



# Montana Tree Farm News

Tree Farmers Converge up Lolo Creek  
Michael Justus and Gary Johnson

Sneak Preview of Our Next Tree Farm Day  
Blackfoot Valley - October 1, 2005

Eighty Tree Farmers and their guests from across Montana attended the annual meeting and field tour in Lolo Creek area on October 2, 2004. We gathered at the Lolo Shopping center and were welcomed by the large "Welcome Montana Tree Farmers" that was stretched along the highway. Tree Farmers visited over coffee and donuts and evaluated the many items donated for the Silent Auction.

At 9:30 AM we loaded onto buses and headed up Mormon Creek to the Charles and Jean Parker Tree Farm. The Parkers are past Forest Stewardship graduates and were recognized as the Montana Tree Farmer of the Year in 2000. The Parkers described how they developed a Forest Stewardship Management Plan and then took action to meet their management objectives. The Parkers demonstrated how they used low impact timber harvest techniques in a sensitive wildland-urban interface area to: reduce the overstocked forest conditions, improve the health and vigor of forest, reduce the wildfire risk of the property, and improve the wildlife habitat and forest diversity. The Parkers have followed up this

continued on Page 4. . . .

Plans are already underway for this fall's annual conference and Tree Farm tour, which will take place in the beautiful Blackfoot Valley northeast of Missoula. This year we will visit a 4,000 acre Tree Farm, owned and managed by the Potter family since the early 1900s, and recognized as Montana Tree Farm of the Year in 1993. The Potter family has managed this property as a guest ranch for three generations. Many prominent people have come to here year after year to get away from a hectic life, ride horseback through an open forest, and fish an idyllic river. Bill and Betty Potter also manage the land for timber production, grazing, and wildlife habitat. The Potters use their own farm tractors equipped with home-made grapples to do much of their own harvesting. The tree farm is predominately a ponderosa Pine/Douglas-fir forest and the Potters use an uneven-aged management system.

The Potters were one of the first Tree Farmers in Montana to place a conservation easement on their property and also were also one of the first landowners to partner with Montana

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## Comments from the Chair Gary Johnson

Tree Farm members, supporters, and volunteers we need your input. I had an opportunity to attend a one-day session at the American Tree Farm System's (ATFS) national office discussing the Tree Farm System's new 5-year strategic plan called Vision 2010. I am excited about the plan as it provides future national direction for the Tree Farm program. I would like to mention four important components of the plan:

**Education and Outreach** - It is the intent of the ATFS to be recognized as a national leader in outreach and education for family forest owners. To survive, the Tree Farm program must appeal to the next generation of forest owners and support educational opportunities for its members. How do we reach the next generation of forest families in Montana and what educational needs are important to you?

**Program Growth** - We must continue promote and support the ATFS certification program. Currently there are approximately 400 Tree Farmers in Montana. However, there are thousands of forestland owners that could become part of the American Tree Farm System. How do we encourage them to join and how do we retain current members and volunteers?

**Recognition** - ATFS and the Montana Tree Farm System will continue to seek opportunities to recognize Tree Farmers and program volunteers for their commitment to the practice of sustainable forestry. We need your help and support in identifying those members that have made significant contributions to the tree farm program and their community.

**Grass Roots Support for Sustainable Forestry on Family Forestlands** - ATFS intends to develop a corps of trained family forest owners to assist Tree Farmers on local, state, and national issues that impact family forest owners. Montana Tree Farmers can do their part by contacting their local, state and congressional representatives on those issues of importance to forest owners.

Later this year the state steering committee will be developing goals for next year as well as planning for the future. We need to hear from you. We would appreciate your comments on the direction of the Montana Tree Farm system over the next 5 years. Please take a few minutes to jot down your thoughts and send them to us at P.O. Box 17276, Missoula, MT 59808 or via e-mail (johnsonge@in-tch.com).



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Fish Wildlife and Parks in the "Hunter Walk-in Program." Over the years, University of Montana students have used the Tree Farm for research purposes, and we can all learn from the research that has been conducted on the property. This year's tour will be of interest to both small and large landowners alike. Please mark your calendars for October 1<sup>st</sup>, and watch for detailed information and registration in the next issue of Montana Tree Farm News, delivered in late August.

### Important Federal Tax Changes for Forest Owners

Michael Justus, Vice Chair

Last October, President Bush signed into law the American Jobs Creation Act of 2004. This is the largest tax bill since 1986 and it includes some long overdue changes for Tree Farmers. Two of the most significant changes in the law are the expensing of reforestation costs and the use of "lump sum" sale contracts without losing the ability for capital gains treatment of the timber sale.

For reforestation expenses, the new law allows up \$10,000 in qualified reforestation expenditures to be deducted in the year they are made. In the past the law required you to amortize up to \$10,000 of qualified expenses over 7 years. This means you can choose to write off up to \$10,000 in expenses the year they occur rather than waiting 7 years to amortize the expenses.

