

119TH CONGRESS
2D SESSION

H. R. 8538

To amend the Internal Revenue Code of 1986 to allow for limited full expensing of certain reforestation expenditures.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2026

Mr. CARTER of Georgia (for himself, Ms. SEWELL, Mr. BEAN of Florida, Mr. THOMPSON of California, Mr. STEUBE, Mr. MURPHY, and Mr. MORAN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow for limited full expensing of certain reforestation expenditures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Save America’s Family
5 Forests Act of 2026”.

1 **SEC. 2. MODIFICATION OF REFORESTATION EXPENDITURE**

2 **RULES.**

3 (a) INCREASE IN BASE EXPENSING AMOUNT.—Sec-
4 tion 194(b)(1)(B) of the Internal Revenue Code of 1986
5 is amended—

6 (1) in clause (i), by striking “\$10,000” and in-
7 serting “\$30,000”, and

8 (2) in clause (ii), by striking “\$5,000” and in-
9 serting “\$15,000”.

10 (b) INFLATION ADJUSTMENT FOR BASE EXPENS-
11 ING.—Section 194(b)(1) of such Code is amended by add-
12 ing at the end the following new subparagraph:

13 “(C) INFLATION ADJUSTMENT.—

14 “(i) IN GENERAL.—In the case of any
15 taxable year beginning after 2026, each
16 dollar amount in subparagraph (B) shall
17 be increased by an amount equal to—

18 “(I) such dollar amount, multi-
19 plied by

20 “(II) the cost-of-living adjust-
21 ment determined under section 1(f)(3)
22 for the calendar year in which the tax-
23 able year begins, determined by sub-
24 stituting ‘calendar year 2025’ for ‘cal-
25 endar year 2016’ in subparagraph
26 (A)(ii) thereof.

1 “(ii) ROUNDING.—If any increase de-
 2 termined under clause (i) is not a multiple
 3 of \$100, such increase shall be rounded to
 4 the nearest multiple of \$100.”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to amounts paid or incurred in tax-
 7 able years beginning after December 31, 2026.

8 **SEC. 3. TREATMENT OF REFORESTATION EXPENDITURES**
 9 **FOR QUALIFIED NATURAL DISASTERS.**

10 (a) IN GENERAL.—Part VI of subchapter B of chap-
 11 ter 1 of subtitle A of the Internal Revenue Code of 1986
 12 is amended by inserting after section 194A the following
 13 new section:

14 **“SEC. 194B. TREATMENT OF REFORESTATION EXPENDI-**
 15 **TURES FOR QUALIFIED NATURAL DISASTERS.**

16 “(a) IN GENERAL.—

17 “(1) IN GENERAL.—In the case of any qualified
 18 timber property with respect to which the taxpayer
 19 has made an election under this section, there shall
 20 be allowed a deduction for the taxable year in an
 21 amount equal to the lesser of—

22 “(A) so much of the disaster-related refor-
 23 estation expenditures paid or incurred by the
 24 taxpayer during such taxable year with respect
 25 to each qualified timber property of the tax-

1 payer as does not exceed \$500,000 (\$250,000
 2 in the case of a married taxpayer filing sepa-
 3 rately) with respect to any such property, or

4 “(B) \$1,000,000 (\$500,000 in the case of
 5 a married taxpayer filing separately), in the ag-
 6 gregate for all qualified timber properties with
 7 respect to disaster related-reforestation expendi-
 8 tures.

9 “(2) ELECTION.—An election under this section
 10 shall be made at such time and in such manner as
 11 the Secretary may prescribe, including on an amend-
 12 ed return.

13 “(3) DETERMINATION OF MARITAL STATUS.—
 14 For purposes of this section, marital status shall be
 15 determined under section 7703(a).

16 “(4) INFLATION ADJUSTMENT.—

17 “(A) IN GENERAL.—In the case of any
 18 taxable year beginning after 2026, each of the
 19 dollar amounts in paragraph (1) shall be in-
 20 creased by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
 23 termined under section 1(f)(3) for the cal-
 24 endar year in which the taxable year be-
 25 gins, determined by substituting ‘calendar

1 year 2025’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—If any increase under
4 subparagraph (A) is not a multiple of \$100,
5 such increase shall be rounded to the nearest
6 multiple of \$100.

7 “(5) CONTROLLED GROUPS.—

8 “(A) IN GENERAL.—In the case of a con-
9 trolled group of corporations or trades or busi-
10 nesses under common control, the limitations of
11 paragraph (1) shall be allocated among the
12 members of such group in accordance with reg-
13 ulations prescribed by the Secretary.

