



The Four Seasons

The Newsletter of Dwight L. Stewart, Jr. & Associates

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PINE PULPWOOD MARKETS REBOUND

Pine Pulpwood markets have rebounded from decade low stumpage prices for landowners. Slumping economies both in the United States and in many countries which imported pine pulpwood and chips, along with four back-to-back drought years severely depressed pine pulpwood prices. However, with the ending of a drought in the southeastern United States and with a recovering economy, pine pulpwood prices are out of the doldrums. In September, Hurricane Isabelle further saturated many areas of the southeast that were already wet. Low pulp mill inventories were reduced even further. Hardwood pulpwood inventories were already low and were driven down even further by the hurricane.

As the economy continues to recover, pine pulpwood prices should remain stable at the recent higher levels. Hardwood pulpwood prices are at an all-time high and have almost doubled pine pulpwood prices in some areas. This run-up in hardwood prices is unheard of in recent history.

HOUSING MARKET CONTINUES STRONG

Despite a lackluster general economy, the housing market has remained strong over the past several years and has been one of the bright spots. Spurred by both record low interest rates for home mortgages and by a boom in remodeling, the housing market has helped timber prices remain strong. Hurricane Isabelle also contributed to increased demand for plywood and oriented strand board as prices at the retail level for these products have doubled in some cases.

CHANGES IN THE HANDLING OF CRP PAYMENTS

The first conservation reserve program sign-up began in 1986. Since then, a total of 45 million acres have been enrolled in the program. Recent changes by the IRS signal a new method in how CRP payments are to be taxed, according to *AgProfessional* magazine.

According to a letter ruling from the Chief Counsel's office, a landowner's activities under land diversion programs, including the CRP program, amount to material participation. This means that CRP payments are subject to the 15.3 percent tax on self-employment income. This appears to be the case even for retired landowners, which puts the new ruling at odds with a 1988 ruling on retired landowners. The former ruling stated that CRP payments were not subject to self-employment tax.

The new ruling involved a taxpayer who was engaged in the business of farming and had placed land into CRP. The tax-

payer had reported the payments on Schedule E and had not paid self-employment tax. The 2000 ruling says these payments are self-employment income and must be reported on Schedule F. In the other case, a taxpayer acquired land that was already enrolled in the CRP program. The taxpayer took over the CRP contract. Because the taxpayer was not engaged in farming, CRP payments were reported on Form 4835. This form is used to report landlord's income and expenses from a non-material participation share lease. The 2003 ruling takes the position that these payments must be reported on Schedule F and that the 15.3 percent self-employment tax must be paid.

We suggest that you contact your tax professional to see how these changes may affect you.

SOUTHERN PINE BEETLE UPDATE

According to Andy Boone with the S. C. Forestry Commission, the southern pine beetle outbreak in South Carolina is continuing at a much lower level than last year. A recent survey found over 2,500 active beetle spots, with most current spots ranging in size from 5 to 200 or more trees. Most outbreaks were in the piedmont region of South Carolina. Boone expects low level beetle losses to continue through this winter in the outbreak area. Although the coastal plain has scattered beetle spots, no outbreak has developed there thus far. However, Boone stated that coastal beetle outbreaks often follow abrupt climate changes such as heavy rains that recently ended a four-year drought.

The rain has brought other forest problems, ranging from extra foliage diseases to outright drowning of root systems. During the drought, roots had grown deeper in search of water. According to Boone, many of these roots died following the heavy rains, primarily due to oxygen depletion in the rhizosphere.

According to Boone, by mid-August, many hardwoods in wet areas of the coast had prematurely defoliated. Some of this defoliation was due to the flooding and some to the infection by a number of foliage pathogens that flourish in wet conditions. A total of 589,120 acres of hardwood, mostly from I-95 to the coast, experienced 50% or more defoliation. Boone recommends that hardwood trees that have been defoliated be monitored for top dieback that could indicate root problems or a decline syndrome. While borers rarely kill healthy trees, their attacks may destroy the quality of wood intended for lumber or veneer products.

GIS—What is it and How Can it Help my Hunt Club?

Over the past ten years, almost everyone has been introduced to the terms GPS (global positioning system) and GIS (geographic information system). What most people do not know is how valuable information in a GIS can be. Geographic information systems will provide you with accurate information to make better and quicker decisions, and they may even help you kill more deer!

Obviously, having a map of an area is helpful, but labels on paper maps can only go so far. A paper map of a hunt club could probably label all roads, water bodies, and deer stands, but there are several problems. Paper maps of large areas such as hunt clubs are usually large and cannot be reproduced when information on the ground changes. It is difficult to reflect those changes on the large map. These things may be okay if the only people who ever need a map are lifetime members of that hunt club and the land has never changed. What happens when it is time to have some gravel delivered for a road, or a culvert needs replacing, or worst-case scenario, you have a wildfire? Unless someone lives on the land, the responsibility is often rotated among members to meet people and lead them into an area on the hunt club that requires work—and that's usually on a weekday.

A GIS allows you to ask your map questions such as what is the shortest way to get from my location to the bunk house without crossing a bridge, or what timber types surround the three most successful deer stands over the past five seasons? For the man delivering the culvert, a GIS can print a map showing only roads, culverts, and streams. After all, do you want *him* knowing where all your deer stands are?

