



Forest Management Sheet

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TIMBER
HARVEST

Selling Timber

A timber harvest marks completion of many years of growth and should be carefully considered. If done properly, the landowner will profit from the sale and, equally important, the site will be protected for the next reforestation.

Getting the most money shouldn't be the only objective of a timber sale. Future productivity of the land and protection of streams, young timber stands, and erodible soils should be equally important to the landowner.



Unfortunately, forest landowners are not always prepared to make a wise timber sale. Most sell timber only once or twice in their lifetime and are unaware of problems that arise from poor harvesting operations.

Each year many forest landowners receive a healthy check for their timber, yet are angry about the condition of their property after the harvest. They are not only upset with the appearance, but face a major investment to reclaim it into productive, healthy forestland.

Often adjacent landowners are affected by a poor harvesting job, too. Downed fences, opened gates, road damage and litter are the most common complaints of neighboring landowners when the harvesting operation is not carefully planned. Environmental complaints as well as civil court complaints may also be a result of a poorly planned timber sale.

The forest landowner not only has an ethical responsibility to be a good steward of the land, but also bears a legal responsibility to protect the environment. At present, the landowner shares the liability of protecting water quality and endangered species with the logging contractor, the consultant forester, and other involved parties.

TIMBER SALE CONTRACT: The best practice for all parties is to put the timber sale agreement in writing. A simple contract includes identification of the seller and buyer, location and description of the timber being harvested, purchase price, and method of payment.

PURCHASE PRICE: Purchase price is usually expressed by one of two ways: total value of all merchantable timber or price per unit for specific species and products, usually expressed as a per ton price.

Total value of all merchantable timber is associated with a lump sum payment where the landowner is paid before the harvest retains no economic interest in the standing timber for the term of the contract. Price per unit for specific species and products is usually associated with a pay-as-you-cut payment where the landowner retains an economic interest in the standing timber.

There are advantages and disadvantages to both options as they pertain to the individual landowner. For information on the option that best suits your needs, contact a registered forester familiar with timber sales. Start by contacting the county manager for the Alabama Forestry Commission in the county in which your property is located.

OTHER CONSIDERATIONS WHEN WRITING A TIMBER SALE CONTRACT:

- Require all logging to be conducted in accordance with Alabama Best Management Practices for Forestry (BMPs). A BMP manual is available at no charge from your local Alabama Forestry Commission office.
- A “performance fund” is a substantial amount of money given to the landowner by the buyer to insure that the conditions of the timber sale are met. Upon successful completion of the job, the performance fund is returned to the buyer.
- Designation of the trees to be harvested to include species and size.
- Provision for removal of litter and other logging debris after the harvest.
- Penalties for not abiding by the contract.
- Duration of the sale contract.
- Provision for payment of severance taxes.

USE PROFESSIONALS: Forest landowners should always consider seeking professional assistance when preparing to harvest timber. A consultant forester can determine the amount and actual value of the timber. Planning and supervising any logging operation requires experience and expertise of a consultant forester or a very knowledgeable landowner. A tax accountant familiar with forestry taxes can direct timber sale income and reforestation expenditures to reduce the tax burden. An attorney experienced in timber sale contracts can ensure that the best interest of both parties is represented. Additional income or reduced costs usually outweigh the cost of these professional services.

A successful timber sale benefits both the landowner and the land. The landowner receives the financial and environmental rewards of responsible forest management, and the land is protected and preserved for future generations.

For more detailed information visit the Alabama Cooperative Extension System web site at www.aces.ag.auburn.edu “Selling Timber Successfully” Circular ANR-626 and “Timber Sale and Harvesting Contracts” Circular ANR-560. You can also find additional information on the Alabama Forestry Commission’s web site, www.forestry.state.al.us.