

AMENDMENT NO. _____ Calendar No. _____

Purpose: To amend the Internal Revenue Code of 1986 to provide a special rule for certain casualty losses of uncut timber.

IN THE SENATE OF THE UNITED STATES—119th Cong., 1st Sess.

S. 1462

To improve forest management activities on National Forest System land, public land under the jurisdiction of the Bureau of Land Management, and Tribal land to return resilience to overgrown, fire-prone forested land, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. TUBERVILLE

Viz:

1 At the appropriate place, insert the following:

2 **SEC. ____ . CASUALTY LOSSES OF UNCUT TIMBER.**

3 (a) IN GENERAL.—Section 165(b) of the Internal
4 Revenue Code of 1986 is amended—

5 (1) by striking “For purposes of subsection
6 (a)” and inserting the following:

7 “(1) IN GENERAL.—For purposes of subsection
8 (a)”, and

9 (2) by adding at the end the following new
10 paragraph:

1 “(2) SPECIAL RULE FOR CASUALTY LOSS OF
2 UNCUT TIMBER.—

3 “(A) IN GENERAL.—In the case of the loss
4 of any uncut timber from fire, storm, or other
5 casualty, or from theft, the basis for deter-
6 mining the amount of the deduction for such
7 loss (as otherwise determined under paragraph
8 (1)) shall not be less than the excess of—

9 “(i) the appraised value of such uncut
10 timber determined immediately before such
11 loss was sustained, over

12 “(ii) the salvage value of such timber.

13 “(B) APPRAISAL METHODS.—

14 “(i) IN GENERAL.—With respect to
15 the appraisal of a timber casualty loss de-
16 scribed in subparagraph (A)—

17 “(I) the appraisal valuation date
18 shall be not later than 1 year after
19 the casualty loss, and

20 “(II) the appraisal shall—

21 “(aa) conform to the Uni-
22 form Standards of Professional
23 Appraisal Practice (USPAP),

24 “(bb) be limited to the value
25 of the lost timber, and

1 “(cc) be completed by a
2 Federal- or State-certified ap-
3 praiser.

4 “(ii) DELAY IN COMPLETION OF AP-
5 PRAISAL.—

6 “(I) IN GENERAL.—In the case
7 of any taxpayer who is unable to ob-
8 tain an appraisal described in clause
9 (i) before the due date of the return
10 of tax (including any extension of
11 time for filing such return) for the
12 taxable year in which the timber cas-
13 uality loss occurred, the taxpayer may
14 elect to—

15 “(aa) with respect to the re-
16 turn of tax for such taxable year,
17 include an estimate of the value
18 of the uncut timber determined
19 immediately before the loss was
20 sustained, and

21 “(bb) upon completion of
22 the appraisal within the period
23 described in clause (i)(I), file an
24 amended return for such taxable
25 year with respect to any adjust-

1 ment in taxable income as deter-
2 mined pursuant to subclause (II).

3 “(II) ADJUSTMENT OF TAXABLE
4 INCOME.—With respect to any tax-
5 payer who elects to provide an esti-
6 mate described in subclause (I)(aa)
7 for any taxable year in which a timber
8 casualty loss occurred, the taxable in-
9 come of the taxpayer for such taxable
10 year shall be increased or decreased,
11 as applicable, by an amount equal to
12 the difference between—

13 “(aa) the appraised value of
14 such uncut timber determined
15 immediately before such loss was
16 sustained, as determined pursu-
17 ant to the appraisal described in
18 clause (i), and

19 “(bb) the estimate provided
20 by the taxpayer under subclause
21 (I)(aa) with respect to such
22 uncut timber.

23 “(C) EXCLUSION OF TIMBER NOT HELD
24 FOR SALE.—Subparagraph (A) shall not apply
25 to any timber unless such timber is held for the

1 purpose of being cut and sold in connection
2 with a trade or business that is not a passive
3 activity within the meaning of section 469.

4 “(D) INCLUSION OF PRE-MERCHANTABLE
5 TIMBER.—For purposes of this paragraph, the
6 term ‘uncut timber’ shall not fail to include pre-
7 merchantable timber.

8 “(E) REFORESTATION REQUIREMENT.—

9 “(i) IN GENERAL.—Subparagraph (A)
10 shall not apply unless the uncut timber
11 subject to the loss is reforested (with hard-
12 woods, softwoods, or any combination
13 thereof) by planting, seeding, or appro-
14 priate site preparation, not later than the
15 close of the 5-year period beginning on the
16 date of such loss.

17 “(ii) RECAPTURE.—The Secretary
18 shall, by regulations, provide for recap-
19 turing the benefit of any deduction allowed
20 under this section with respect to any
21 uncut timber subject to loss to which sub-
22 paragraph (A) applied if the taxpayer fails
23 to comply with clause (i) during the period
24 provided under such clause.

1 “(F) OTHER CASUALTIES.—For purposes
2 of subparagraph (A), the term ‘other casualty’
3 shall include loss of any uncut timber from—

4 “(i) wood-destroying insects,
5 “(ii) wood-destroying invasive species,

6 or

7 “(iii) severe drought.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to losses sustained in taxable years
10 beginning after the date of the enactment of this Act.