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112TH CONGRESS
2D SESSION

H. R. 6439

To amend the Internal Revenue Code of 1986 to provide an exception to the imposition of the additional estate tax for severance of standing timber harvested consistent with a forest management plan.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 2012

Mrs. BLACK (for herself, Mr. MICHAUD, Mr. RIBBLE, Mr. BONNER, Mr. HERGER, Mr. THOMPSON of Pennsylvania, Mrs. BLACKBURN, Mr. DUNCAN of Tennessee, and Mr. KISSELL) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to provide an exception to the imposition of the additional estate tax for severance of standing timber harvested consistent with a forest management plan.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Keep the Forest in the Family Estate Tax Act of 2012".

SEC. 2. WOODLANDS SUBJECT TO MANAGEMENT PLAN.

(a) IN GENERAL.—Paragraph (2) of section 2032A(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(F) EXCEPTION FOR WOODLANDS SUBJECT TO MANAGEMENT PLAN.—Subparagraph (E) shall not apply to any disposition or severance of standing timber on a qualified woodland if the harvest is—

"(i) consistent with a written forest management plan developed under the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a), or an equivalent plan approved by the State Forester,

"(ii) conducted under the guidance of a qualified forestry professional (as determined by the Secretary in consultation with the United States Forest Service), or

"(iii) conducted on lands certified to a third-party audited forest certification system or similar land management protocol, as determined by the Untied States Forest Service.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to the disposition or severance

of standing timber after the date of the enactment of this Act.

SEC. 3. REPORT ON SIMPLIFYING SPECIAL USE VALUATION FOR WOODLANDS.

(a) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Commissioner of the Internal Revenue Service, in cooperation with the Chief of the U.S. Forest Service, shall submit to the Senate Finance Committee and the House Ways and Means Committees a report on the use of section 2032A of the Internal Revenue Code of 1986 by woodland owners and recommendations to simplify this provision for use by such owners.

(b) CONTENTS OF REPORT.—The report shall include the following elements:

(1) An analysis of barriers woodland owners may face to using this section including difficulties with meeting material participation requirements and lack of consistent woodland valuation methods.

(2) Recommendations for simplifying valuation of woodlands and material participation requirements for purposes of Section 2032A of the Internal Revenue Code of 1986.

SEC. 4. INCREASE LIMITATION ON AGGREGATE REDUCTION IN FAIR MARKET VALUE.

(a) IN GENERAL.—Paragraphs (2) and (3) of section 2032A(a) of the Internal Revenue Code of 1986 are both amended by striking ''$750,000'' each place it appears and inserting ''$5,000,000''.

(b) ADDITIONAL MODIFICATION TO INFLATION ADJUSTMENT.—Paragraph (3) of such Code, as amended by subsection (a), is amended—

(1) by striking ''1998'' and inserting ''2012'', and

(2) by striking ''1997'' and inserting ''2011''.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to estates of decedents dying after December 31, 2012.

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