The second provision allows lump-sum sales to qualify for capital gains treatment beginning in 2005. A lump-sum sale is a sale at a fixed amount agreed to in advance. Lump-sum sales now qualify under IRC Section 631(b) of the tax code. In the past only using the 631(a) or "pay as you cut option" was possible. Using the 631(a) option, the owner had to sell the timber on the stump with an "economic interest retained". From the Tree Farmers point of view, lump sum sales have almost always been a better deal. Under a pay-as-cut contract

Continued on Page 9. . . .

### Northwest Management Inc.

Northwest Management, Inc. (NMI) is a fully integrated natural resource management consulting firm based in Moscow, ID. NMI was established in 1984 and provides state-of-the-art management services to industrial and non-industrial timberland owners, and federal, state and tribal agencies. Our staff of 25 employees includes people highly experienced in forest management, silviculture, forest inventory, fuels/fire management, GIS, forest engineering, range management, and forestland appraisal.

- NMI maintains offices in Coeur d'Alene, Idaho, Deer Park, Washington, and Helena, Montana to better serve our clients in the Inland Northwest.
- NMI personnel are members of the Association of Consulting Foresters (ACF) and Society of American Foresters (SAF) and adhere to their strict Code of Ethics.



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operation by inter-planting the site with ponderosa pine and western larch; re-seeded their roads and skid trails with native grasses; and left large snags for wildlife habitat.

The next stop on our tour was the Rossignol Tree Farm, located 15 miles west of Lolo. The Rossignols have owned their land for three generations and have managed it for timber production, ranching, wildlife habitat, and recreation. We viewed several harvest areas where seed tree, shelterwood and selective harvesting methods were used. Prior to logging, the stands were densely stocked with small diameter and non-merchantable timber. The harvest removed thousands of tons of small trees for pulpwood at a financial loss in order to benefit forest health. The Rossignols followed up by planting several thousand larch seedlings to assure prompt regeneration.

Forestry consultant John Ottman explained his considerations in choosing the appropriate harvest equipment and techniques that best suit the topography and type of timber to be removed.

After the working up appetite hiking around the woods, we met at the Jack Saloon—a rustic log cabin bar and restaurant featuring historical logging—for our annual banquet and awards ceremony.

**Shawn Stoker** of Missoula was recognized at **Tree Farm's Logger of the Year** because of exemplary record of caring for landowners and their forests. **Steve Arno**, a retired research forester, was named **Environmental Educator of the Year**. Steve's newest book (Island Press, 2005), co-authored by Professor Carl Fiedler, is *Mimicking Nature's Fire: Restoring Fire-Prone Forests in the West*.

The **Tree Farm Scholarship** (\$500) was granted to University of Montana Forestry student **Josh Van Vlack**. Josh is very active in The Missoula Chapter of Society of American Foresters and will be a great Tree Farm Inspector in the future.

**Tree Farm Inspectors of the Year** were **Michael Justus**, **Jerry Furtney**, and **Mark Lewing**. Michael Justus was awarded a bright red pair of one-piece long johns for his efforts as being the top inspector of the year in 2004. When receiving the award, Mike's face turned nearly as red and the long johns.

Two Tree Farmers were recognized for **Lifetime Achievement** to the Montana Tree Farm Program. The **Haviland's** of Seeley Lake were recognized with a **Lifetime Achievement Award** for their long-term commitment for sustainable forest management spanning two generations. Jim Haviland was a strong advocate of forestry education for Family Forest lands and served on the Forest Stewardship Steering Committee for many years. The Havilands were also Outstanding Tree Farmers of the Year in 1998. Jim Haviland Sr. passed away several years ago but his family keeps his spirit alive through their continued stewardship of the land.

**Harris Wiltzen** of Plains, (1986, Montana Tree Farmer of the Year) was recognized for his continued efforts in forest stewardship with a **Lifetime Achievement Award**. Harris with

the help of his wife Estelle and six children have managed the family tree farm near Plains since 1971. Over the years Harris has been involved with numerous forestry educational programs and has taught family, neighbors and friends through his example. Harris and his wife have nurtured and protected their woodlands by placing the property into a tree farm family partnership with a long-range forestry plan, assuring the land will be managed with the same ethic that Harris has used for the past 33 years.

To cap off the honors, the **Rossignol Family** was awarded the **2004 Tree Farmer of the Year Award**. Having just toured the Rossignol Tree Farm it was evident that the Rossignols' have the "right stuff" to be included in this club of exemplary forest managers. The Rossignols were awarded a new chainsaw compliments of the Stihl Corporation. The Rossignols also received a custom wooden sign with "**Montana Tree Farmer of the Year, 2004**" carved in it. These awards were the envy of all participants.

