

119TH CONGRESS
2D SESSION

S. 4442

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

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2026

Mr. CASSIDY (for himself and Mr. WARNOCK) introduced the following bill;
which was read twice and referred to the Committee on Finance

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”.

6 **SEC. 2. MODIFICATION OF REFORESTATION EXPENDITURE**
7 **RULES.**

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

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

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

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

8 “(C) INFLATION ADJUSTMENT.—

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

13 “(I) such dollar amount, multi-
 14 plied by

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

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

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

4 **SEC. 3. TREATMENT OF REFORESTATION EXPENDITURES**
 5 **FOR QUALIFIED NATURAL DISASTERS.**

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

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

12 “(a) IN GENERAL.—

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

18 “(A) so much of the disaster-related refor-
 19 estation expenditures paid or incurred by the
 20 taxpayer during such taxable year with respect
 21 to each qualified timber property of the tax-
 22 payer as does not exceed \$500,000 (\$250,000
 23 in the case of a married taxpayer filing sepa-
 24 rately) with respect to any such property, or

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

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

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

13 “(4) INFLATION ADJUSTMENT.—

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

18 “(i) such dollar amount, multiplied by

19 “(ii) the cost-of-living adjustment de-
 20 termined under section 1(f)(3) for the cal-
 21 endar year in which the taxable year be-
 22 gins, determined by substituting ‘calendar
 23 year 2025’ for ‘calendar year 2016’ in sub-
 24 paragraph (A)(ii) thereof.

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

5 “(5) CONTROLLED GROUPS.—

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

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

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

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

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

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

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

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

20 “(B) QUALIFIED TIMBER PROPERTY; RE-
21 FORESTATION EXPENDITURES; COST-SHARING
22 PROGRAMS.—The terms ‘qualified timber prop-
23 erty’, ‘reforestation expenditures’, and ‘cost-
24 sharing programs’ have the meanings given
25 such terms in section 194(c).

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

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

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

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

23 “(c) RECAPTURE UPON EARLY DISPOSITION.—

24 “(1) IN GENERAL.—If a taxpayer disposes of
25 any qualified timber property (or any timber there-

on) with respect to which a deduction was allowed under subsection (a) within the 10-taxable-year period beginning with the taxable year in which such deduction was claimed, such property shall be treated as section 1245 property, and the amount required to be recaptured as ordinary income shall be determined under section 1245 and included in gross income for the taxable year of disposition.

“(2) RECAPTURE AMOUNT.—For purposes of applying section 1245, the amount subject to recapture shall not exceed the deduction allowed under subsection (a) with respect to such property.

“(3) PARTIAL DISPOSITIONS.—In the case of a disposition of only a portion of the qualified timber property, the applicable portion of the deduction allowed under subsection (a) shall be subject to recapture under section 1245 in the same proportion that the disposed portion bears to the entire property.

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

“(A) casualty, condemnation, or governmental taking, or

“(B) death of the taxpayer.

“(d) REGULATIONS.—The Secretary shall prescribe such regulations as necessary or appropriate to carry out

1 this subsection, including rules for determining propor-
2 tional allocations.”.

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

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

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

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