

# THE STRAIGHT SHOOTER



## NEWS of ENNIS and the MADISON VALLEY, MONTANA for MAY 2010

*“The best investment on Earth is earth.”*

Louis J. Glickman, real estate mogul/philanthropist

➤ **ENNIS AND AREA NEWS** → The Ennis Town Council is still pondering the future of a Resort Tax in the city limits and whether to allow medical marijuana businesses in town. Both controversial subjects that always lead to lively debate among the locals. Madison County Planning Board is proposing a new 500’ setback for any future building projects along the Madison River. This is a highly controversial issue.



➤ **UPCOMING EVENTS** → The Madison River Foundation’s **“Guardian’s of the River”** Gala Banquet will be held on June 25<sup>th</sup> at the Old Kirby Place in Cameron. Ennis, Montana is the place to be on **July 4<sup>th</sup>** for the best small town **parade, rodeo and celebration**. The Madison Valley Ranchlands Group’s annual **Weed Banquet** will be held on August 7<sup>th</sup> and hosted by the Valley Garden Ranch. No, they don’t serve *weeds*, it is the annual fundraiser to help raise money to fight noxious weeds in the valley. This is a very serious issue and one that all lands owners need to know about. The Farm to Fork **Farmer’s Market** has started up again for the season and is held in the Lone Elk Mall on Saturday mornings from 9 till noon. And be sure and put the *Ennis on the Madison Fly Fishing Festival* on your calendar for September 3-4 and be here.



➤ **CURRENT REAL ESTATE MARKET UPDATE**→ According to the National Association of REALTORS®, “pending home sales increased again in March, affirming that a surge of home sales is unfolding for the spring home buying season.” The Pending Home Sales Index, a forward-looking indicator based on contracts signed in March, rose 5.3 percent to 102.9 from 97.1 in February, and is 21.1 percent above March 2009. Lawrence Yun, NAR chief economist, said favorable affordability conditions have been working with the tax credit. “Clearly the home buyer tax credit has helped stabilize the market.”



*Just a little “fixer-upper”*

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In the months immediately following the expiration of the tax credit, we expect measurably lower sales,” he said. “Later in the second half of the year, and into 2011, home sales will likely become self-sustaining if the economy can add jobs at a respectable pace, and from a return of buyer demand as they see home values stabilizing.” The statistics for the Madison Valley (including Ennis, Cameron, Virginia City, Harrison, Pony, Whitehall and Cardwell), for the month of **May 2010**, are as follows:

**LAND: 411 vacant lots listed, 0 pending sales, 9 lots sold year-to-date.**

**HOMES: 151 homes listed, 4 pending sales, 13 homes sold year-to-date.**

➤ **FISHING REPORT**→ Check out the extensive fishing reports from some of the local experts.

Dan Delekta’s report at <http://beartoothflyfishing.com/flyfishingreports/uppermadisonriver.htm>

The Tackle Shop’s Orvis report at [http://www.orvis.com/fishing\\_report.aspx?locationid=5974](http://www.orvis.com/fishing_report.aspx?locationid=5974)

Kelly Galloup’s Slide Inn, <http://www.slideinn.com/blog/category/fishing-report/>

The Madison Valley Ranch at <http://www.madisonvalleyranch.com/blog/>

Madison River Fishing Company at:

<http://www.mrfc.com/MadisonRiverMontanaFishing/MadisonRiverReport.aspx>

The fish are even hungrier and just waiting for you to offer some juicy flies. So dust off those fly rods and start planning your fishing trip to the Madison River.



**\$3 Bridge fishing**

➤ **WEATHER**→ The month of **May** brought us a little of everything – there were beautiful, sunny, warm days with no wind, there were blizzards, there were hail storms, there were gray days and lots of rain. So it was very hard to tell if it was winter, spring or summer. But everything started to green up and the mountains are still snow capped – a really beautiful contrast. The statistics show an average temperature in Ennis of **44.9°**, with a balmy high of **78.0°** (just a tease!) and a low of **17.0°**. Our precipitation in May was **2.94”**. And every time it rains, the locals say, “*Well, we need the moisture!*” The average wind speed in May was a breezy **7.1 mph**, so no problem keeping your cowboy hat on.

➤ **WANTED – WILD WOMEN!** OK, OK, then maybe, “*wannabe*” Wild Women. This is a **MUST!** Tell your husband you want to go away to camp this summer and head to Big Fork, Montana for a 3-day workshop, August 27-29, called, **BECOMING AN OUTDOORS WOMAN**. According to their website at <http://fwp.mt.gov/education/bow>, they offer “a variety of different classes taught over the course of 3 days in a safe, supportive environment. Participants choose 4 classes from such topics as basic gun handling,



rifle, shotgun, fly fishing, map & compass, outdoor cooking, canoeing, plant identification, outdoor survival skills and more.” Fee of \$200 includes meals, lodging and classes. It was designed to introduce women to outdoor skills and it is a fabulous experience. (*I know, because I attended 3 years in a row until I took all the classes I wanted.*) It is limited to 100 women in the state and the popular classes fill up fast, so check it out and sign up early. There is also a

class called “**Birding in Montana**” June 18-20 in the Beartooth Wildlife Management Area near Holter Lake, MT. You can find it on the BOW website.

➤ **HORSE REPORT** – Check out this slideshow of the Three Forks, Montana annual spring horse drive. This is **REAL** Montana. It’s hard to tell who was more incredible, the horses or the people! Check out the beautiful photos at <http://valwestoverphotography.blogspot.com/2010/04/montana-horse-drivephotography-workshop.html>.



