



CC:PA:LPD:PR (Reg – 163113 – 02)
 Room 5203
 Internal Revenue Service
 PO Box 7604
 Ben Franklin Station
 Washington, DC 20224

Dear Sir/Madam:

The National Association of State Foresters (NASF) would like to provide input regarding a proposed rule change to Section 2704 of the Internal Revenue Code. NASF is composed of the heads of state forestry agencies for all 50 states, the US territories and the District of Columbia. We serve the nearly 22 million families and individuals who own approximately 300 million acres of the nation's forest land.

Enclosed with this letter is a position paper titled *Tax Policy and its Relationship to the Protection and Management of the Nation's Forests* adopted by our membership in 2015. As noted in the paper these lands provide tremendous benefit to society at large, including substantial carbon sequestration, wood fiber to support industry and jobs, protection of the nation's drinking water, critical wildlife habitat and others. Unfortunately, as the paper also notes, an estimated 44 million of these acres are at risk of conversion to non-forest uses over the next several decades.

One driver of this conversion is an estate tax burden that causes heirs to liquidate all or part of an inherited forest property, particularly when the property value has escalated because of surrounding development pressures. It is estimated that 43% of the individuals owning family forest lands are over age 65 and thus in need of tools for transferring their forests - intact - to the next generation.¹ Discounted valuation in the case of intra-family transfers where recipients are subject to reduced control over the property's decision-making or have no ability to market their interest has been one such helpful tool.

Proposed rule changes to Section 2704 would eliminate that tool. The result will be increased liquidation of what would otherwise be inherited forests, as well as greater loss and increased parcelization of private forests, making them impractical to properly manage. These losses would be felt by everyone, not just the landowners, as some of the most significant forest benefits are non-marketable, public benefits accruing to society as a whole.

We urge you to reconsider the proposed rule change and encourage you to look carefully at the information provided by our position paper.

Signed,

Bill Crapser
 Wyoming State Forester and President of the National Association of State Foresters

¹ Who Owns America's Trees, Woods and Forests? Results from the US Forest Service 2011 – 2013 National Woodland Owner Survey. NRS-INF-31-15. March, 2015.

Executive Director
 Jay Farrell

2016-17 Executive Committee

President	Bill Crapser, Wyoming
Vice President	George Geissler, Oklahoma
Treasurer	Lisa Allen, Missouri
Past President	Randy Dye, West Virginia

Northeastern Representative	Bill O'Neill, Michigan
Western Representative	Mike Lester, Colorado
Southern Representative	Tom Boggus, Texas