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 recover from the loss of their forests after natural disasters. The House passed emergency disaster package provides much needed relief for agriculture crops and farmers but does not provide economic relief for forest landowners whose timber crops were devastated. 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 destroyed by natural disasters.

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 is prohibitively costly in the rare cases it is available at all. 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.

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 economic assurances after a natural disaster, the public and environmental benefits provided by forests will begin to decline as natural disasters continue to affect the United States. This common-sense policy would provide forest owners the security of knowing their 25 to 40-year investment in growing healthy forests will not be a complete economic loss if a natural disaster strikes; incentivizing keeping land in forest use for environmental benefits for both rural and urban communities.

Amending the tax code to give 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,

[Logos of various organizations]

Alabama Forestry Association

Arkansas Forestry Association

Association of Consulting Foresters

The 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

The Longleaf Alliance
Virginia Forestry Association

Texas Forestry Association

Washington Forest Protection Association

West Virginia Forestry Association

Wildlife Mississippi