

March 12, 2004

Scott County Timber Times Newsletter

“ENHANCED FORESTRY EDUCATION PROGRAM”

UPCOMING EVENTS!!!

Forestry Tour – April 5

A Forestry Tour has been planned for April 5, 2004. The tour will take place at the TimTek Demonstration Plant at the Forest Products Laboratory in Starkville, MS. TimTek is the future of engineered lumber and uses small diameter pine. This product could greatly affect the pulpwood market of the state in the near future.

The tour will leave from the Scott County/ Forest Coliseum at 8:00 a.m. and return approximately 3:00 p.m. Lunch will be provided for all who attend. If you are interested in attending this field, day please contact the MSU-ES Scott County Office at 601-469-4241.

Forestry Workshop – March 25

A Forestry Workshop is scheduled for Thursday, March 25, 2004 at Roosevelt State Park. The meeting will begin at 6:00 p.m. Dr. John Byrd, Extension/Research Professor, will present a program on Cogon Grass. Cogon Grass is a federal listed noxious weed. This grass is a very aggressive, colony-forming dense perennial grass. It is capable of growing in many different conditions and is difficult to control. This grass is spreading fast and becoming a serious problem to landowners.

If you are interested in attending this workshop, contact the MSU-ES Scott County Office at 601-469-4241.

New Technology To Provide Critical Market For Forest Landowners

A new demonstration plant unveiled December 12 at Mississippi State University has the potential to stimulate alternative, profitable markets for small-diameter trees thinned from pine plantations.

Through a partnership with TimTek Australia Ltd., scientists at the university's Forest and Wildlife Research Center will demonstrate technologies they hope will ultimately produce commercially viable engineered wood products from three- to eight-inch diameter southern yellow pines.

Following an international search, company officials earlier selected Mississippi State University as a partner because of the university's long-established and widely recognized composite wood product research program in the department of forest products.

Developed in Australia by the Commonwealth Scientific Industrial Research Organization, the TimTek process forms high-strength, engineered lumber using small-diameter trees that are crushed into strands. Coated with an exterior-type adhesive and dried, the strands then are formed to desired shapes in a specialized steam-injection hot press.

Recently completed with \$1 million funding from the state Land, Water and Timber Resources Board, the plant is located on the western edge of campus, near the intersection of Blackjack Road and Locksley Way.

During opening ceremonies, TimTek representatives and MSU President Charles Lee joined Lester Spell, State Commissioner of Agriculture and Commerce, in emphasizing the significance of the collaboration to the state's economy.

"This plant and the technology being developed here once again demonstrate Mississippi State's desire to help stimulate competitive markets for Mississippi landowners and the state's forest industry and to help create new value-added products for Mississippi manufacturers," Lee said.

Spell, observing that Mississippi has more than 18 million acres of forest land, said the partnership "will be good for our state, especially for private landowners who hold about 70 percent of the state's forest lands and are seeking new revenues for their small-diameter trees." A member of the Land, Water and Timber Resources Board, he praised TimTek for exemplifying the kind of innovative project the board supports.

Company Director Walter Jarck said TimTek's product "is a unique, long-fiber structural engineered lumber with high-strength properties of select-grade sawn timber. It can be produced in lengths and cross sections greater than can be achieved from the largest logs available."

"Since the process can be incorporated into existing plants, owners of wood-processing operations have the potential to realize immediate economic benefits," Jarck added.

Further research will both determine the strength values of the product and test the product to help gain building code acceptance. Initial examinations in MSU's forest products department indicate that the engineered lumber has the potential to compete favorably with beams and timbers used in residential and commercial construction.

For more information about the facility, contact forest products department head Liam Leightley at (662) 325-4444 or lleightley@cfr.msstate.edu.

DO YOU KNOW THE TERM "BASIS"?

If you own forestland, you need to become familiar with BASIS. What is basis and why is it important? Simply put, knowing about basis and acting upon that knowledge can save you tens of thousands of dollars in income taxes paid. How?

When you file income taxes on income derived from a timber sale, your taxable income is determined by subtracting your "basis" from the timber sale income. You then pay taxes on that amount (not counting any deductions to which you are otherwise entitled).

Basis must be established with your financial record keeping practices. There are several different ways to establish basis and how you determine basis is dependent upon how you acquired the property. Basis for inherited property is determined differently than if you purchase the property.

If you purchase property, your basis is the cost of your property and the basis must be divided among the land and the timber. If you inherit the property, the determination of basis is different and a little more complex.

In summary, **you need to establish basis before you sell timber**. If you have no basis, the difference in taxable income can be staggering. Do not get caught with a basis of "zero". In most cases, a consulting forester as allowed by the IRS can determine basis retroactively. For more information on this topic, please visit your local Extension Office and ask for Publication 1983, from the Forestry Income Tax Series, I. The Basics of Basis, by Dr. Stephen Dicke, Mississippi State University Extension Forestry Specialist. You may also find the publication on line at

<http://msucare.com/pubs/publications/pub1983.pdf>.

Don Bales

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A handwritten signature in black ink that reads "Trey DeLoach". The signature is written in a cursive style with a large, looped initial "T".

Trey DeLoach

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