

**American Forest Foundation · American Forests · Defenders of Wildlife · Land Trust Alliance
National Association of State Foresters · National Wildlife Federation · Pacific Forest Trust
The Conservation Fund · The Nature Conservancy · The Trust for Public Land**

March 4, 2014

The Honorable Ron Wyden
Chairman, Finance Committee
United States Senate
221 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Wyden,

The undersigned organizations write to extend our sincere congratulations as you assume the chairmanship of the Senate Finance Committee and to encourage support for several tax policies that keep our forests healthy and productive for the long-term.

According to the recent USDA Forest Service 2010 Resource Planning Act Assessment, *Future of America's Forests and Rangelands (2012)*, we could see a staggering loss of up to 34 million acres of our forests by 2060 to development. The threat grows when considering the additional loss of all of the benefits our forests provide – clean water and air, wildlife habitat, and recreational opportunities. Our forests also support almost one million family-wage jobs, provide fiber for forest products, and sequester carbon, offsetting 12.4 percent of our annual greenhouse gas emissions annually.

With more than half of America's forests owned by families and other private landowners, tax policies play an important role in forest conservation and will continue to play an increasingly important role as development pressures and other threats increase.

The enhanced conservation easement tax incentives that expired at the end of 2013 are a tool that helps many families keep their forestland in production and pass it to the next generation, especially when faced with rising development pressures. When the enhanced conservation easement incentives were enacted in 2006, we saw an increase of 250,000 more acres donated per year, and more than half of those acres are estimated to be forested. We encourage the committee to make the conservation easement tax benefit for working lands permanent, helping to conserve working forests and allowing families to plan farther in advance to take advantage of this policy tool.

Existing federal tax policies also provide incentives for reforestation and financial support for landowners to take actions on their land to improve forest health and maintain water quality. Reforestation can be a financial burden, particularly for smaller landowners who may lack the capital to cover the up-front expenses which can range

from \$100 per acre to more than \$1000 per acre. Furthermore, families do not realize returns on that investment for decades. In 2013, the reforestation tax deduction supported reforestation work on as many as 800,000 estimated acres across the country¹. The existing reforestation tax deduction is important to support reforestation on private forestland, particularly for smaller, family-owned forests.

Even as forest owners do not see returns on their forest for decades, there are annual maintenance costs in owning forests in addition to the up-front expenses. From maintaining forest roads and culverts to protect water quality, thinning and pesticide treatments to keep the forest from being overrun from insects and disease or catastrophic wildfires, and other operating cost such as property taxes and interest expense, these actions are all essential to retaining the working forest landscape and in some cases, restoring degraded forests. The current tax code allows owners to deduct these operating costs in the year that they are incurred, rather than capitalizing these costs, providing an incentive to do this regular maintenance.

Without the proper tax policies in place, we could see conversion of forests to non-forest uses, in addition to low reforestation rates. As the committee considers tax policies both in the near-term and with comprehensive tax reform, we encourage you to support tax provisions, like the enhanced conservation easement tax incentives and deductions for reforestation and forest management activities, that provide incentives for healthy, working forests and all the benefits they provide for generations to come.

Sincerely,

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