

**Congress of the United States**  
**Washington, DC 20515**

April 15, 2013

The Honorable Dave Camp  
Chairman  
Ways and Means Committee  
1102 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Sander M. Levin  
Ranking Member  
Ways and Means Committee  
1106 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Camp, Ranking Member Levin, members of the Working Group on Debt, Equity and Capital and members of the Working Group on Manufacturing Tax Reform:

In response to the invitation from the Committee on Ways and Means for interested Members of Congress to provide input in the Working Group process, we wish to express our views about the tax treatment of working forests across America. We appreciate this opportunity to provide input to the Committee and wish to highlight three provisions in the tax code that reflect the unique nature of the timber industry and are critical to sustaining private ownership of forestland.

Private management of forestland directly supports nearly one million American jobs, benefits our economy and local communities by providing domestically-grown raw material for businesses that rely on wood products and contributes to environmental quality. The majority of private lands are owned by families and small businesses: family forest owners, averaging less than 100 acres per owner, own approximately 62% of the private forestlands in the U.S.

Growing timber is unlike any other business. It can take between 20 and 80 years to harvest a tree, which is one of many reasons why Congress has long recognized the unique challenge of managing forestland for economic return. These factors include:

- Investment in timber ties up large amounts of capital in the land;
- Substantial costs are incurred to plant the trees, maintain the forest (including fire prevention, road maintenance and pest control), and improve the growth and productivity of the trees;
- Forestland owners invest money in replanting after harvest, research, management and silviculture activities, as well as environmental protections and set-asides for wetlands, protected species, and others; and
- Healthy forests provide significant environmental value by consuming carbon dioxide, curtailing erosion, creating wildlife habitat, sourcing drinking water, and maintaining natural open space for human recreation.

In response to these challenges, beginning in 1943 and through the years, policymakers have adopted rules that reflect the nature of the business for both individuals and corporations. These provisions allow owners to:

- Deduct the costs of forest management, including preventive measures (fire, pest and disease), thinning, fertilization, interest, taxes, protection of wetlands and endangered species, and forestry activities. (Sections 162 and 263A(c)(5));
- Receive capital gains treatment for the harvest of timber or sales of standing trees. (Sections 1231(b)(2) and 631(a)&(b));and
- Deduct up to \$10,000 of reforestation costs per stand, with the remainder amortized over 7 years. (Section 194).

These timber tax provisions have provided equality across investment assets for timber, and have well-served the nation, timber products consumers and manufacturers, forest owners and the environment. Today, private forests account for approximately the same acreage they did in the 1940s, but with 70% greater productivity in terms of forest production.

As Congress examines various options for tax reform and deficit reduction, we urge the Committee and Working Group to consider, as Congress has for over 50 years, that timber is the ultimate long-term investment, that decisions to invest in timber were made decades ago, and that changing the tax treatment would drastically affect investments in working forests that contribute to economic growth and environmental quality.

Sincerely,

*Michael Michaud Dan Benishek Terri Sewell*

MICHAEL H. MICHAUD  
Member of Congress

DAN BENISHEK  
Member of Congress

TERRI A. SEWELL  
Member of Congress

*John Barrow*

JOHN BARROW  
Member of Congress

*Sanford D. Bishop, Jr.*

SANFORD D. BISHOP, JR.  
Member of Congress

*Jo Bonner*

JO BONNER  
Member of Congress

*Corrine Brown*

CORRINE BROWN  
Member of Congress

*G. K. Butterfield*

G. K. BUTTERFIELD  
Member of Congress

*Steve Daines*

STEVE DAINES  
Member of Congress

*Peter A. DeFazio*

PETER A. DEFAZIO  
Member of Congress

*Suzan K. DelBene*

SUZAN K. DELBENE  
Member of Congress

*Renee L. Ellmers*

RENEE L. ELLMERS  
Member of Congress

*Gregg Harper*  
GREGG HARPER  
Member of Congress

*Walter B. Jones*  
WALTER B. JONES  
Member of Congress

*Derek Kilmer*  
DEREK KILMER  
Member of Congress

*Ann M. Kuster*  
ANN M. KUSTER  
Member of Congress

*Mike McIntyre*  
MIKE MCINTYRE  
Member of Congress

*Mark Meadows*  
MARK MEADOWS  
Member of Congress

*Richard M. Nolan*  
RICHARD M. NOLAN  
Member of Congress

*William L. Owens*  
WILLIAM L. OWENS  
Member of Congress

*Steven M. Palazzo*  
STEVEN M. PALAZZO  
Member of Congress

*Collin C. Peterson*  
COLLIN C. PETERSON  
Member of Congress

*Thomas E. Petri*  
THOMAS E. PETRI  
Member of Congress

*Chellie Pingree*  
CHELLIE PINGREE  
Member of Congress

*Kurt Schrader*  
KURT SCHRADER  
Member of Congress

*Austin Scott*  
AUSTIN SCOTT  
Member of Congress

*Michael K. Simpson*  
MICHAEL K. SIMPSON  
Member of Congress

*Steve Southerland, II*  
STEVE SOUTHERLAND, II  
Member of Congress

*Bennie G. Thompson*  
BENNIE G. THOMPSON  
Member of Congress

*Lynn A. Westmoreland*  
LYNN A. WESTMORELAND  
Member of Congress