

AMENDMENT TO
RULES COMMITTEE PRINT 119-3
OFFERED BY MR. CARTER OF GEORGIA

In title XI, at the appropriate place, insert the following new section:

1 **SEC. ____ . CASUALTY LOSSES OF UNCUT TIMBER.**

2 (a) IN GENERAL.—Section 165(b) is amended—

3 (1) by striking “For purposes of subsection
4 (a)” and inserting the following:

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

7 (2) by adding at the end the following new
8 paragraph:

9 “(2) SPECIAL RULE FOR CASUALTY LOSS OF
10 UNCUT TIMBER.—

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

1 “(i) the appraised value of such uncut
2 timber determined immediately before such
3 loss was sustained, over

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

5 “(B) APPRAISAL METHODS.—

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

9 “(I) the appraisal valuation date
10 shall be not later than 1 year after
11 the casualty loss, and

12 “(II) the appraisal shall—

13 “(aa) conform to the Uni-
14 form Standards of Professional
15 Appraisal Practice (USPAP),

16 “(bb) be limited to the value
17 of the lost timber, and

18 “(cc) be completed by a
19 Federal- or State-certified ap-
20 praiser.

21 “(ii) DELAY IN COMPLETION OF AP-
22 PRAISAL.—

23 “(I) IN GENERAL.—In the case
24 of any taxpayer who is unable to ob-
25 tain an appraisal described in clause

1 (i) before the due date of the return
2 of tax (including any extension of
3 time for filing such return) for the
4 taxable year in which the timber cas-
5 ualty loss occurred, the taxpayer may
6 elect to—

7 “(aa) with respect to the re-
8 turn of tax for such taxable year,
9 include an estimate of the value
10 of the uncut timber determined
11 immediately before the loss was
12 sustained, and

13 “(bb) upon completion of
14 the appraisal within the period
15 described in clause (i)(I), file an
16 amended return for such taxable
17 year with respect to any adjust-
18 ment in taxable income as deter-
19 mined pursuant to subclause (II).

20 “(II) ADJUSTMENT OF TAXABLE
21 INCOME.—With respect to any tax-
22 payer who elects to provide an esti-
23 mate described in subclause (I)(aa)
24 for any taxable year in which a timber
25 casualty loss occurred, the taxable in-

1 come of the taxpayer for such taxable
2 year shall be increased or decreased,
3 as applicable, by an amount equal to
4 the difference between—

5 “(aa) the appraised value of
6 such uncut timber determined
7 immediately before such loss was
8 sustained, as determined pursu-
9 ant to the appraisal described in
10 clause (i), and

11 “(bb) the estimate provided
12 by the taxpayer under subclause
13 (I)(aa) with respect to such
14 uncut timber.

15 “(C) EXCLUSION OF TIMBER NOT HELD
16 FOR SALE.—Subparagraph (A) shall not apply
17 to any timber unless such timber is held for the
18 purpose of being cut and sold in connection
19 with a trade or business that is not a passive
20 activity within the meaning of section 469.

21 “(D) INCLUSION OF PRE-MERCHANTABLE
22 TIMBER.—For purposes of this paragraph, the
23 term ‘uncut timber’ shall not fail to include pre-
24 merchantable timber.

1 “(E) OTHER CASUALTIES.—For purposes
2 of subparagraph (A), the term ‘other casualty’
3 shall include loss of any uncut timber from—

4 “(i) wood-destroying insects,
5 “(ii) wood-destroying invasive species,

6 or

7 “(iii) severe drought.”.

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

