

**ROCKY MOUNTAIN FOREST INSECTS RESPONSE ENHANCEMENT AND
SUPPORT ACT (ROCKY MOUNTAIN FIRES ACT) -- HON. MARK UDALL
(Extensions of Remarks - March 02, 2006)**

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 2, 2006

Mr. UDALL of Colorado. Mr. Speaker, with my Colorado colleague, Representative **JOHN SALAZAR**, I today am introducing a bill to help protect Rocky Mountain communities from the increased risks of severe wildfire caused by large-scale infestations of bark beetles and other insects in our forests.

Entitled the Rocky Mountain Forest Insects Response Enhancement and Support--or Rocky Mountain FIRES--Act, the bill will provide the Forest Service and Interior Department with more tools and resources to respond to this serious problem.

In Colorado and other Rocky Mountain states, the risk of severe wildfires is very real. Partly, this is because of drought. But there are other contributing factors. One is that for many years, the federal government's policy emphasized fire suppression, even though fire is an inescapable part of the ecology of western forests like those in Colorado. Today, in many parts of the forests there is an accumulation of underbrush and thick stands of small diameter trees that is greater than would be the case if there had been more, smaller fires over the years. They provide the extra fuel that can turn a small fire into an intense inferno. The problem has been made worse by our growing population and increasing development in the places where communities meet the forests--the so-called ``urban interface." And when you add the effects of widespread infestations of insects, you have a recipe for even worse to come.

I have put a priority on reducing the wildfire risks to our communities since I was elected to Congress. In 2000, with my colleague, Representative **HEFLEY**, I introduced legislation to facilitate reducing the buildup of fuel in the parts of Colorado that the Forest Service, working with state and local partners, identified at greatest risk of fire--the so-called ``red zones."

Concepts from that legislation were included in the National Fire Plan developed by the Clinton Administration and were also incorporated into the Healthy Forests Restoration Act of 2003. As a Member of the Resources Committee, I had worked to develop the version of that legislation that the committee approved in 2002, and while I could not support the different version initially passed by the House in

2003, I voted for the revised version developed in conference with the Senate later that year--the version that President Bush signed into law.

Since 2003 welcome progress has been made--in Colorado, at least--in developing community wildfire protection plans and focusing fuel-reduction projects in the priority ``red zone" areas, two important aspects of the new law.

But at the same time nature has continued to add to the buildup of fuel in the form of both new growth and dead and dying mature trees.

This has resulted from a variety of reasons, including the fact that dense stands of even-aged trees (one result of decades of fire suppression and reduced logging) are stressed by the competition for nutrients. This stress, which has been intensified by the effects of the drought that has plagued the west for nearly a decade, makes these stands less able to resist insects.

Many species of bark beetles, such as the mountain pine beetle, are native to our forests. These insects fly to a tree--typically one that may be weakened by age, disease or lack of water and nutrients--where they burrow through the bark. If the tree is healthy, it can defend itself through the production of sap to repel and expel the invading insect. If the insect is successful, it lays its eggs in the woody material below the bark. Once the eggs hatch, they feed on the tree's fiber and disrupt the flow of water and nutrients from the tree's roots to its needles and branches. In addition, the insects bring in fungi and other invaders that further damage the tree. If enough insects are able to penetrate the tree and lay eggs, the tree dies. The offspring then mature and leave the tree flying to the next tree and the cycle begins anew.

These insects and the cycles they engender are a natural component of forest ecosystems. They help to balance tree densities and set the stage for fires and thereby the generation of new tree growth. When forests are healthy and there are adequate supplies of water, the effects of insects are relatively low-scale and isolated. But under the right conditions--such as during drought conditions or when there are dense stands of even aged trees--the insects can cause large-scale tree mortality, turning whole mountainsides and valleys rust red.

That is what has been happening in many mountainous areas in Colorado. For example, in the Fraser and upper Colorado River Valleys north of the Winter Park Ski area, the insect epidemic has decimated wide swaths of forests. Most alarmingly, areas around populated communities in these valleys from Winter Park all the way up to the west side of Rocky Mountain National Park are living with acres of dead trees, turned rust red by the insects and creating intense concern of a catastrophic wildfire that could race through these landscapes and communities.

To learn more, last year I convened a meeting in Winter Park, in Grand County, that was attended by more than 200 people, including local elected officials, homeowners, timber industry representatives, Forest Service officials, ski area employees, and other Coloradans. They offered observations on the extent of this problem and proffered suggestions on ways to better respond to it.

Based on that meeting and other conversations, draft legislation was developed that Representative **SALAZAR** and I circulated widely so we could obtain further comments and suggestions. The bill we are introducing today reflects much of what we heard from Coloradans and others interested in this subject.

Our goal is not to eradicate insects in our forests--nor should it be, because insects are a natural part of forest ecosystems. Instead, our intention is to make it possible for there to be more rapid responses to the insect epidemic in those areas where such responses are needed in order to protect communities from increased wildfire dangers.