After a sumptuous meal, displays were presented by Wildfire Defense Systems, of Eureka, Montana and by Porterbilt manufacturing of Hamilton, Montana. Wildfire Defense Systems demonstrated their product line of fire protection gels that protect homes in the event of wildfire. Porterbilt produces a wide variety of products such as log hand railing, furniture, bridges and kiosks, all from small diameter wood products.

After the demonstrations, it was time to wind up the bidding frenzy and see who would take home the booty from the silent auction. This year the auction raised over \$900 to be used for scholarships, awards for Tree Farmers and volunteer inspectors.

A participant questionnaire was passed around and these comments will be used to improve our Tree Farm tours in the future. We look forward to seeing you all again next year. If you would like to view pictures of the 2004 convention, go to our website at [www.mttreefarm.org](http://www.mttreefarm.org).

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## News from the 2005 Legislative Session

At press time there have not been any bills presented that appear to significantly impact forestry on private lands. SB 214 seeks to clarify the law on damages for timber trespass as the actual amount of damages for "casual/inadvertent" and triple damages for "willful, wanton or malicious" trespass. The only other bill of interest is yet to be drafted. LC0668 seeks to clarify property tax designation of timber and agricultural land.

To keep up to date on the happenings in Helena, check the internet ("Montana Legislature" on Google) or get there the long way at <http://laws.leg.state.mt.us/pls/laws05>



**NEWS BRIEFS ~ NEWS BRIEFS ~ NEWS BRIEFS ~ NEWS BRIEFS**

**Upcoming Forest Education Workshops**

The Montana State University Extension Forestry office is reintroducing *Forestry Mini-College*, a one-day educational workshop for forest landowners, logging professionals, forestry professionals, and anyone else interested in forestland stewardship. The workshop is scheduled for Saturday April 23<sup>rd</sup> 2005 on the University of Montana Campus and will feature a series of forestry-related classes taught by local experts. Example topics include: an examination of forestry computer applications such as global positioning systems ( GPS) , the economics of common Montana forest products, an overview of commonly used logging systems in Montana, and strategies for wildlife habitat enhancement and noxious weed control, to name just a few. The \$20.00 registration fee includes a catered lunch, coffee/snacks, and any handout materials from the classes. Look for a registration form in the MSU Extension Forestry Educational Calendar mailing or download it from the MSU Extension Forestry Website: [www.forestry.umt.edu/extensionforestry](http://www.forestry.umt.edu/extensionforestry) Or register by calling the Extension Forestry office at 406-243-2773.

Another MSU Extension Forestry educational workshop scheduled for late summer/early fall 2005 will focus on forest products marketing issues facing Montana's non-industrial private landowners. The planning is not complete for this workshop, but attendees can expect to develop a better understanding of the timber sale process. For example, information will be presented about: the steps and considerations involved in planning a timber sale, the available types of logging equipment and conditions in which their use is appropriate, the economic realities of current markets for Montana forest products, and finally an overview of how products from a timber sale are converted to products such as lumber, veneer, pulp, posts, poles, etc. More details about this workshop will be posted in this newsletter and on the MSU Extension Forestry website as they become available.

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**Want to get the attention of forest landowners all across Montana? Advertise in the Montana Tree Farm News!**  
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**Paul McKenzie for more information!**  
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**Tree Farmer Reports from Iraq:  
Mark Boardman, CPT, Infantry,  
Montana Army National Guard**

*[Editor's Note: Mark was Chair of the MT Tree Farm Program until his deployment. This message was dated 2-06-05]*

Hello again, and sorry it's been so long since you've heard from us. Frankly it's been quite a busy adventure and we had a continued plate full since our arrival into theater. I will keep my portion of this newsletter short because we have some great article submissions from others.

The bottom line for me is I'd like to let everyone know how proud I am of all of the troopers, and you should be proud too! They worked very hard during rigorous conditions. My heart pounded with pride and a lump welled up in my throat when I walked around the polling site areas where Iraqi people were cheering and giving thanks to the men, for the ability to vote. That's way we are here, to assist the people of Iraq, to begin building a free democratic country. Men, women and children suddenly appeared from their houses, and from who knows where to flock towards the polling sites to vote moments after we arrived with our Bradleys, because they knew they would be safe, and safety is what your trooper provided for thousands of Iraqi's who had never freely voted before. Our E Troopers were a key proponent to keeping the insurgents to a minimum. For the most part our presence and professional attitude kept the bad guys away. You can be proud that your trooper was part of a big leap forward in the steps needed to providing for a democratic and free Iraq.

We all have safely arrived in Kirkuk and have been working here for one week, below is a picture of our new "home" we'll be operating out of. We call it Crazyhorse base.

