



## National Alliance of Forest Owners

*Investing in the Future of America's Forests*

June 8, 2012

The Honorable Pat Tiberi  
Chairman  
Subcommittee on Select Revenue Measures  
Committee on Ways and Means  
1102 Longworth House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Richard E. Neal  
Ranking Member  
Subcommittee on Select Revenue Measures  
Committee on Ways and Means  
1102 Longworth House Office Building  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Tiberi and Ranking Member Neal:

The National Alliance of Forest Owners (NAFO) supports enactment of your legislation (H.R. 5746), the Update and Streamline REIT Act (U.S. REIT Act). We thank you for your leadership to introduce this non-controversial, bipartisan legislation.

NAFO is an organization of private forest owners committed to advancing federal policies that promote the economic and environmental benefits of privately-owned forests at the national level. NAFO members manage more than 80 million acres of private forestland in 47 states. Working forests in the U.S. support over 2.5 million jobs nationwide. NAFO's members are organized under a variety of different legal structures, including REITs.

In 1960, Congress enacted the original tax provisions that created the opportunity for individual investors to obtain the benefits of large scale, income-producing real estate while diversifying their investment portfolio. More recently, forest managers have utilized the REIT business structure to encourage broad investment in working forests, helping to maintain this vital resource for both jobs and natural resource conservation.

The U.S. REIT Act contains a number of important tax changes. In particular, the legislation reenacts expired provisions clarifying timber REIT qualifying income and allows them to effectively manage their timberlands and related minerals. In addition, the U.S. REIT Act would provide NAFO member companies more flexibility to reposition the property holdings of their companies for business or geographical reasons – while still requiring timber REITs to be a long-term investor in forestland.

Working forests are an important contributor to the U.S. economy and environment. REITs are a significant part of the larger forest owner community. We applaud your introduction of H.R. 5746 to keep the rules governing REITs up to date to make it easier for investors to diversify their retirement and savings portfolios. We stand ready to work with you to pass this important bill.

Sincerely,

A handwritten signature in black ink, appearing to read "David P. Tenny", is written over a white background.

David P. Tenny  
President and CEO  
National Alliance of Forest Owners