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➤ **REAL ESTATE TIPS**→ **What is the Outlook for the Future of Capital Gains Taxes? What is going to happen to capital gains in 2011 and beyond? Oh, for a crystal ball.**

The folks at Montana Exchange Services, Inc. have some answers. Check out their services at [www.mtexchangeservices.com](http://www.mtexchangeservices.com) and contact them to explore these options.

- Lately, it seems like everyone wants to know the answer to this question. For investors that are selling property in what's considered to be a buyer's market, they fear that their reduced profits will be eaten up by the largest possible taxes in modern day times. It is apparent that if an investor were thinking of selling property without using a Section 1031 exchange, the remainder of 2010 would be the time to do it. However, before you make a rash decision to cash out and pay taxes in 2010 it might be well worth your time to discuss your specific situation with your advisors to determine if you ever planned on paying a tax consequence in the future. Let's begin with what we know about the impending capital gain tax increases. The first tax increase will occur on January 1, 2011 when the capital gain tax reduction that was signed into law by President Bush under the Tax Increase Prevention and Reconciliation Act will "sunset." At this time the capital gain tax rate for many investors will revert from the current 15 percent rate back to the former 20 percent capital gain tax rate that was in effect prior to 2003. 
- The second increase takes effect on  January 2, 2013 resulting from a small provision within the thousands of pages of legislation comprising the new Health Care bill that President Obama signed into law on March 23, 2010. Beginning in 2013 a new 3.8% "Medicare payroll tax" will be imposed on capital gains and other investment income. The new tax does have some income threshold requirements; it will apply to single filers with incomes over \$200,000 and married taxpayers with incomes over \$250,000. Rental property owners will soon discover that this new tax also applies to a real estate investor's rental income if they are above the income threshold limits as well. The net effect of the above tax increases will result in a federal capital gain tax rate of 23.8% for many investors.
- With impending tax increases should an investor cash out and pay taxes now or defer the taxes through a Section 1031 Exchange? This question can only be answered by looking at the long term goals of the investor. If the taxpayer is planning on cashing out within the next couple years now would most likely be an appropriate time to do so. However, there are two long term planning strategies that will eliminate your capital gain tax and preserve your investment equity if structured appropriately. 
  - Estate: When a taxpayer passes away their heirs, in many situations, benefit from a "step up" in basis at the time of death. In other words, capital gains tax is forgiven upon death. Therefore if you are planning on leaving property to your children it may not be wise to cash out and pay taxes now since your heirs will not be responsible to pay capital gain tax on the gains accrued during your lifetime.
  - Retirement: A popular strategy for many taxpayers is to build investment equity throughout their lifetime, and then do a 1031 exchange into a property that they wish to eventually retire into. The property must initially be held for investment purposes for a period of time not less than 24 months. After the investment period is met the taxpayer can then sell their primary residence, benefiting from the §121 exclusion, and then move into the original 1031 property without a tax consequence.

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➤ **FACEBOOK FRIENDS** → Sign up to be a friend of **Arrow Real Estate** on Facebook.

➤ **MONTANA TRIVIA** → Did you know that the World's Largest Steer can be found at Baker, Montana, at the O'Fallon Museum? Weighing in at 3,980 pounds, he grew to be 5'9" tall and 10'4" long. Born March 23, 1923 just east of Baker, Montana, the steer lived for 15 years and 4 months. Raised by Jack Guth, a former jockey, the steer toured local stock shows and circuses when he was alive. After he died, his hide was preserved. Steer "Montana" disappeared for many years, but was finally discovered in a storage facility in Billings and donated to the O'Fallon Museum... where you can see him today.



➤ **YOU KNOW YOU'RE FROM MONTANA WHEN...** *you have 10 favorite recipes for elk meat.*

And here is one of my favorites. *Toni's Elk Chili*, winner of the Chili Cook Off at the Hunters' Feed in 11 of the past 15 years. (Check out my Wild Woman Cookbook on our website for more wild game recipes.)



**Sauté till soft in large, heavy pot:** 2 T butter + 1 T oil, 1 large onion, chopped, 1 green pepper, seeded and chopped, 1 Jalapeno pepper, seeded and minced, 4 cloves garlic, minced.

**In skillet, brown meat, then add to onion mixture in pot:** 1 T oil, 1/2 lb.

Sausage (I use antelope sausage), 1 lb. Elk (burger or loin cut up in small pieces), (Can be made with any kind of burger – even cow - if you don't have an elk!)

**Add to pot:** 1 28-oz can tomatoes (crushed are best), 2 8-oz cans tomato sauce, 1 16-oz can chili beans, 1 16-oz can kidney beans, 1 16-oz can black beans, 2 T Worcestershire Sauce, Dash Tabasco Sauce, 1 T dried cilantro, 1 tsp salt, 1 tsp. ground pepper, 1/4-tsp. cumin, 1 tsp paprika, 1/2-tsp cayenne pepper, 1 tsp basil, 1 T cornmeal, 1 bay leaf, 2 T chili powder, 4 T brown sugar, 1 cup chicken broth, 1 cup red wine, 1/4 cup red wine vinegar, 1/4 cup Tequila!

**Simmer all for 6 to 7 hours, stirring occasionally.**

**Add more Tequila before serving, if desired. (silly question!)**

*Check out this great new listing on our website – 2,500 SF log home with 4 BR, 2 BA + log barn on 12 acres with private access to the Madison River→*



***Thank you in advance for your personal referrals. Your referrals are the lifeblood of our business and the greatest compliment you can give us.***



Jay Willett



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