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# The Florida Forest Steward

*A Quarterly Newsletter for Florida Landowners and Resource Professionals*

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## In This Issue →

**Volume 5, No. 1  
Winter, 1998**

- [Welcome to the New Year](#)
- [WHIP Sign up Period](#)
- [EQIP Sign up Period](#)
- [Family Timberland Partnerships](#)
- [Estate Planning](#)
- [Growing Shiitake Mushrooms in Florida](#)
- [Effects of Clearcutting on Wildlife](#)
- [Recent Extension Publications](#)
- [Two Free Tax Publications](#)
- [Upcoming Workshops and Symposia](#)

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Welcome to the New Year

We trust you are off and running with the new year. After a longer than normal time since our last newsletter, we have a busy schedule planned to keep you up-to-date on information that may help your forest stewardship. Some important staff additions at the School of Forest Resources and Conservation will help this effort immensely.

Martha Monroe, whose area of expertise is environmental education and communications, joined the faculty in January. In her last position, Martha was Resource Center Director for GreenCom, an international environmental education program for developing countries. She is new to Florida's ecosystems, but looks forward to learning about Florida's enormous biodiversity and management challenges.

Martha earned her Ph.D., Masters and Bachelors degrees from the School of Natural Resources at the University of Michigan. Her areas of interest are teacher education, training, curriculum development, evaluation and outreach--all in the context of sustainable resource use. In addition to supporting extension efforts in 4-H, Project Learning Tree, and other public education projects, Martha will be developing courses in natural resources communication and environmental education program development.

Chris Latt is the new forest stewardship coordinator at UF, and will serve as editor of this newsletter, organize workshops, and prepare a number of publications. Chris has a broad-based forestry background which meshes well with the forest stewardship concept. He earned his Ph.D. (agroforestry) at the University of Florida, and his Masters (forest ecology/silviculture) and Bachelors (forest recreation) degrees at Oregon State University. If you have questions or suggestions, contact Chris at (352) 846-2375 or [CRLA@gnv.ifas.ufl.edu](mailto:CRLA@gnv.ifas.ufl.edu).

[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

**Wildlife Habitat Incentive Program (WHIP), A Cost Share Program To Benefit Wildlife Habitat**

Landowners participating in the Forest Stewardship Program may be interested in an important and interesting new element of the 1996 Farm Bill: the Wildlife Habitat Incentive Program (WHIP). The program provides cost-share incentives for the development, enhancement, and restoration of wildlife habitats, for both game and non-game species, on all land uses. Eligible practices will be similar to those that are currently available for cost-shares under the Stewardship Incentives Program (SIP). Through a cooperative effort, the USDA Natural Resource Conservation Service (NRCS), the U.S. Fish and Wildlife Service, and the Florida Freshwater Fish and Game Commission will provide technical assistance for planning and application of appropriate practices. Private lands, tribal lands, and state and county lands are all eligible under the program. Federally managed lands are excluded.

Cost-share incentives are 75% of landowner costs, up to the maximum allowable total cost-share per contract of \$10,000 per fiscal year.

To qualify, total ownerships must be at least 20 acres in size. Proposed treatment areas, however, can be much smaller.



The first WHIP signup will begin on **March 1**. Local NRCS offices will accept landowner applications on a continuous basis, and approve them as funds become available.

[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

## The Environmental Quality Incentives Program

The second signup period for this program (known as EQIP) will take place from **February 17 through April 18**. The program is designed to reduce soil erosion and water quality problems associated with agricultural operations, as well as to enhance wildlife habitat. Under EQIP, landowners can receive cost-shares to implement a variety of conservation practices, including tree planting, that will achieve these goals.

The NRCS has established Conservation Priority Areas (CPAs) in various parts of the state, based on either farming operations or geographical features in those regions that significantly contribute to conservation problems. Approximately 65% of the program funds will be allocated to landowners in the CPAs. In addition, livestock operations will have priority for receiving EQIP funds.



The EQIP program was created by the 1996 Farm Bill. It consolidates a number of previously existing USDA programs, including the Agricultural Conservation Program (ACP). The first EQIP signup was held in the Fall of 1997.

