

April 22, 2019

The Honorable Richard Neal
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington D.C. 20515

The Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady,

The undersigned organizations support the *Forest Recovery Act of 2019* and urge the House Committee on Ways and Means to immediately schedule a hearing on the legislation. The *Forest Recovery Act* (H.R.1444) will help America's forest landowners rebuild their operations after natural disasters. The recent House passed federal emergency relief package provides much needed relief for agriculture crops and farmers but does not provide economic relief for forest landowners that have lost their timber crops. The *Forest Recovery Act* is not a subsidy or transfer of funds program. It simply allows landowners to deduct the fair market value of timber lost to natural disasters. This common-sense policy would provide forest owners the security of knowing their 25 to 40-year investment in growing healthy forests will pay off; incentivizing keeping land in forest use for the next generation.

Under current tax law, landowners are only allowed to deduct the lesser amount of the fair market value, the cost basis, or the adjusted timber basis. Unfortunately, the deduction amount typically equals zero after the 7-year amortization period or only a fraction of the fair market value of the destroyed timber. This is problematic for forest landowners because in most cases their timber becomes marketable 25 to 40-years after being planted. Forest landowners must pay expenses, including taxes annually, without crop income during this entire growth cycle. Forest landowners differ from other crop producers because they are not provided funds to cover the fair market value of their lost crop through disaster relief funding and insurance for timberland crops is prohibitively costly in the rare cases it is available at all. America's forestland is vital to the environment and communities, accounting for 30 percent of filtered fresh water supply, providing habitat for 60 percent of at-risk species, and capturing enough carbon to offset 10-15 percent of U.S. industrial carbon emissions annually. Without the necessary support after a natural disaster, the public and environmental benefits provided by forestland may begin to decline as natural disasters continue to affect the United States. The *Forest Recovery Act* would amend the tax code to allow forest owners to deduct the full market value of their timber prior to the loss caused by the federally declared natural disaster.

Amending the tax code to ~~provide~~ landowners immediate relief and remain economically viable will have both environmental and economic benefits for all Americans. The undersigned support the passage of H.R. 1444, the *Forest Recovery Act*, which provides the necessary incentives to keep forestland as forests after a catastrophic disaster occurs. This legislation will not only support families in the timberland and forest industry but contribute positively

to environmental conservation. We urge Congress to support America's forest landowners by passing the *Forest Recovery Act*.

Signed,



Alabama Forestry Association



Arkansas Forestry Association



Association of Consulting Foresters



Conservation Fund



Florida Forestry Association



Forest Landowners Association



Forest Resources Association



Forestry Association of South Carolina



Georgia Forestry Association



Gulf Coast Land Trust



Hardwood Federation



Longleaf Alliance



LOUISIANA
FORESTRY ASSOCIATION

Louisiana Forestry
Association

MASSACHUSETTS



Massachusetts Forest
Alliance



Mississippi Forestry Association

Mississippi Forestry
Association



Mississippi River Trust



National Alliance of Forest Owners

NAFO - National Association
of Forest Owners



North Carolina Forestry
Association



OREGON FOREST &
INDUSTRIES COUNCIL
SUSTAINABILITY. SCIENCE. INNOVATION. GROWTH.

Oregon Forest & Industries
Council



Pennsylvania Forest Products
Association



Society of American
Foresters



Southeastern Lumber
Manufacturers Association, Inc.

SLMA - Southern Lumber
Manufacturer Association

**TENNESSEE FORESTRY
ASSOCIATION**



Tennessee Forestry
Association



Texas Forestry Association



Virginia Forestry Association



Washington Forest
Protection Association



West Virginia
Forestry Association

West Virginia Forestry
Association



Wildlife Mississippi