If there was just one picture I could show to you all, it would be the following one below. This is a common scene here in Iraq. Many happy kids swarming around us as we meet people, patrol the streets, check on project status and move throughout the city. Kids know little English, but what they do know is mister, mister and something along the line of give me something. The common item they are looking for is pens and pencils. Then they move on to asking for other items such as watches, money, flashlights and anything else they see you have. The unit before us has done a good job of improving schools, clinics, hospitals, sewers, streets, electricity, and water to better standards. We will continue this effort, and hopefully do a better job than our predecessors have. As guardsmen we bring a whole new skill set with all our civilian acquired skills to the table. I look forward to seeing a better Iraq, and when we leave from over here that's what it will be!



## Montana Tree Farm Program: What We Did in 2004

Gary Johnson, Chair

The Montana Tree Farm Steering Committee consists of Tree Farmers, industry foresters, extension foresters, consultant foresters, and state foresters. Membership is limited only by willingness to volunteer time and energy. In spring 2004 our Chair, Mark Boardman, was called up for active duty in Iraq with his National Guard unit ( see Tree Farmer Reports from Iraq) . Our prayers are with him and his unit. Vice-Chair Gary Johnson became the new chair, and Mike Justus of the Montana Department of Natural Resources and Conservation was selected as vice chair. They will continue in these positions through 2005. The committee meets one morning each month at the Plum Creek Timber Company's office in Missoula. If you would like to attend, check our web site ([www.mntreefarm.org](http://www.mntreefarm.org)) for meeting times and dates. Also, minutes of past meetings are posted.

A program budget is prepared and approved by the Steering Committee at the beginning of the year. The budget is reviewed at each monthly business meeting and updated when necessary. A financial review is conducted at the end of each operating year. A financial summary is submitted to the National Office by the end of January of the following year.

In 2004, one member of the Steering Committee attended the National Leadership Conference in Nashville. This is an informative session and we plan to continue sending at least one member each year. In addition, three Montana Tree Farmers attended the National Convention held in Colorado. This was a very successful convention and provides an opportunity to share successes, new programs and problems with Tree Farmers from other states.

Two certification-training sessions were held, one in Whitefish and the other in Missoula, to bring current certifiers up to date with the new standards and guidelines. In addition to the training sessions, 9 inspectors completed the online training. Montana currently has 41 trained certifiers. We anticipate that each certifier will inspect at 2-3 tree farms during the year.

Montana Tree Farm News is published in March and August each year. Ads help offset the cost. We continue to update our member records to ensure accurate addresses, inspection status and the latest inspectors. It is a never-ending job to maintain accurate information as members move, sell their forest land, or lose interest in the program, and new landowners sign up.

We are also updating our web site ( [www.mntreefarm.org](http://www.mntreefarm.org)) . The site provides a variety of information for forest landowners. It also fields inquiries regarding taxation, cost sharing opportunities, tree seedling availability, and other topics of interest to Tree Farmers.

continued ↗



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**PML Lewistown**  
Bob Oldenburg—Resource Forester  
Office - 538-5702



We helped establish two Tree Farm Education Sites in summer 2004. One is a cooperative effort with F. H. Stoltze Land and Timber Company near Columbia Falls and the other is with the Lolo National Forest's Seeley Lake Ranger District.

At the Montana Tree Farm Program's annual meeting, a questionnaire was handed out asking for preferred topics and activities in future meetings. A large majority favored visiting Tree Farms and granting awards. Funding sources for the annual meeting are through registration fees, silent auction, and contributions from timber related companies.

Ninety-eight Montana tree farms were up for re-certification in 2004. Fifty-four of them were re-certified, 10 were de-certified, and 30 remain to be checked in 2005. Twenty new certifications were completed in 2004. Overall, Montana gained 10 tree farms making a total of 411.

Funding for each year's program is from a variety of sources. Our nominal administrative expenses are covered by the national Tree Farm Program, the American Forest Resource Council, income from the Montana Tree Farm System investment program, and advertisements on the web site and in Montana Tree Farm News. (Our investment program was initiated using the funds we earned as a result of hosting the national convention in 2000.) Major projects such as setting up the web site and the Tree Farm Education Sites are financed through the American Tree Farm System's small grants program.



## A Message for Tree Farm Certifiers

Scott Hicswa, Certification Coordinator

Our dedicated, volunteer Tree Farm Certifiers (previously known as TF Inspectors) completed 51 re-certifications and enrolled 20 new Tree Farmers in 2004! By year's end we should be catching up with inspection backlog.