## Family Timberland Partnerships

Woodlands owners are accustomed to juggling a variety of concerns and options as they manage their forest resources. William L. Hoover, an Extension Forester at Purdue University, suggests that landowners might also want to consider a family partnership to address some of their financial needs. His article--A Family Affair--in the March/April, 1997 issue of *Tree Farmer* magazine states that family partnerships are useful for landowners who want to involve other family members in their timberland enterprise, spread income tax liability, or reduce the size of their estate. He cautions, however, that income and estate tax problems can arise if the senior family members (the parents) who are the current owners try to retain too much control. In other words, for the partnership to be legitimate, the gift must be complete. This requirement can generally be met by retitling the timberland according to applicable state law.

What is a family partnership? In the simplest case, the parents retitle the timberland (generally as a gift) to include their children as co-owners and, at the same time, a partnership agreement is written and signed by all partners. Hoover says the agreement should, at a minimum, name a managing partner (or partners) and a tax matters partner, and specify control of access to partnership funds. Parents must also consider seriously whether they can truly afford to make the gift, are willing to share control, and whether the other partners are able to handle the financial burden if one partner wants to "cash out."

Family partnerships will have a number of tax implications. Hoover discusses gift tax, estate tax, and income tax.

- **Gift Tax:** When you donate interest in your timberland, it is a gift that is subject to the annual exclusion tax credit. The annual exclusion is \$10,000 per recipient, or \$20,000 if spouses make a joint gift. Gift tax would be paid only if the annual exclusion is exceeded.
- **Estate Tax:** The unified estate credit is the value of your estate that is exempt from taxes. The unified credit for 1998, as set out in the Taxpayer Relief Act of 1997, is equivalent to \$625,000 worth of estate assets. This amount will increase annually until the value of the estate exempt from tax reaches \$1 million in 2006. [For more information, see the extension fact sheet--[The Tax Payer Relief Act of 1997: What is in it for the private forest landowner?](#) It is listed under the new publications section of this newsletter.] If the gift of timberland is complete, only the parents' share of the partnership interests will be included in their estate.
- **Income Tax:** Generally, the contribution of the timberland to the partnership

doesn't result in a taxable gain to the parents. Income from timber sales is distributed to each partner's allocation percentage, as determined by his or her ownership interest and other contributions. Partners are liable for the tax on their share of the partnership's income, even if the income is retained by the partnership.

Hoover cautions that the basis rules provide a potential downside for family partnerships established by gifts. As with all gifts, the basis (i.e., the original and other capitalized costs of an asset) of the donor is carried over to the recipient, in this case the partnership. This becomes a problem if the timberland is highly appreciated at the time the partnership is established because the tax liability on the unrealized gain is spread among the partners.

In the last section of his paper, Hoover warns that the Internal Revenue Code includes specific restrictions on family partnerships because partnerships have often been used to avoid taxes. Therefore it is important to meet with an attorney or knowledgeable tax accountant before settling on a strategy. Hoover identifies three specific tax concerns:

- ***Built-in gains:*** If the parents' basis in the timberland is less than its fair market value when the timberland is contributed, there is a built-in gain. If some portion of the property is sold within five years (for example, significant timber sales), the gain may be taxable to the parents, rather than distributed among the partners.
- ***Minors as partners:*** If a minor is to benefit from the partnership, you will most likely need to set up a trust or other relationship to represent the interests of the minor. It may be possible to overcome this problem by naming the minor as a limited partner.
- ***Retention of powers by the parents:*** If the parents retain too much control over the partnership and its income, the status of the children as partners for tax purposes will be in question.



The information provided in this and the following articles is intended to introduce our readers to subjects that may be useful to them. The information is by no means comprehensive, nor should it be considered as legal advice. If you are interested in pursuing the family partnership option, be sure to discuss it with your attorney.

[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

Don't Neglect Estate Planning

You have worked hard for your woodlands and, hopefully, you and your family have been repaid in profit and enjoyment. But have you considered what will happen to your woodlands after your death? An article (Why Estate Planning Is Essential) in the Sept./Oct. 1997 issue of the National Arbor Day Foundation's *The Forest Steward* reminds us of the importance of planning ahead. Without proper estate planning, there is a risk that your heirs may be forced to sell off the family forest or abandon planned management regimes.

