

So You Now Have the Old Home Place

Part 9: Paying for It

by James L. Cummins



**Cropland can be leased
and/or used to establish
dove fields.**



PHOTO BY WILDLIFE MISSISSIPPI - JAMES L. CUMMINS

This is the ninth and final segment in a series titled “So You Now Have the Old Home Place.” In our previous article, we discussed wildlife management. In this one, we will discuss the options available to landowners to help pay for some of the improvements you may need or want.

You’ve established a plan for your home place and feel good about it. Even though you can’t imagine being any happier with carrying on your family’s tradition of owning a piece of property that has been in your family for generations, you still have to keep it up and, hopefully, make it a haven for fish and wildlife. However, the overall goal is to keep it in the family and manage it in a way that you enjoy it.

There are many ways to help one utilize land to generate funds from it. One can manage timber and harvest what you don’t need or want; raise cattle or produce crops on parts of it; form a hunting/fishing club to help with funding management; lease it out for hunting/fishing; sell the carbon rights; place a conservation easement and utilize the tax deductions from such; or utilize the many cost-share programs of the Farm Bill conservation provisions, the U.S. Fish and Wildlife Service, the Mississippi Forestry Commission or the Mississippi Department of Wildlife, Fisheries and Parks to help pay for fish and wildlife habitat restoration and enhancement. Or, one can utilize several of the above options.

Managing and Harvesting Timber/Firewood

If you have an abundance of trees on your land, you can thin them out and make money at the same time. My parents have done this and taken advantage of specific market conditions. They have thinned upland pine when new housing starts were high and taken advantage of that market. They have thinned the sweetgum and other less desirable

hardwood species when the hardwood market has been high, especially for specialty forest products like mats and crossties. Their thinnings have yielded at least \$150 per acre.

While you can broker a timber sale yourself, it is often wise to seek professional help so that you not only get the best price for your timber, but you will thin based on the type of forest stand you desire. On our land, we strive for a mix and manage for both revenue and wildlife. A good forest consultant who also has a background in wildlife can help you achieve this objective.

If you live close to an urban or suburban area in Mississippi, consider selling firewood. People will pay good money for good firewood. Ever notice what a few sticks of firewood sells for at your local quick stop? In some parts of the Southeast, this type of wood, which many times is the debris left from a timber thin, are known as “fat-lighters” and one can get a premium price for them. You can also consider designating some trees specifically for firewood cuttings. Whether you do it yourself or advertise as “cut and haul,” there is money to be made in firewood.

Farming

If your land consists of any agricultural acreage, which could be cropland or pasture land, you can generate cash and ensure that the land is properly managed if you lease your land to a good farmer. Currently, with the high commodity and cattle prices, one can generate a substantial amount of dollars from leasing for agricultural uses, whether that is row crops or for cattle production or hay. Crops, especially grain crops, also bring in doves, ducks and other wildlife which adds value if you are leasing hunting rights. Average pasture land in Mississippi is leased for \$50 to \$70 per acre per year and cropland is at least \$100 per acre per year.



The thinning of timber can generate additional income and improve habitat for a diversity of wildlife.

PHOTO BY WILDLIFE MISSISSIPPI - RANDY BROWNING

Forming a Hunting Club

More often than not, if you have more than several hundred acres, it is difficult for one person to manage, especially if you are trying to keep up a road and trail system, maintain food plots and deer stands/duck blinds and keep your deer herd thinned to the appropriate level. At this point it makes a lot of sense to get some additional help. This help can be in the form of a hunting club consisting of good members that need a place to hunt and fish and don't mind helping with the management of the land.

Often times, a fee structure can be established so that the landowner is getting what would be the lease rate for hunting (which might range from \$5 per acre to almost \$20 per acre, depending on the quality of the hunting and the location) and use those funds for seed, fertilizer, diesel, the construction of shooting houses and blinds, paying property taxes, etc. Plus, what is probably more valuable is the help the members will provide to maintain the land.

Leasing Hunting/Fishing Rights

If you don't like to hunt much and don't mind other people on your property, one can make additional dollars by allowing people to hunt on your land. The great thing about leasing hunting rights is that you are creating cash flow and maintaining your acreage at the same time.