The 100 re-certifications for 2005 have been distributed to the area coordinators and most have been assigned to Certifying Foresters. Please contact Tree Farmers as soon as your schedule allows. Your on-the-ground visit and advice is the most valuable benefit this program provides. These re-certifications are due by December 15<sup>th</sup>, 2005 but sooner is better. If you find you can not complete the assigned work or have not been contacted to help, please contact the regional coordinator nearest you:

Missoula/ South Central- Gary Johnson, 728-3028,  
[johnsonge@in-tch.com](mailto:johnsonge@in-tch.com)

East side/ Southwest- Jerry Furtney, 949-1531,  
[foresters@rytimber.com](mailto:foresters@rytimber.com)

Kalispell/Northwest- Paul McKenzie, 892-7005,  
[pmckenzie@stoltzelumber.com](mailto:pmckenzie@stoltzelumber.com)

By now you should be aware that refresher training for the 2004 Standard is required to continue as a Certifier. There are two ways to obtain this training. In person trainings are tentatively planned for Kalispell/Libby and Lewistown. Dates have not been confirmed at this time but you will be contacted if you are in these areas and have not yet been updated.

The online version takes about an hour and maybe more if you are not very familiar with the program. Log on to [www.treefarmssystem.org](http://www.treefarmssystem.org) and follow these steps:

-Click on Tree Farm in your State, and then click Leaders Only on the left margin.

- On the Leaders Only page you will find a link to the On Line Refresher Training

You will need to have your Certifier ID number to complete the training. The number is available from your Qualified Inspector certificate /ID card or contact the MT committee to obtain it.

Please remember to recognize Tree Farmers that are doing a great job by nominating them for Tree Farmer of the Year. Thank you all again for making the time to volunteer to this worthy program.



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## Montana Tree Farm Awards

*[Editor's Note: Our records are incomplete. If you can supply some of the missing information please send us a note at P.O. Box 17276, Missoula, MT 59808 or (e-mail) amos@mcn.net]*

### Tree Farmer of the Year

1977	Don Weydemeyer, Fortine
1978	Bob and Anita Jopling, Trout Cr.
1979	Allen and Janet Sheldon, Kalispell
1980	Royer and Joan Warren, Lakeside
1981	Fred and Veronica Mass, Plains
1982	Don and Mary Naegeli, Trout Cr.
1983	Jack and Mary Peters, Trego
1984	Arnie and Alice Brosten, Bigfork
1985	Steve and Bonnie Arno, Florence
1986	Harold and Estelle Wiltzen, Plains
1987	None?
1988	H. Bruce and Mary Maclay, Florence
1989	None?
1990	None?
1991	John and Shirley Bowdish, Kalispell
1992	Bill and Betty Potter, Greenough
1993	Jim and Debbie Costamagna, Potomac
1994	Cora Barber, Ovando
1995	Bill and Deli ( ? ) Finkbeiner, Grass Range
1996	Hal and Arlene Braun, Missoula ( Condon)
1997	Dave and Kay Owen, Kalispell ( Condon)
1998	John and Joan Ulrich, Kalispell
1999	Bert Hurwitz, White Sulphur Springs
2000	Chuck and Jean Parker, Lolo
2001	Thorn and Karen Liechty, Evaro
2002	Randy Mannix & Family, Helmville
2003	Cliff and Judy Aiken, Troy
2004	Paul Rossignol & family, Lolo

### Outstanding Tree Farm Inspectors

2001	Mike Justus, Jerry Furtney, Everett Young
2002	Mike Justus, Judy Irwin, and Eric Norris
2003	Mike Justus, Larry Westcott, Mark Lewing
2004	Mike Justus, Jerry Furtney, Mark Lewing

### Educator of the Year

1993	Byron Weber, Florence-Carlton Public School Linda DeKort, Flathead H.S. Jim Doolittle, Big Sky H.S. Dr. Robert Beall, Flathead Valley Community College
1994	None?
1995	Doni Newell, Trout Cr.
1996	Chris and Nancy Haynes, Thompson Falls
1997	Bob Logan, MSU Extension Forestry
1998	Ken Marks, White Sulphur Springs H.S.
1999	Flathead Forestry Expo
2000	Dr. Robert Pfister, University of Montana, Forestry School
2001	Forest Discovery Days ( Missoula Chamber of Commerce)
2002	Peter Kolb, MSU Extension Forestry
2003	Gordy Sanders, Pyramid Mountain Lumber Company
2004	Steve Arno, Rocky Mountain Research Sta., retired

