July 10, 2019

The Honorable Chuck Grassley
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Grassley and Ranking Member Wyden,

The undersigned organizations support the Forest Recovery Act of 2019 and urge the Senate Finance Committee to immediately schedule a hearing on the legislation. The Forest Recovery Act (S. 1687) will help America’s forest landowners recover from the loss of their forests after natural disasters. While the Additional Supplemental Appropriations for Disaster Relief Act of 2019 provides much needed relief for agriculture crops and farmers it does not guarantee 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 in accordance to the tax code.

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 allow forest owners to deduct the value of their timber prior to the loss caused by a natural disaster in accordance to the tax code.

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, the public and environmental benefits provided by forests will begin to decline as natural disasters continue to impact 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 environmental and economic benefits for all Americans. The undersigned support the passage of S. 1687, 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
California Forestry Association
Forest Landowners Association
Forest Resources Association
Forestry Association of South Carolina
Georgia Forestry Association
Gulf Coast Land Trust
Hardwood Federation
Pennsylvania Forestry Association
Pennsylvania Forest Products Association
Society of American Foresters
Southern Group of State Foresters
SLMA - Southern Lumber Manufacturers Association, Inc.
Tennessee Forestry Association
Texas Forestry Association
Virginia Forestry Association
Washington Forest Protection Association
West Virginia Forestry Association
Wildlife Mississippi