The *Forest Steward* article advises that you review your management goals, financial portfolio, land and timber inventory, family beneficiaries, and possible charitable donations with an attorney and estate planning advisor. It also points out that a forester, although not a traditional member of the estate planning team, can help you prepare a forest management plan that specifically addresses your estate planning goals.

First and foremost, you should have a will. A will allows your loved ones to handle your affairs smoothly and with the least possible inconvenience. It also ensures that your property will be distributed according to your wishes, with the least possible tax liability.

Of the many objectives you may wish to consider, two were highlighted in the estate planning article.

1. **Minimize Transfer Costs:** Transfer costs include federal and state death taxes, probate expenses and the costs of administering the estate. Careful planning can significantly reduce these costs. One strategy for reducing transfer costs -- Family Partnerships -- is described in this issue of *The Florida Forest Steward*.
2. **Continuity of Forest Management:** Settling an estate can be a lengthy process, requiring several months to several years to complete. It is essential to plan for the management of your woodland during this period. Provisions can be included in your will to direct that business operations of the estate continue while the estate is being settled.

Another option you may want to consider is the gift of some of your assets to a qualified charity. Such gifts can provide substantial tax benefits. Charitable Remainder Trusts allow you to transfer appreciated property, stocks, or bonds to a trust during your lifetime. By doing this, you obtain a current tax reduction, avoid capital gains, and possibly reduce estate taxes. The trust will usually be designed to distribute income to you and/or a family member during your lifetime(s).

If you are interested in this or other gift planning options, discuss them with your attorney or estate planning advisor. You may also wish to contact the University of Florida Foundation: Attn: Bruce DeLaney, Director of Real Estate, University of Florida Foundation, PO Box 14425, Gainesville, FL 32604-2425, Ph. (352) 392-5405, or The National Arbor Day Foundation: Attn: Debra Ersch, The National Arbor Day Foundation, P.O. Box 81412,



[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

## Growing Shiitake Mushrooms In Florida

While browsing through a past issue of *The Forest Steward* (March/April 1997), I came across a brief but informative article on how to grow shiitake mushrooms. This reminded me of one of our own extension publications here at the University of Florida, [\*Growing Shiitake Mushrooms \(Lentinus edodes\) in Florida \(Bulletin 255\)\*](#). Shiitake mushrooms--the most commonly grown mushroom in Asia and one of the tastiest--are becoming a familiar sight in many U.S. markets and restaurants. Their production may bring Florida landowners extra income, while providing a use for small-diameter hardwood logs from thinnings or timber stand improvement cuttings.

The article in *The Forest Steward* gave four steps for growing shiitake mushrooms. These are listed below, and supplemented with information from the UF publication.

### Step 1:

- Cut live trees into logs 40 inches long and 3 to 6 inches in diameter. Drill 3/8 inch diameter holes 1 inch deep and arranged 6 to 10 inches apart down the length of the log. Space the rows 2 to 3 inches apart. In Florida, logs from water oak, southern red oak, laurel oak, and turkey oak are best for shiitake mushroom cultivation, but other species of oaks should also work well. *The Forest Steward* lists oak, sweetgum, sycamore, and ironwood as the “best” species.

### Step 2:

- Into the drilled holes, insert shiitake spawn (fungus on a substrate such as sawdust) obtained from a supplier. Seal with soft melted wax. Take care not to expose the spawn to direct sunlight or temperature extremes.

### Step 3:

- Stack logs on end at an angle, with about 2 inches of space between them. In Florida, a heavily-shaded area (at least 75% shade) exposed to rain and good air movement is best since these conditions protect the logs from direct sun and reduce the likelihood of contaminating fungi. The heat of direct sunlight can kill shiitake mushrooms during hot weather. To maintain moisture, logs should be wet with a sprinkling of 2 to 8

hours duration, no more than once or twice per month.

#### **Step 4:**

- “Fruiting” or the production of mushrooms, under natural conditions, will generally occur in the fall, but sometimes in the spring in northern Florida as the logs become older and the colonization becomes more complete. As cold fronts move through the area at these times, rainy, cool weather will generally induce fruiting. To “force” fruiting at other times, immerse the logs for 24 hours in cold water. Mushrooms will appear about a week later. Mushrooms can be forced to fruit 3 to 4 times a year. Pick mushrooms when the caps have unfurled but are not yet flat.

