

## **WINTER MEETING—ICTGA AND ICTA**

### **Fri. 26 & Sat. 27 January 2024**

#### **Shaping and shearing Christmas Trees—William Lindberg Michigan State University**

Match the tree density to customer demand. Also shape and height and taper.

Anatomy: Top—terminal bud, leader

Whorls, trunk

Leaders make poor branches and branches make poor leaders.

Single vs multi-needle:

Single: spruces and firs; buds are terminal along the vert. shoot.

Multi: more than one needle per fascicle. White pines 5 or 6, other pines 2. Buds form at fascicle base.

Pruning increases the # of buds at the end of the shoot.

Timing: more buds? 2/3 of needle elongation for most species. 1/3 for Red Pine (yes, prune earlier).

Cutting at an angle helps establish a dominant fascicle. Mistimed: too late pruning: fewer buds and a less dense tree, but good for landscaping. Too early and many of the buds will lamas. One grower delays leader shearing until later to prevent lamas' growth [late season bud extension].

Single fascicle evergreens: Timing is not as critical. Some growers winter shear or prune just before bud break (?).

Cardinal rule—ONE centered leader [most centered] remove competing leaders.

ideal 12" to 16". Don't let the whorls get spaced too far apart. Keep that delicate balance for height and density.

Top whorl trim creates taper 2/3 leader growth gives that taper down the tree. Only prune the current year's growth. Remove inward-facing branches at origin

Base prune to create a good handle. Seedlings can be base pruned. The only disadvantage is that growth may be slowed in the first year. Base pruning also improves air flow and helps the tree "fill." Basal pruning is species-specific; much of the theory has to do with how valuable the basal branches may be for producing the greens for wreaths and garland.

Prune for "two years ahead" until the tree is in the saleable height range.

For single needle: Just enough pruning to maintain a 2/3 taper. For multi-needle heavier pruning may be needed even to keep a slightly wider taper.

#### **The #1 Way Christmas Tree Growers Save Taxes—Andrew Bosserman, CPA Christmas Tree & Timber Tax -, Charlotte, NC (Also former IRS agent)**

The topic of discussions is federal taxes. Bosserman is sharing information.

Elect capital gain treatment for sales of cut Christmas Trees.

Website: [andrewbosserman.com](http://andrewbosserman.com)

One publication on the website: "How an Average Christmas Tree Grower Saved \$ 27,000". If 27K could be invested for 20 years that could mean 1.2M.

Ordinary income and long-term capital gain income. Ordinary: wages, interest. Long-term capital gain: profit from sale of an investment held more than 1 year or the dividends from stock held more than 5 years, Christmas Trees > 6 years. (age from seed germination), severed from roots, sold for ornamental purposes. No potted trees or balled & burlapped. Pre-cut trees do not qualify. Trees less than 6 years old. Trees from an existing tree farm during the 1st year don't qualify. Non-evergreen trees [deciduous], wreaths, separate service fees—none qualify.

How to elect capital gain treatment—must prove trees sold meet the 4 timber requirements--

\*Recordkeeping—record qualifying sales separately from non-qualifying sales good bookkeeping system. Record separately qualifying sales; capitalize cost of seedlings and other planting costs.

\*Tree count trees on farm once per year # of trees by height and by species—this is required by the IRS since Christmas trees are "inventory. Count can be taken by drone.

\*Tax Return: Capital gain income must be separated from ordinary income. Some additional tax forms must be filed. Make sure to properly elect capital gain treatment on Form T.

--Wrinkles: A saleable tree that dies can only be deducted as the dollar amount you paid of that tree when it was a seedling.

“The only difference between a tax man and a taxidermist is the taxidermist leaves the skin.”—Mark Twain  
The material for the talk is available on Bosserman’s website. And how to prepare for T. Capital Gain Methods Masterclass.

andrewbosserman.com/masterclass      \$249 for the class. He can also help you prepare your taxes.  
Seedling cost + labor + planting supplies can be capitalized. Currently, there is no current list of CPAs who know how to do Christmas Tree taxes.

## **Day 2—27 January 2024**

### **Bill Lindberg: Nutrient Management in Christmas Tree Production**

Why? Better color, better growth rate, better bud set; survivability; profitability. Mismanagement, especially too much, means more pests and more pollution and a waste of money.

Recommended: Foliar testing [late fall—early winter]. Use with soil testing to determine needed amounts of added nutrient.

