



## Long Term Investment and Tax Policy

*The face of forest ownership in America is constantly changing. Tax policy needs to keep up with these changes to encourage and enable forest landowners to sustainably manage America's forests for the long-term.*

Today Americans rely on forests in more ways than ever before. When managed sustainably, forests offer endless recreational opportunities and environmental benefits, such as wildlife habitat and clean water and air, but they also produce the raw materials that go into literally thousands of products we use each and every day. Whether the box for our breakfast cereal, the kitchen table, the morning paper or the home we live in – all are provided by sustainable working forests. Yet, behind each working forest is a long-term investment that must be managed carefully to reduce significant risk and realize long-term benefits for the forest owner.

Congress and the Department of Treasury have provided certain Federal tax provisions that recognize the unique nature and importance of America's forests and forestland owners. Some of these provisions clarify the application of tax rules to forest holdings and operations; other provisions recognize the longstanding importance of forest products to the U.S. economy and provide tax incentives for proper forestland investment, management, and stewardship. These incentives recognize that forest ownership requires patience, diligence, and long term commitment.

Present law and tax provisions that relate to forest holdings and operations provide certainty in the administration of the tax law and appropriate incentives for the continued investment in U.S. forestlands and should be maintained. However, tax policies should also be contemporary with current trends in forest ownership in America as tens of thousands of Americans invest in their future through forest ownership.

Today Americans own forests through a variety of ownership structures, including REITs (Real Estate Investment Trusts), TIMOs (Timber Management Organizations), partnerships, small and large businesses and family investments. NAFO believes the government should modernize tax provisions to reflect the variety of forest ownerships and encourage long-term investment in sustainable working forests.

Moreover, U.S. forest ownership now faces increased competition from overseas. American policymakers must ensure that U.S. laws, including tax laws, eliminate and do not create disadvantages in holding and managing working forests in a sustainable manner.

Finally, working forests will play an important role in climate change and renewable energy policy, and a comprehensive plan should include tax provisions promoting the unique contributions of working forests to these important national priorities.