For a more detailed description of shiitake growing in Florida, [\*Growing Shiitake Mushrooms \(Lentinus edodes\) In Florida \(Bul 255\)\*](#) can be obtained from the local county extension offices or, if you have internet access, at

<http://www.sfrc.ufl.edu/Extension/ExtInfo.html>

Another source of information is the Florida Mushroom Growers’ Association, c/o Charlie Tarjan, 3426 SW 75th St., Gainesville, FL 32607



[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

## Effects of Clearcutting On Wildlife

The debate over the effects of clearcutting on wildlife habitat has continued for longer than most of us can remember. A new report from Clemson University, “Responses of Wildlife to Clearcutting and Associated Treatments in the Eastern United States,” clarifies some of the issues. To produce this thorough review, the authors examined the published scientific literature in this field--a total of 230 research reports from 23 scientific journals, 5 U.S. government agencies, 27 state universities and 9 private timber companies.

The report first reviews the effects of clearcutting on selected wildlife species and groups of related species. Separate sections of the report are assigned to white-tailed deer, moose, game birds, rabbits, carnivores, tree squirrels, nongame small mammals, birds, amphibians and reptiles. In their evaluation of the effects of clearcutting, the authors consider clearcut size, site preparation, thinning, planting, streamside management zones, snags, edge effects and harvesting methods. The report then provides suggestions for improved stand management.

Overall, the review of published scientific literature indicates that clearcutting can be compatible with many wildlife species. Clearcutting enhanced the quality, quantity, and availability of food and cover for deer, moose, black bear, rabbit, hare, most game birds, all

early successional songbirds, and several rodents. Snags and logging slash left after clearcutting benefited cavity nesting birds, raptors and many amphibians and reptiles. The authors note, however, that each wildlife species will respond differently to timber management practices. In actuality, the size, shape, and proximity to other recently harvested areas will greatly influence wildlife use of these areas.

## Management Considerations

Based on the literature review, the authors conclude that a mixture of management practices--which may include clearcutting--is the best way to provide for the needs of most wildlife species. This strategy provides the greatest habitat diversity by creating a mix of different forest types and age classes. Also, the impacts of management practices must be considered over the entire life of the forest and across the entire landscape. Species reduced in abundance immediately following a clearcut will probably increase in abundance later in the rotation as stand structure and the composition of the plant community change.

Several management activities were identified that will enhance wildlife habitat:

1. Retention of standing snags and logging slash will benefit cavity-nesting birds, raptors, small birds and reptiles.
2. Regular thinnings will reduce shade and encourage the growth of forbs, grasses, woody shrubs and vines, which are essential components of the habitat of many species.
3. Retention of streamside management zones that meet or exceed Best Management Practice guidelines will protect valuable wildlife habitat along streams.
4. In established pine plantations, prescribed burning will help control invading hardwoods and increase the quality and availability of tender browse, herbaceous forage and leguminous fruits in the understory.
5. Retention of the best mast-producing species, such as live oaks and dogwoods, will enhance seasonal habitat conditions for many wildlife species.



For a copy of this report, write to David H. Van Lear, Clemson University, Department of Forest Resources, 261 Lehotsky Hall, Box 341003, Clemson, SC 29634-1003.

[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

Recent Publications of the School of Forest Resources and Conservation (SFRC),  
Florida Cooperative Extension Service

Since the last issue of *The Florida Forest Steward*, a number of extension publications have been produced that will be of interest to forest landowners. To obtain copies, contact your county Cooperative Extension Office. Publications marked with an asterisk (\*), can also be printed or viewed from the SFRC extension web page, which is located at: <http://www.sfrc.ufl.edu/Extension/ExtInfo.html>

Be sure to enter the web address exactly as it's given--capital letters where indicated, and no spaces between the characters. Publications not already on the web site will be added soon.