### Tree Farm Logger of the Year

2003	Jack Jay, Columbia Falls
2004	Shawn Stoker, Missoula

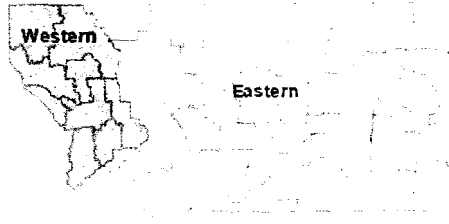
### Other Outstanding Tree Farmers

1991	Jeffrey and Diane Reynolds, Missoula ( Backyard T.F. of the Yr.)
1994	John and Patricia Mandzak, Huson
1995	Bob Walker and B. J. Solli, Lakeside David and Jeannette Tawney, Missoula
1996	Gene and Doni Newell, Trout Cr. Gene and Bernice Yahvah, Libby ( Heron)
1997	Fred and Laurie Burnham, Hamilton Paul and Rose Qualley, Huson
1998	Jim and Jean Haviland, Deer Lodge ( Seeley Lk.) Paul Harper/Bill Talbert, Union Cr. Ranch, Potomac
1999	Ernie and Bessie Bolin, Stevensville Mary Reynolds, Troy
2000	Russ and Kay Hudson, Libby Bill Bianchi/Dave Hein, Grass Range
2001	Mike and Betty Czerwinski, Thompson Falls Leland and Gayla Skaw, Drummond
2002	Allen Redfield & family, Paradise Valley Jack and Mary Peters, Trego
2003	None?
2004	Harris Wiltzen, Plains Jim Haviland & family, Seeley Lake





Bureau of Business and Economic Research  
The University of Montana  
Missoula, Montana 59812



**MONTANA SAWLOG AND VENEER LOG PRICE REPORT**  
Based on a survey of mills

**OCTOBER - DECEMBER, 2004**

The following information is a summary breakdown of recent past average prices reported by primary wood processors for logs of the various species listed. These prices are not necessarily a reflection of current market prices. Fair market prices may vary a great deal based on log size, length, quality, contract size and terms, and a number of other factors. All information reported is recent average price per thousand board feet (MBF), Scribner Decimal rule, delivered to the mill site.

**SAWLOGS**

SPECIES	EASTERN MONTANA		WESTERN MONTANA	
	Average Price Per MBF	Demand Next 60 Days	Average Price Per MBF	Demand Next 60 Days
Ponderosa pine				
Yellow	475	G	509	G
Bull	385	G	389	G
Lodgepole pine	434	G	442	G
Douglas-fir	435	G	448	G
Western larch			448	G
Engelman spruce	434	G	441	G
Subalpine fir	256	G	372	G
Grand fir			369	G
Western redcedar			513	G
Hemlock			383	G
White pine			500	G
Cottonwood			N/A	N/A

Continued from Page 2. . . .

someone has to scale the logs and correctly report the scaled volume to the Tree Farmer. These risks, plus the risk of something happening to the timber while it's under contract, were major and sometimes costly headaches.

Finally, the IRS now allows the Tree Farmer to change the election he is using without written permission. In the past, when a Tree Farmer chose an election in one year he had to use the same election for all subsequent years.

I know that these changes may seem confusing. The best thing to do is to stay informed and discuss the tax implications of a timber harvest with your accountant or consulting forester before you harvest. Proper tax planning can save you money and make Tree Farming a more profitable enterprise.

For more information on forest taxation, visit the National Timber Tax Website ([www.timbertax.org](http://www.timbertax.org)). Also, the January/February 2005 Tree Farmer magazine has an excellent article on these new tax changes.



## Tree Farm Management Plans: an Update

Scott Hicswa, Certification Coordinator

A written forest management plan is valuable to a landowner and is now a requirement of membership in the Tree Farm program. The recently implemented 2004 Standards have placed a renewed emphasis on reviewing management plans to ensure they meet the new standard and that they are periodically reviewed and updated.

Forest owners demonstrate their commitment to sustainable forestry by developing and implementing a long-term written forest management plan that is consistent with the scale of forestry operations of the property

The minimum requirements for a management plan are: title page; type of ownership; owners goals appropriate to the management objectives; tract map noting stands and conditions; important features including special sites, and management recommendations that address wood and fiber production, reforestation, herbicide use, prescribed fire, BMP\_s, wildlife habitat, owner designated fish, wildlife and plant species if desired, environmental quality, and recreational opportunities.

The plan should be active, adaptive, and embody the owners\_ objectives. Activities are conducted in accordance with this plan. There are many reasons for updating a management plan. For example:

1. Have you been following the recommendations of your current plan?
2. Does your plan meet the 2004 standards?
3. Have the conditions on your property changed dramatically? ( such as a fire, insect/disease, blowdown)
4. Have your goals changed?
5. Has your ability to implement management activities changed?
6. Have you observed or learned something that affects how you want to manage your land?

There are some tools to help you and your Certifier through this process. A Management Plan template is available on the web site at [www.mttreefarm.org](http://www.mttreefarm.org). Click on Forestry Tips below the header and a menu will appear. Then click on Tree Farm Management Plan to access the template which covers all of the requirements. There is also a sample plan that demonstrates how simple this process can be .If you would like a hard copy contact the MT Steering Committee at PO Box 17276, Missoula, MT 59808-7276 or call 406-578-2099 and we will send one by mail.

Please take the time to review your plan prior to being visited for re-certification. This will not only get you planning ahead, but will help our volunteer Certifiers more efficiently reach other Tree Farmers.

