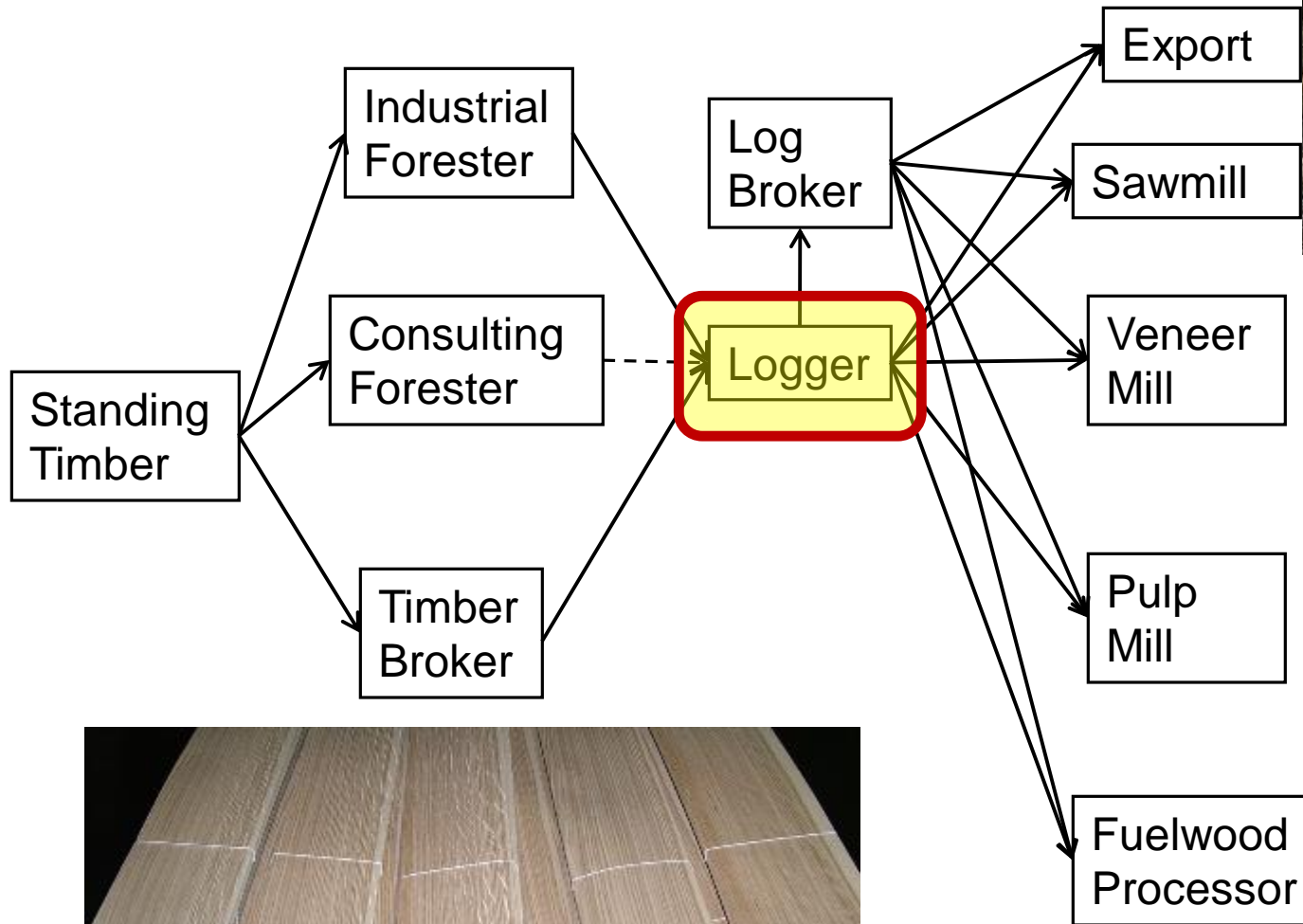




Logging is dangerous, difficult work requiring specialized equipment and significant skills. Logger training programs and improved equipment has resulted in enhanced safety and efficiency.



Supply Chain



Work for continual improvement of growth, composition and quality








Resist the temptation to high-grade – taking the best and leaving the rest. Do the opposite!



Tax considerations for timber sales

- Trees sold may be taxed as a capital gain if certain conditions are met
- Costs associated with the sale may be deducted prior to figuring tax
- Your capital basis in the timber can offset some tax liability
- What is my Basis?
- **www.timbertax.org**

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- The advantages of establishing and using basis to reduce taxes are great when selling timber shortly after acquisition.
 - As time passes and the timber grows, the basis amount in relation to total value decreases, but may still be significant.
 - Passing your appreciated timberlands to heirs as an inheritance provides an opportunity to “step up” the basis for the heirs to the FMV at the time of the transfer.

The USDA may help you with your woodland management costs

- Cost-sharing may be available for Forest Management Plans, Forest Stand Improvement, invasive species control, tree planting, wildlife habitat management and many other conservation activities
- Contact your USDA Natural Resources Conservation Service office



Products from the Forest

- Portable sawmills provide some options for harvesting and utilization small quantities
- Woodmizer -
<https://woodmizer.com/us/Services/Find-a-Local-Sawyer>

can refer you to a
local custom sawyer



Timber Value References

- Indiana Forest Products Price Report
 - Delivered prices paid by sawmills and veneer mills
 - Published semi-annually
<http://www.in.gov/dnr/forestry/3605.htm>
 - Historic price reports
<http://docs.lib.purdue.edu/timber/>
- Hardwood Market Report
 - Weekly report on lumber prices - subscription
- Forest Consultants Price Report
 - Stumpage prices from private land sales
<http://www.inwoodlands.org/>

Remember – once you see the price, it is already out of date! Good for comparison, not valuation.



**Learn more about timber sales and
harvesting <http://callb4ucut.com/>**

**Locate a professional forester
www.findindianaforester.org**

**Tax issues related to selling and managing
timber www.timbertax.org**

**Indiana Licensed Timber Buyers program
<https://www.in.gov/dnr/forestry/2846.htm>**

**Indiana NRCS conservation programs
[https://www.nrcs.usda.gov/wps/portal/nrcs/
in/home/](https://www.nrcs.usda.gov/wps/portal/nrcs/in/home/)**



Thank You – Questions?

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