There are other advantages to leasing your property, beside the increased revenue. Typically, those obtaining a lease on property (lessees) will help protect the land from poaching, illegal trespassing and vandalism, which are primary concerns for many landowners. The lessees' presence is usually enough to deter poachers and trespassers, and extra eyes and ears on the property can keep you informed about what's going on. The same applies if you choose to establish a hunting club as described above.

Lessees can also help tremendously with habitat improvements and management of the property. Many landowners in Mississippi would consider managing their

land for wildlife but cannot justify the expense. Money and time is needed to develop and properly manage land to obtain optimum wildlife populations – you can't just walk off and leave it. Often, sportsmen interested in leasing land will help by supplying the equipment, materials and labor in exchange for a reduced lease fee. They may even work for free to improve their hunting opportunities.

Some landowners (lessors) may shy away from leasing their land for fear of damage to the property, or liability issues. But these potential lessors should keep in mind that it is in the best interest of the lessees to be good stewards of the land, keep the property in good condition and improve wildlife where possible. Also, a proper lease agreement can require lessees to purchase their own insurance and remove liability from the landowner.

Selling Carbon Rights

Mississippi's landowners can play a major role in the climate change debate. As landowners, we can provide opportunities for companies in states like California, where there is a current regulatory mechanism in place, to control carbon emissions. Forests represent one of the greatest opportunities to affect climate change through the natural sequestration of carbon. As you may remember, trees absorb carbon dioxide and emit oxygen. This process can be enhanced if proper policies and procedures are established that encourage sound forest management, or hindered if not done in a strategic and consistent manner.

To date, carbon projects are not cost effective for small landowners. It usually takes about 1,000 or more acres for a carbon project to be economical. Depending on many factors, including the condition the land is in, the type of carbon project one is considering (Avoided Forest Conversion or Improved Forest Management) and the current or future price of a carbon offset, landowners can obtain anywhere from \$5 per acre to \$500 per acre as a one-time payment.

Placing a Conservation Easement

A conservation easement is a restriction a landowner voluntarily places on specified uses of his or her property to protect natural, productive or cultural features. A conservation easement is recorded as a written legal agreement between the landowner and the “holder” of the easement, which may be a non-profit conservation organization. In Mississippi, conservation easements are usually donated to non-profit conservation organizations, commonly known as land trusts. The best land trust in Mississippi is the Mississippi Land Trust (www.misslandtrust.org).

Conservation easements are recognized for legal and tax purposes by the State of Mississippi (Uniform Conservation Easement Act) and the Internal Revenue Service (Internal Revenue Code, Section 170(h)).

Placing a conservation easement on your property can afford you annual tax deductions which have a cash value based on the tax bracket you are in. For example, the average tax deduction in Mississippi is approximately \$1,000 per acre. If you are in the 30 percent tax bracket, then the cash value of that deduction is \$300 (.30 X \$1,000). These funds can be put towards upkeep, maintenance and improvements. Landowners have the advantage in this situation and can negotiate the terms of the conservation easement with the land trust.

Through December 31, 2013, if the conservation easement meets Internal Revenue Service criteria, the landowner may deduct the full value of the conservation easement donation from his or her adjusted gross income up to 50 percent of the landowner’s income for the year of the gift. If the donation exceeds this amount in the year of the donation, the balance of the donation may be deducted for up to 15 succeeding years, subject to the same 50 percent limitation. However, qualifying farmers and ranchers can deduct up to 100 percent of their income.

Utilizing Conservation Cost-share Programs

There are many incentive programs for private landowners to protect, restore and enhance their property. Below, is a general overview of some of the more popular programs.

Wetlands Reserve Program (WRP)

The WRP is one of the landmark environmental steps in the 1990, 1996, 2002 and 2008 Farm Bills. It is a voluntary program administered by the Natural Resources Conservation Service (NRCS) that provides technical and financial assistance to private landowners and tribes to restore, protect and enhance wetlands and adjacent areas important to the ecological functions of these wetlands. In Mississippi, the program can pay up to \$1,800 per acre for an easement and, depending on the length of the easement, will pay either 75 percent or 100 percent of the restoration costs, which consists of restoring waterfowl and wetland habitat and planting bottomland hardwoods.

