

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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Mr. CASSIDY introduced the following bill; which was read twice and referred  
to the Committee on \_\_\_\_\_

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## A BILL

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

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Disaster Reforestation  
5 Act”.

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

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

9            (1) by striking “For purposes of subsection

10        (a)” and inserting the following:

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

3           (2) by adding at the end the following new  
4           paragraph:

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

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

13                   “(i) the appraised value of such uncut  
14                   timber determined immediately before such  
15                   loss was sustained, over

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

17          “(B) APPRAISAL METHODS.—

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

21                           “(I) the appraisal valuation date  
22                           shall be not later than 1 year after  
23                           the casualty loss, and

24                           “(II) the appraisal shall—

1                   “(aa) conform to the Uni-  
2                   form Standards of Professional  
3                   Appraisal Practice (USPAP),

4                   “(bb) be limited to the value  
5                   of the lost timber, and

6                   “(cc) be completed by a  
7                   Federal- or State-certified ap-  
8                   praiser.

9                   “(ii) DELAY IN COMPLETION OF AP-  
10                  PRAISAL.—

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

20                  “(aa) with respect to the re-  
21                  turn of tax for such taxable year,  
22                  include an estimate of the value  
23                  of the uncut timber determined  
24                  immediately before the loss was  
25                  sustained, and

1                   “(bb) upon completion of  
2                   the appraisal within the period  
3                   described in clause (i)(I), file an  
4                   amended return for such taxable  
5                   year with respect to any adjust-  
6                   ment in taxable income as deter-  
7                   mined pursuant to subclause (II).

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

18                         “(aa) the appraised value of  
19                         such uncut timber determined  
20                         immediately before such loss was  
21                         sustained, as determined pursu-  
22                         ant to the appraisal described in  
23                         clause (i), and

24                         “(bb) the estimate provided  
25                         by the taxpayer under subclause

1 (I)(aa) with respect to such  
2 uncut timber.

3 “(C) EXCLUSION OF TIMBER NOT HELD  
4 FOR SALE.—Subparagraph (A) shall not apply  
5 to any timber unless such timber is held for the  
6 purpose of being cut and sold in connection  
7 with a trade or business that is not a passive  
8 activity within the meaning of section 469.

9 “(D) INCLUSION OF PRE-MERCHANTABLE  
10 TIMBER.—For purposes of this paragraph, the  
11 term ‘uncut timber’ shall not fail to include pre-  
12 merchantable timber.

13 “(E) REFORESTATION REQUIREMENT.—

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

22 “(ii) RECAPTURE.—The Secretary  
23 shall, by regulations, provide for recap-  
24 turing the benefit of any deduction allowed  
25 under this section with respect to any

1 uncut timber subject to loss to which sub-  
2 paragraph (A) applied if the taxpayer fails  
3 to comply with clause (i) during the period  
4 provided under such clause.

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

8 “(i) wood-destroying insects,

9 “(ii) wood-destroying invasive species,

10 or

11 “(iii) severe drought.”.

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