With recreation-grade GPS receivers priced as low as \$100, you can give not only directions, but also latitude & longitude coordinates. The SC Forestry Commission presently uses geographic coordinates to dispatch wardens to wildfires. Many corporate fire departments and EMS agencies are installing computers with GIS software in response vehicles. Having your data in a GIS

will allow you to share information with people who have GIS/GPS equipment without letting the whole world know the layout of your club. Probably one of the most cost-saving functions of a GIS is aerial herbicide application. If you can send a GPS file to the helicopter pilot, you will save valuable flight time because most companies begin by flying around and mapping the areas to be sprayed.

How much will it cost? There are many factors that go into determining the cost of implementing a GIS. Do you want the data collected on the ground or digitized from photos? How do you want to access your GIS—through the web or on one or five computers? A simple GIS that still gives you ten times the information and flexibility of a paper map could cost as little as \$500 to set up, depending on acreage. A much more useful and user-friendly GIS would be one that is accessed online, similar to some county tax maps, if you are familiar with those systems. Just because your GIS is online doesn't mean everyone can see it. Password protection can be added to web pages to allow different levels of access to your club's GIS. Probably the biggest advantage to having an

online GIS is the immediate update of information for everyone using the system. Imagine sitting at your office on Monday morning and being able to see the weight, sex, and location of every deer shot on the club over the weekend! If wildlife follows a pattern, a GIS will help you figure it out.

If you try to establish a GIS on your own, do your research about what GPS units are compatible with different software packages and be careful collecting data with recreational-grade GPS units. While these units are great for navigation, they are not mapping grade and they may not be able to communicate with higher-end GIS software.

If you have any questions concerning GIS or would like to propose a project, let us know and with the help of Carolina Mapping, we can meet your GIS needs.



LAND FOR SALE

Clarendon County

- 958 acs. - Excellent timber tract w/great hunting. \$1,670,000.00
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- 30 acs. - Excellent hunting tract with food plots in place near Paxville.. 12 ac cropland, balance in woodland. Nice homesite. Owner will finance. \$67,500.00
- 26.7 acs. - Sardinia community, 11.5 acs. Open, balance in woodland with a 1 acre yard and 1525+/- sq. ft. 3 bedroom, 2 bath house. Contains 1224 lb. Tobacco allotment. \$72,000.00

Colleton County

- 81 acs. - Timber tract in the heart of deer and turkey country. Located just off I-95 near Smoaks, within 1 hr. of Charleston. \$170,000.00

Dillon County

- 415 acs. - high fenced trophy deer preserve. 5700 sq. ft. home w/10 acre pond and lots of equipment. \$1,400,000.00

Dorchester County

- 148.9 acs. - Excellent hunting tract w/50+ acres of cropland. \$223,000.00

Georgetown County

- 170.8 acs.- located near Sampit - planted pines and natural hdwds. - excellent hunting \$341,600.00

Fairfield County

- 156 acs. - 22 yr old planted pines w/mature hardwood bottom, containing red and white oaks. Located within 40 minutes of Columbia and 1 hour of Charlotte. \$390,000.00

Kershaw County

- 37.5 acs. - Excellent country home site or getaway. Gorgeous pond w/mature oaks and pines with an abundance of wildlife. Owner will finance. \$75,000.00

Lee County

- 190 acs.— 3 tracts with excellent sawtimber. Located near Lee State Park. \$475,000.00

Williamsburg County

- 47 acs. - frontage on Hwy. 41 between Andrews and Jamestown. Excellent hunting or home site. Centrally located between the Grand Strand and Charleston. \$141,000.00
- 159 acs. - Timber/hunting tract near Hemingway with lots of county rd. frontage. \$330,000.00
- 376.8 acs. - 1+ mile of Black River frontage in

WHAT'S NEW?

We are pleased to announce that Robbie Giddens, a 4 year associate at Dwight L. Stewart, Jr. & Associates, has recently completed his coursework and certification for his appraiser's license. Robbie is a licensed Apprentice in the State of South Carolina and will be working towards his full Appraiser's license under Dwight's tutelage.

Robbie will be concentrating on farm and timberland appraisals, as well as commercial appraisals. He has been in the real estate business for 6 years as a licensed agent and has 8 years experience in the timber management business. Congratulations, Robbie!

Robbie can be reached at our Manning office, (803) 435-2301.

LAND SALES

Below is some information on land sales that we have obtained from public records

- 265 acres sold in June 2003 in Clarendon County for \$265,000 or \$1,000/acre
- 77 acres sold in Sumter County for \$160,000 or \$2,078/acre in May 2003
- 510 acres sold in Jan. 2003 in Orangeburg County for \$700,000 or \$1,373/acre
- 104 acres sold in Feb. 2003 in Clarendon County for \$176,000 or \$1692/acre
- 165 acres in Williamsburg County sold in Nov. 2003 for \$318,000 or \$1927/acre



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Published by Dwight L. Stewart, Jr. and Associates of Manning, SC. We are consulting foresters, licensed real estate brokers, and Dwight L. Stewart is a certified appraiser for South Carolina and Georgia. Our firm has been in the 100 Largest Farm Management Firms in the nation for the last five years, as compiled by Crop Decisions magazine, the journal of agricultural professionals. You can reach us at:

1-800-392-7842

NEW!! VISIT OUR WEB SITE AT WWW.DWIGHTSTEWART.COM

*Is your **address changing** as a result of new E-911 systems? Call or write us with your new mailing address. The Postal Service will forward mail for only a short length of time.*

We need listings for timberland and farmland! If you have land in the southeast that you want to sell, give us a call.