Conservation Reserve Program (CRP)

The CRP, administered by the Farm Service Agency (FSA), is a voluntary program for landowners that was originally established by the 1985 Farm Bill primarily for retiring highly-erodible lands from agricultural production

and establishing permanent covers. Through the CRP, participants receive annual rental payments and cost-share assistance to establish long-term, resource-conserving covers on eligible farmland. Annual rental payments are based on the agriculture rental value of the land. Cost-share assistance is available for up to 50 percent of the participant’s costs in establishing approved conservation practices. There are also incentive payments for specific practices. CRP contracts are for 10 to 15 years. Currently, the average CRP payment in Mississippi for new sign-ups is approximately \$100 per acre per year.

Wildlife Habitat Incentives Program (WHIP)

The WHIP, also administered by the NRCS, encourages participants to develop and improve high-quality habitat that supports wildlife populations of national, state, tribal and local significance through financial and technical assistance. Cost-share up to 75 percent can be provided for establishing conservation practices to develop fish and wildlife habitat. Practices in these programs will help provide cover for wildlife, including the planting of trees, as well as nesting and brood-rearing habitat for species like turkey and quail. Aquatic habitats and water quality can be improved by establishing habitat adjacent to streams. Wildlife habitat can also be improved through these programs by creating small openings in forest stands. Another priority is to establish woody and/or grass corridors. On our family’s farm, we have used the WHIP to improve our forest stand by killing sweet gum, conducting controlled burns, restoring native grasses and killing invasive species, specifically kudzu.

Partners for Fish and Wildlife Program

Congress passed the Fish and Wildlife Act of 1956, which gave the U.S. Fish and Wildlife Service (USFWS) broad statutory authority to enter into voluntary agreements with non-Federal government entities, including private landowners, to restore and enhance habitat for federal



There are several programs that provide assistance in the restoration of native grasses.

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trust fish and wildlife resources. In 1987, the USFWS began a voluntary partnership program with landowners interested in restoring wetlands and other important fish and wildlife habitats on their own lands. The Partners for Fish and Wildlife Program (Partners Program) provides financial and technical assistance to private landowners through voluntary cooperative agreements. The restoration of degraded wetlands, native grasslands, streams, riparian areas and other habitat to conditions as close to natural is emphasized through the program. The program's philosophy is to work proactively with private landowners for the mutual benefit of declining federal trust species and the interests of the landowners involved.

Usually, a dollar-for-dollar cost-share is achieved by working with landowners and a host of nationally-based and local entities (e.g., federal, state and local agencies, soil and water conservation districts and private conservation organizations). Landowners sign an agreement to restore the habitat for the life of the agreement (at least 10 years) and otherwise retain full control of the land.

Fire on the Forty

Although prescribed fire is a very important tool for forest and wildlife management, many private landowners are reluctant to use fire due to cost and liability concerns associated with burning. As part of the "Fire on the Forty" initiative, which the Mississippi Department of Wildlife, Fisheries and Parks has taken a lead role in, landowners may be reimbursed on funded projects in selected focal counties for 50 percent of costs for implementing and conducting prescribed fire up to a maximum of \$12.50 per acre.



Focal counties include Prentiss, Monroe, Lowndes, and Noxubee in North Mississippi, and Amite, Pike, Walthall, Marion, Lamar and Pearl River in South Mississippi.

Landowners must submit an application for entry into the program. All applications will be competitively ranked based on potential habitat benefits and will be selected for funding by the Mississippi Partners for Fish and Wildlife Program.

These programs are just a few of the many ways a landowner can utilize help to "pay for it."

This article concludes our series on "So You Now Have the Old Home Place." I hope you have enjoyed reading them as much as I have enjoyed writing them. Unlike many states, Mississippi has a "sense of place." We know our "kin" and where we came from. Family and family land are important. I hope you will use this series to make your home place a little better than when you took ownership of it. You must make sure your sons, daughters and relatives stay enthusiastic about the home place so that one day they will take care of it and enjoy it as much as you.

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