# Smurfit-Stone

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## "Tree Farm" Simplifies a Conservation Easement

Steve Arno

Like many families who own and manage a Tree Farm, we have increasingly pondered options for our land's future, after we can no longer tend it. We have owned, managed, and lived on a 60-acre parcel of ponderosa pine forest in western Montana for more than 30 years. Until recently, it seemed that establishing a conservation easement (CE) to perpetuate this small tract of forest would be difficult, tedious, and very expensive. Then, one year ago a chance contact revealed our assumptions to be wrong. Today our land is protected by a CE, facilitated by our experience and formal status as Tree Farmers. Forest owners who are willing to forego future income linked to land development in order to keep their land as a Tree Farm, may find our experience of interest. (Costs of implementing a CE may be offset over a period of years by claiming the value of relinquished development rights as a charitable donation on income tax returns—see "References.")

Last year, one of our sons conducted a forest restoration treatment on property covered by a CE. He mentioned our family property to a board member of the Five Valleys Land Trust in Missoula, who suggested we contact their organization if we had any interest in exploring a possible CE. After consultations with the Five Valleys staff spread over a few months, we signed off on a CE.

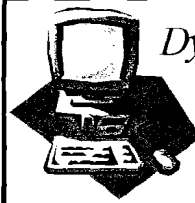
Our Tree Farming experience and our Tree Farm Management Plan (TFMP) simplified the process of developing a CE. Our CE specifies a general management goal based on forest ecology—perpetuating a vigorous uneven-aged pine-dominated forest modeled after historical forests shaped by frequent low-intensity fires. The CE spells out protocols necessary before we or future landowners conduct harvesting or other treatments, but it cites the TFMP as the document providing details on stand management direction. Since the TFMP is updated every 5 years as a result of a Tree Farm Inspection made by a professional forester, the CE can rely on this mechanism for sustaining the forest. Enrollment in the Tree Farm system's formal management program simplifies the process of determining appropriate management in a CE.

Our CE ensures that future owners of our land have a ready-made mechanism for its stewardship through the Tree Farm program even if they had never heard of a Tree Farm before purchasing the property. We, in turn, have the satisfaction of knowing that this woodlot, which is special to our family, will continue to be an intact Tree Farm despite escalating development in our area.

### Suggested References about Conservation Easements

Legal aspects of owning and managing woodlands (T. McEvoy 2004). Island Press, Wash., D.C.

Conservation options: A landowner's guide (1999). The Land Trust Alliance, 1319 F St. NW, Suite 501, Wash., D.C. 20004.



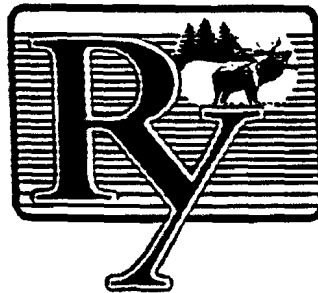
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## April 8<sup>th</sup> Deadline for Forestry Financial Assistance

NRCS Funds Available for Forest Health Practices  
*Bozeman—*

In an effort to improve the health of Montana's 4 million acres of private, non-industrial forestlands, the Natural Resources Conservation Service (NRCS) is offering financial assistance to landowners who implement conservation practices. NRCS has set aside \$500,000 in its Environmental Quality Incentives Program (EQIP) for this effort and will fund applications based on established priorities.

NRCS will accept applications for funding from March 28 through April 8, 2005, for the following conservation practices.

- Thinning and slash disposal
- Tree and shrub establishment including site preparation, planting, and protection
- Hazardous fuels reduction and structure protection on a maximum of five acres
- Construction of skid trails and landings using erosion control measures
- Critical area planting using a majority of native grass species

"Our goal is to help landowners address forest health issues like pests, disease, and overcrowded trees," said Dave White, NRCS state conservationist. "Healthy forests can reduce the threat of fire, provide wildlife habitat, and improve forage values for agricultural producers."

This special EQIP initiative will be conducted in partnership with the Montana Department of Natural Resources and Conservation (DNRC). DNRC staff will help to design practices, implement plans, and certify completed practices. According to DNRC State Forester Bob Harrington, this partnership takes off where the DNRC's Forest Land Enhancement Program left off. The combination of NRCS funds and DNRC's forestry expertise will provide even greater opportunities for landowners to develop and implement forest management plans. Working together, our agencies can be more effective in improving forest health on Montana's working lands.

For more information about this special EQIP offer, contact your local NRCS office or visit the NRCS website at <http://www.mt.nrcs.usda.gov/>. Information about the Forest Land Enhancement Program is available on the DNRC website at <http://dnrc.state.mt.us/forestry/>.

The first DNRC/NRCS effort is targeting the backlog of unfunded FLEP applications but is open to all Family Forest Landowners. If this works well, the agencies will partner again for future technical/financial assistance projects.