14 “(B) DEFINITION.—For purposes of sub-
15 paragraph (A), the term ‘controlled group’ has
16 the meaning given to the term controlled group
17 of corporations in section 1563(a), except that
18 section 1563(a)(1) shall be applied by sub-
19 stituting ‘more than 50 percent’ for ‘at least 80
20 percent’ in each instance.

21 “(C) PASS THRU ENTITY.—In the case of
22 a partnership or S corporation, the aggregate
23 amount described in paragraph (1)(B) shall be
24 applied at the partnership or S corporation
25 level, respectively.

1 “(b) DEFINITIONS AND SPECIAL RULES.—For pur-
2 poses of this section—

3 “(1) DISASTER-RELATED REFORESTATION EX-
4 PENDITURES.—

5 “(A) IN GENERAL.—The term ‘disaster-re-
6 lated reforestation expenditures’ means refor-
7 estation expenditures paid or incurred in con-
8 nection with uncut timber that was damaged or
9 destroyed as a direct result of a qualified nat-
10 ural disaster which occurred during the 5-year
11 period ending on the date on which such refor-
12 estation occurs, determined without regard—

13 “(i) to any expenditure with respect to
14 which the taxpayer has received reimburse-
15 ment under any governmental reforestation
16 cost-sharing program unless the amounts
17 so reimbursed have been included in the
18 gross income of the taxpayer, and

19 “(ii) any expenditures with respect to
20 which a deduction is allowed under section
21 194(a).

22 “(B) QUALIFIED TIMBER PROPERTY; RE-
23 FORESTATION EXPENDITURES; COST-SHARING
24 PROGRAMS.—The terms ‘qualified timber prop-
25 erty’, ‘reforestation expenditures’, and ‘cost-

1 sharing programs’ have the meanings given
2 such terms in section 194(c).

3 “(C) UNCUT TIMBER.—The term ‘uncut
4 timber’ means, with respect to a qualified nat-
5 ural disaster, standing timber that had not been
6 harvested, severed, or otherwise cut before such
7 qualified natural disaster occurred.

8 “(D) QUALIFIED NATURAL DISASTER.—
9 The term ‘qualified natural disaster’ means any
10 disaster determined by the President under sec-
11 tion 401 of the Robert T. Stafford Disaster Re-
12 lief and Emergency Assistance Act.

13 “(2) TREATMENT OF TRUSTS AND ESTATES.—
14 The aggregate amount of disaster-related reforest-
15 ation expenditures incurred by any trust or estate
16 shall be apportioned between the income bene-
17 ficiaries and the fiduciary under regulations pre-
18 scribed by the Secretary.

19 “(3) COORDINATION WITH OTHER DEDUC-
20 TIONS.—No deduction shall be allowed under any
21 other provision other this chapter with respect to
22 any expenditure with respect to which a deduction is
23 allowed or allowable under subsection (a) to the tax-
24 payer.

25 “(c) RECAPTURE UPON EARLY DISPOSITION.—

1 “(1) IN GENERAL.—If a taxpayer disposes of
2 any qualified timber property (or any timber there-
3 on) with respect to which a deduction was allowed
4 under subsection (a) within the 10-taxable-year pe-
5 riod beginning with the taxable year in which such
6 deduction was claimed, such property shall be treat-
7 ed as section 1245 property, and the amount re-
8 quired to be recaptured as ordinary income shall be
9 determined under section 1245 and included in gross
10 income for the taxable year of disposition.

11 “(2) RECAPTURE AMOUNT.—For purposes of
12 applying section 1245, the amount subject to recap-
13 ture shall not exceed the deduction allowed under
14 subsection (a) with respect to such property.

15 “(3) PARTIAL DISPOSITIONS.—In the case of a
16 disposition of only a portion of the qualified timber
17 property, the applicable portion of the deduction al-
18 lowed under subsection (a) shall be subject to recap-
19 ture under section 1245 in the same proportion that
20 the disposed portion bears to the entire property.

21 “(4) EXCEPTIONS.—Paragraph (1) shall not
22 apply to a disposition which occurs by reason of—

23 “(A) casualty, condemnation, or govern-
24 mental taking, or

25 “(B) death of the taxpayer.

1 “(d) REGULATIONS.—The Secretary shall prescribe
2 such regulations as necessary or appropriate to carry out
3 this subsection, including rules for determining propor-
4 tional allocations.”.

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for part VI of subchapter B of chapter 1 of subtitle A
7 is amended by inserting after the item relating to section
8 194A the following new item:

“Sec. 194B. Treatment of reforestation expenditures for qualified natural dis-
asters.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to amounts paid or incurred in tax-
11 able years beginning after December 31, 2026.

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