



## The Disaster Reforestation Act

### **EXECUTIVE SUMMARY**

The **Disaster Reforestation Act (H.R. 262)** amends the Internal Revenue Code to offer a special tax deduction for timber landowners suffering casualty losses. Specifically, it addresses the tax implications for forest landowners whose uncut timber is destroyed by natural disasters such as wildfires, storms, theft, or other casualties like invasive species or drought. Unlike other agricultural producers, private forests landowners lack access to crop insurance or federal safety net programs. DRA would address this by providing immediate and effective tax relief.

Key aspects of the bill include:

- **Casualty Loss Deduction:** The bill allows forest owners to deduct the **pre-loss value** of the timber, not just the timber's **cost basis** or **adjusted timber basis** (which is often minimal after amortization). The deduction is based on the difference between the appraised value of the timber immediately before the loss and its salvage value.
- **Appraisal Requirements:** A certified appraiser must conduct the valuation, and the appraisal must follow industry standards. If the appraiser's report is delayed, taxpayers can file an estimate on their return and amend it later.
- **Reforestation Requirement:** For the deduction to apply, the land must be reforested within **five years** of the loss.
- **Scope of Timber Losses:** The law includes losses caused by wood-destroying insects, invasive species, or severe drought in addition to traditional natural disasters, including wildfires.

Forests contribute to local economies through lumber production, supply chains, and jobs. DRA provides critical tax relief without direct federal funding, allowing timberland owners to remain economically viable after a natural disaster. The law applies to taxable years beginning after the act's enactment.

### **POLICY RECOMMENDATIONS**

Implement a common-sense solution, offering forest landowners a safety net to replant and rebuild their forests for future generations.

### **REQUEST**

As Congress drafts its comprehensive tax package, NLBMDA is asking House and Senate lawmakers to pass the Disaster Reforestation Act to protect the nation's forest owners and ensure domestic timber viability.

**For questions, contact Matthew Delaney with NLBMDA at [mdelaney@dealer.org](mailto:mdelaney@dealer.org)**