## Don't Pay More Timber Tax Than You Have To By Russ Hudson

*[Editor's Note: This article by one of our outstanding Tree Farmers originally appeared in a fall issue of the MSU Extension Forestry Newsletter]*

Recently I have been having more people asking about how to treat a timber sale to minimize federal timber taxes.

Tree Farm expenses. Operate your tree Farm as a business so that you can expense all of your Tree Farm expenses on Schedule C. In order to do so you have to meet the IRS test as an active participating owner of the property. By keeping a record of your daily Tree Farm activities, you only need 100 hours per year to qualify, your work must be regular, continuous and substantial. In order to use these expenses as a deduction, your enterprise must be in business to make a profit at some time. Keep good records of your cultural treatments cost and receipts for such things as herbicide, fertilizer, tractor expenses, saw expenses, rig mileage, workshop time and expense.

Items needed for the Tree Farm enterprise that have a long-term life have to be capitalized. You can amortize the cost of equipment needed on the Tree Farm operation that you can't deduct as an individual.

Since the timber growth each year adds value to the enterprise, you qualify as a business, not a hobby and don't have to make a cash profit 3 out of 5 years as long as you plan to sell timber some day. There is much information available to help you in the Tree Farmer magazine or the National Timber Tax Web Site [www.timbertax.org](http://www.timbertax.org).

The timber sale. The time to think about how you will handle the taxes on the sale is long before you make the sale. If you have owned the trees for 1 year or longer before they are harvested you can qualify for long-term capital gains.

There are 2 ways to handle a sale and be sure it will be treated as a long-term capital gain with a maximum tax of 15%. The trees can be sold on the stump, with a retained interest, as a pay-as-cut contract. The timber owner is paid on the basis of log scale at the mill and this is a 631-b sale. Another way to handle the sale is found under Section 631-a of the code. In this case, the timber owner buys his own timber from himself, at Fair Market Value, on the first day of the tax year and pays the long-term capital gain of 15%. Then the timber owner sells the logs to the mill (s) and pays for the logging and hauling costs. The timber owner gets to use the Fair Market Value of his own stumpage as a cost on Schedule C. This means that the taxpayer must determine before the sale is made, is it to be a stumpage sale of standing trees or a log sale of delivered logs to the mill (s). It also requires a Professional Forester to make the tax year FMV determination of the trees to be cut.

Work with your accountant and make sure that you don't pay any more taxes than you really owe.

Hudson can be contacted at: <[rhudson@libby.org](mailto:rhudson@libby.org)>



## Montanan Attends National Tree Farm Conference

Michael Justus, Vice Chair

In March of 2005 I was one of about 90 who attended the National Tree Farm Leadership Meeting in San Antonio, Texas. The meeting provided leaders from each state to network, share their experiences and discuss the strengths and weaknesses of their programs.

The Tree Farm program is the oldest and largest voluntary third party verification process in the United States and has been certifying forest lands since 1941. As pressures for a more detailed and accountable form of forest certification emerged in the 1990s, the Tree Farm program recognized a need to adopt an updated certification system for family forest owners. The American Tree Farm System (ATFS) has modernized its standards and guidelines to address contemporary benchmarks for sustainability. Today, the ATFS certification system is mutually recognized by the Sustainable Forestry Initiative (SFI) for meeting benchmarks of sustainability. We now join the strength of over 140 million acres of forestlands enrolled in the SFI program.

The ATFS has embraced the challenge of forest certification and provides this free of charge to family forest lands. Now, with our updated certification system in place, the program can return to its roots and focus its emphasis on outreach and education. The Strategic Vision for 2005 – 2010 provides the direction for the national program to grow through outreach, education, advocacy and recognition while still allowing for the flexibility of every state program to implement key components as needed to strengthen their program.

Through implementation of the Strategic Vision we can work together on a state and national level to educate the public on the ecological and social benefits of working forest lands; provide a central voice for forest landowners on state and national issues; bring members from future generations into the program, and empower landowners to manage their lands to the highest standards possible.

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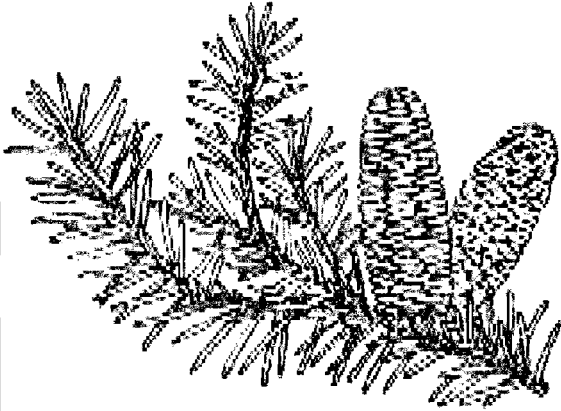
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