

Council of Western State Foresters  
Albuquerque, New Mexico  
May 9, 2001

CWSF Resolution No. 2001 – 2

***Tax Incentive Opportunities for Private Forest Landowners***

**WHEREAS**, the projected budget surplus has created an atmosphere favorable to tax cuts in Congress and the Administration. A popular part of the proposed tax cut is elimination of the estate tax. In the policy statement "Taxation and Forest Sustainability: Recommendation for Positive Change" NASF addresses three sections of the federal tax code that impact long term sustainability of forestlands: estate taxes, passive loss rules and expensing of management costs, and capital gains.

**WHEREAS**, of the 747 million acres of American forests, 54 percent are owned by non-industrial private forest (NIPF) landowners. This percent of ownership has not changed appreciably in recent history, but the number of landowners has. The average size of NIPF ownership was 52 acres in 1978. By 1994 it had dropped by 22 percent to 41 acres.

**WHEREAS**, current estate tax policy contributes to reducing the average ownership size. It is common for families to have had their property for some time. Often the land value has appreciated and the owners become "land rich," though often "cash poor". When NIPF landowners bequeath property to heirs or others, it commonly creates a financial burden forcing heirs to sell some or all of the property to pay the estate tax. Taxes should not force NIPF landowners from their land. In other cases heirs find it necessary to conduct an untimely or inappropriate timber harvest to meet the estate tax obligation. Taxes should not force NIPF landowners to practice inappropriate management on their land.

**WHEREAS**, elimination of the estate tax will significantly benefit forest sustainability. In addition there may also be potential to promote sustainability by changing passive loss rules, expensing of management costs, and capital gains treatment as Congress debates the target of additional tax cuts.

**NOW THEREFORE BE IT RESOLVED THAT:** The CWSF urges Congress and the President to repeal estate taxes on non-industrial private forest properties. The CWSF supports changes to capital gains taxes, passive loss rules, and treatment of forest management expense deductions; exemption of forestry and conservation cost-share payments from income tax; and other initiatives that serve to enhance sustainability of private forest lands.

Be it further resolved that this resolution be forwarded to NASF for consideration.

Passed by unanimous vote of the CWSF members present:

*/s/ Tom Ostermann*

Tom Ostermann, Chairman  
Council of Western State Foresters  
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