One of the most critical aspects of nutrient management is the pH of the soil. Different species require different pH levels. When soil nutrients are applied, the results are not immediate. The effects can take a year to have a complete reaction. The acidity measurement of soil—the pH—is exponential. A pH of 5 is 10 times more acidic than a pH of 6. The greater the change in pH needed, the larger amount of acidifier [elemental sulfur] or alkali [calcium carbonate, probably] needed. And the change will take longer to happen.

If you plan to apply fertilizer, root growth starts before bud break in spring. The fertilizer is likely to be most effect when applied before bud break. Or, in a field to be planted, apply any fertilizer before planting.

The most important thing you can do with fertilizers, soil testing, or...? Keep Good Records! Write it all down in—very likely—more detail than you think you need.

Michigan State University has guides. Oregon also has nutrient guides.

Lindberg: lindbe35@msu.edu

### **Andrew Bosserman: Pricing Your Christmas Trees to Maximize Profit**

Don’t break antitrust laws—Do Not Price Fix, AND Do Not pick a number at random. Do not lower prices to undercut other, nearby growers.

#### **Pricing analysis: Breakeven, Market**

What does it cost you? Fixed costs (divided by # of trees sold), variable costs (labor, advertising, supplies also figured a cost per tree). You can also figure gross revenue. Your plan may be a hybrid of the two methods.

How much per tree with revenue from other sales [greenery, gift shop, services such as baling. Don’t forget to use the consumer price index.

Perform a market price analysis: Your Farm, Farms in the area, “draws” like species, services, peripherals [wreath, grave pieces, gift shops, food. Am I under-market? At market? Above Market? Ask yourself, “How do I justify my pricing?” “Am I dissing my own product?”

Jay Abraham Getting Everything You Can Out of All You’ve Got—book. What is a unique selling proposition? Focus on customer’s needs/wants. Your farm provides an experience as well as produces. Make that experience positive. Making that experience unique is a necessity. A unique service may also be part of that.

What do your customers want most? Location, location, location. How are we different: trees, activities, guarantees, services. What's the "hook?" That hook is something of a purpose statement. A statement that gets attention and sticks with the customer. Package deals? Cider available with contribution to T4T matched by the farm. Food: trucks, lunchroom. Personalities? Classes. Tours. Bosserman led a Q & A comment session after his lecture.

**Lucas Dull, Indiana's NCTA director, gave his report.**

ICTA has sent out the report from NCTA. Because of a full schedule for the meeting Lucas also presented the report for the Real Christmas Tree Board in the form of a well-produced video. [Online from the CTPB?] "Joy to the Real" CTPB is also hosting a webinar series for which growers need to pre-register.

**Bonnie Spindler, Indiana DNR Division of Entomology and Plant Pathology**

Spindler explained what she does in Indiana and why. She also spoke about a few of the differences in Illinois. From Indiana, phytosanitary inspection and certification is required to ship out of state to anywhere.

In Illinois the IL Dept of Ag does the inspecting on Christmas Tree farms.

- Pests: Elongate Hemlock Scale—on pine, Hemlock, Firs, Spruce—intercepted on imported firs imported into the state. [Especially North Carolina]. There will be a webinar in Indiana.
- Ladybird Beetles will feed on this scale in the crawler stage.
- Hemlock Wolly Adelgid is like the pine bark wolly adelgid grows on anything. If you have a white, fuzzy tree, it's an adelgid.
- Spotted Lanternfly is spreading very quickly. It has a nymph stage, not a caterpillar, with the nymphs looking like true bugs with no wings, and you should check online for detailed images.
- Spotted Lanterfly likes any tree. Black Vine beetle also likes to notch leaves. Spongy Moth is a deciduous tree pest until the population is very high. There are mating disruptors for control.

In Illinois you can find a list of the most common Christmas Tree insects/Pests. The publication shown at the meeting was from 2018.

Rhizosphaera Needle Cast is on Colorado Spruce and white spruce relatives.

Resource: 2014 USDA FS Christmas Tree Pest Manual. NH Extension Christmas Tree Pest Manual has some further information. There are similar online manuals available, many as PDF files.

Matt & Rachel Stine: Oak Hill Tree Farm, Crawfordsville, IN.  
Matt is also an agronomist. Purchased their farm in 2018.

Sarah James of ICTGA will have PDFS of the power points.