- *Wind and Trees: Surveys of Tree Damage in the Florida Panhandle after Hurricanes Erin and Opal* (Cir 1183) by Mary L. Duryea
- *Forests, Hydrology, and Water Quality: Impacts of Silvicultural Practices* (Cir 1185) by Susan E. Moore
- *Cypress: Florida's Majestic and Beneficial Wetlands Tree* (Cir 1186)\* by Mary L. Duryea and L. Annie Hermansen
- *Management of Fusiform Rust Disease of Southern Pines* (Cir 1189)\* by Robert A. Schmidt
- *Genetically Improved Pines for Reforesting Florida's Timberlands* (Cir 1190)\* by Timothy L. White and Mary L. Duryea
- *The Taxpayer Relief Act of 1997. What is in it for the private forest owner?\** (Extension Fact Sheet) by Michael Jacobson
- *Understanding County Forest Property Value Assessments\** by Michael Jacobson
- *Forest Resource Information Available on the Internet\** by Larry V. Korhnak and Mary L. Duryea



| [Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

The National Woodland Owners Association is offering two free publications that are most appropriate for this time of year:

- *Timber Tax Tips for 1997*
- *Summary of 1997 Timber Tax Changes That Apply to Woodland Owners*

If you are interested, send your request and a stamped, self-addressed, legal-size envelope to:

- National Woodland Owners Association

374 Maple Ave. E., Suite 210  
Vienna, VA 22180.



Also, Larry Bishop, Forest Management and Taxation Specialist with the U.S. Forest Service, will provide information on this topic in several workshops in Florida: March 10 in Bonifay, March 11 in Lake City, and March 12 in Tavares. To register, call Tom Haxby at DOF, (850) 414-9955.

[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

## Upcoming Workshops and Symposia

A number of workshops and symposia are planned for the coming months. You will receive announcements for each of these in the mail.

### **Workshops:**

#### ***Herbicide Uses in Forestry***

**Monticello, FL**

**February 24, 1998**

- Designed as an in-service training for extension agents and practicing foresters, it may also be very useful for landowners. Topics range from the chemistry of herbicides to application methods, safety concerns and specific prescriptions.

#### ***Forested Wetlands - Ecology and Management***

**Pensacola, FL**

**March 24, 1998**

- The Forested Wetlands workshop will address the unique conditions and management needs of these sensitive areas. Various sessions will describe the types of wetlands and the values they contain, water management considerations, conservation easements, best management practices (BMPs) and regulations, and timber management and harvesting. For a description of last year's workshop, check out the lead article in the Summer, 1997 issue of *The Florida Forest Steward*.

### ***Pine Straw Management***

- Location and dates to be determined - most likely during the spring in the Panhandle and in northeast Florida.
- The *Pine Straw* workshop will provide the information that landowners and resource professionals need to effectively manage pine straw production. It will cover management requirements and operations, biological issues, the most recent research results, economics, and the tradeoffs between pine straw production and other forest uses.

### ***Regeneration Options for Non-industrial Forest Landowners***

- Location and dates to be determined - most likely during the spring in the Panhandle and in northeast Florida.
- The *Regeneration* workshop will introduce landowners to the various options they can use to regenerate the forest conditions and structures that meet their objectives. It will cover regeneration/harvest methods for pines and hardwoods, seedling characteristics and planting, site preparation, vegetation management, economic analysis and financial incentives, and considerations for wildlife, soil and water.

## **Symposium:**

### ***Changing Societal Demands for Forest Products: Policy and Management Responses***

**1998 SAF/SFRC Spring Symposium**  
**University Centre Hotel, Gainesville, FL**  
**April 14-15, 1998**

- The world constantly changes, and forestry policies and practices must change to keep pace. The SAF/SFRC Spring Symposium will examine one aspect of the new forestry environment--the changing demands for forest products. In the symposium's first section, speakers will discuss international and domestic trends and policies that affect forest products in the United States. Speakers in the second section will focus on policy and management responses to specific issues and opportunities.



*For more information contact:*

Larry Korhnak, School of Forest Resources & Conservation, PO Box 110410, Gainesville, FL 32611-0410. (352) 846-0901

[Welcome to the New Year](#) | [WHIP Sign up Period](#) | [EQUIP Sign up Period](#) | [Family Timberland Partnerships](#) | [Estate Planning](#) | [Growing Shiitake Mushrooms in Florida](#) | [Effects of Clearcutting on Wildlife](#) | [Recent Extension Publications](#) | [Two Free Tax Publications](#) | [Upcoming Workshops and Symposia](#) |

[ [Back to Florida Forest Steward Newsletter Index](#) ] [ [Back to Extension Homepage](#) ]

**A University of Florida Cooperative Extension Service and Florida Division of Forestry joint project:**

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