



NEWS



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ACF AND FLTC SPONSOR TIMBER TAX SEMINAR FOR CONGRESSIONAL STAFFERS

Washington, D.C. On November 14, the Association of Consulting Foresters of America, Inc. was joined by the Forest Landowners Tax Council to sponsor a seminar for congressional staff entitled, the "Forest Tax Impact on Non-Industrial Forestland Owners." This event was hosted by the United States House of Representatives Subcommittee on Forests and Forest Health, at the Longworth House Office Building. Thirty-four congressional staffers who have significant responsibilities affecting the 10 million non-industrial forestland ownerships in the U.S. attended the seminar. The event was for educational purposes only.

Attendees heard and questioned some of leading experts in the field; namely, Frank D. McKinney Sr., Forestry Technical Advisor – Internal Revenue Service, and William C. Siegel, Esq., timber tax attorney, forester, landowner, and current Chair of FLTC. McKinney spoke about how the current IRS Timber Sale Reporting Requirements for non-industrial private forest (NIPF) landowners for. Siegel addressed the impact of federal taxes on the economic aspects of NIPF land.

McKinney's presentation dealt with the concern of the IRS that the proper handling of timber income from various methods of timber dispositions. When timber is sold with a retained economic interest, the payment is considered to be a royalty payment and a 1099-S is required to record the sale. This type of sale is generally referred to as a pay-as-cut contract under the provisions of IRC Section 631(b). There is currently significant unreported income from lump sum sales. This area of non-compliance is a major concern to the IRS.

Siegel's message was that NIPF owners furnish the majority of America's wood supply and one of their major areas of concern is the federal tax system. He emphasized that, "Many applicable areas of the tax code were not written to acknowledge the uniqueness of non-industrial private forestry. Capital investments must be borne in most cases for many years before being recovered. The rigid requirements of the passive activity loss rules work against good forestry practices. Many owners who actively manage their holdings are forced to sell timber under the economically disadvantageous and complex provisions of Section 631(b) of the tax code, rather than using a timber deed, in order to qualify for capital gains treatment." Siegel stated, "[NIPF] owners don't want handouts but do want fair and equitable tax treatment in keeping with the uniqueness of their investment."

Kirk P. Rodgers, FLTC Board member, moderated the seminar and said, "This occasion was well worth the time invested by staffers to learn about the importance of non-industrial, private forest landowners to the national environment and economy, as well as the impact of tax laws on private owners of timberland as related to stewardship, investment, and management productivity."

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ACF is the professional association for consulting foresters who provide forestry services to the general public, serving owners of private and public forestlands in the United States. ACF consulting foresters provide technical and professional forestry services to the public on a fee basis. ACF was founded on a belief in the advancement of professionalism, ethics, setting the standards for the profession of consulting foresters, and on the belief that managed forests are the most beneficial to society. Our members manage approximately 75 million acres of forestland throughout the United States. www.ACF-Foresters.com

The Forest Landowners Tax Council (FLTC) is an independent, national, non-profit organization dedicated to providing an effective and unified voice for non-industrial, private forest (NIPF) landowners on federal tax issues. The Council seeks to provide technical research to identify opportunities for timber tax improvements. FLTC is also a source of education for those who wish to learn more about timber taxation. Membership is open nationwide to all individuals, associations, or organizations interested in supporting the mission of the FLTC. www.FLTC.org