The bill would add a new section to the Healthy Forests Act to specifically address insect epidemics like those now visible in the Fraser and upper Colorado River Valleys. It would apply to the entire Rocky Mountain west. It would authorize the Forest Service to identify as ``insect emergency areas" Federal lands that have already been slated for fuel-reduction work in community wildfire protection plans and that have so many insect-killed trees that there is an urgent need for work to reduce the fire-related risks to human life and property or municipal water supplies. The Forest Service could make such a determination on its own initiative or in response to a request from any State agency or any political subdivision (such as a county, city, or other local government) of a State. If the Forest Service receives such a request, it must make a decision in response within 90 days. A designation must be made by a Regional Forester or higher-ranking official of the Forest Service.

In these emergency areas, the Forest Service or Interior Department would be authorized to remove dead or dying trees on an expedited basis, including use of a ``categorical exclusion" from normal review under the National Environmental Policy Act (NEPA).

Although categorical exclusions from NEPA are controversial, I believe they are appropriate for these emergency situations. And because recent lawsuits have led to some confusion about the relationship of Forest Service categorical exclusions and the Appeals Reform Act, the bill would exempt such categorically-excluded projects in insect emergency areas from the Appeals Reform Act. This would make it clear that the projects categorically excluded in an insect emergency situation would not need to go through additional steps in order to enhance the rapid use of such categorically excluded projects.

As the focus of the bill is on the potential fire threats to communities from insect-killed trees and the encouragement of treatment projects in the "community wildfire protection plan" areas, the bill also includes provisions to help communities establish such plans.

Toward that end, the bill includes language to make clear that development of protection plans qualifies for assistance under the Federal Fire Protection and Control Act. And, more importantly, the bill provides that annually for the next five years \$5 million will be diverted from the federal government's share of royalties for onshore federal oil and gas resources and made available to help Rocky Mountain communities develop their protection plans.

At the meeting in Winter Park last fall, I also heard concerns from private landowners who are doing what they can to reduce fuel loads, cut down insect-killed trees, and otherwise mitigate the fire risks on their lands.

Because some of them would like to be able to do similar work on adjacent National Forest lands, the bill makes clear that the Forest Service can award them stewardship contract or enter into agreements authorizing them to do that carry out fuel-reduction work on those lands, subject to terms and conditions set by the Forest Service. Those arrangements could provide for reimbursement by the government for their work, and the bill specifies that if their work is not reimbursed, it will be treated as a donation to the government for income-tax purposes, meaning it is deductible from income tax by people who itemize their deductions.

The bill would also encourage the Forest Service to establish "central collection points" where trees and other vegetative material could be deposited and made available for further uses as fuel or products.

Also at the Winter Park meeting, I heard that there are some barriers to the private sector in doing the treatment work on Forest Service land. So, the bill would allow the Forest Service to extend the length of time for stewardship contracts for thinning work in insect-emergency areas by as much as an additional 5 years beyond the current 10 year limit.

This could help attract more entities willing to do the needed treatment work in these emergency areas, as could another part of the bill that would allow people carrying out fuel-reduction projects in insect-emergency areas to exclude up to \$10,000 (\$20,000 for joint returns) from the amount of their income subject to federal income tax.

Finally, as trees removed to reduce fuel loads or respond to an insect emergency may have some value as a fuel, the bill would authorize the Forest Service to make grants to owners or operators of facilities that convert the removed trees and other vegetative material into energy.

Although we cannot and should not eradicate insects from our forests, we can and we should strive to help reduce the increased wildfire risks to communities that result from their increased infestations. The purpose of this bill is to provide some additional tools and resources that will enable relevant federal agencies, local communities, and residents of the Rocky Mountain region to better respond to this problem. For the benefit of our colleague, I am attaching a short outline of the bill's provisions.

The bill has 8 sections, as follows:

Section One--provides a short title and table of contents. The short title is ``Rocky Mountain Forest Insects Response Enhancement and Support (or Rocky Mountain FIRES) Act."

Section Two--sets forth finding regarding the need for the legislation, and states the bill's purpose, which is to facilitate a swifter response by the Forest Service and Interior Department to reduce the increased risk of severe wildfires to communities in the Rocky Mountain regions caused by the effects of widespread infestations of bark beetles and other insects.

Section Three--amends the Healthy Forests Restoration Act to: Add definitions of terms; Require that in the Rocky Mountain region at least 70% of the funds allocated for hazardous fuel reduction projects be used for projects in the wildland-urban interface and lands near municipal water supplies or their tributaries that have been identified for treatment in a community wildfire protection plan; Provide for designation of insect-emergency areas by the Forest Service; Specify the effect of designation of insect-emergency areas; Specifically authorize the Forest Service to relocate or reassign personnel to respond to an insect emergency; Clarify the relationship of this part of the bill and the Appeals Reform Act; (The bill defines ``Rocky Mountain region" as Arizona, Colorado, Idaho, Montana, New Mexico, North Dakota, South Dakota, Utah, and Wyoming.)

Section Four--amends Healthy Forests Restoration Act to authorize help to communities preparing or revising wildfire protection plans, and provides for annual diversion (for five years) of \$5 million from federal share of royalties from onshore federal oil and gas developments to fund this assistance.

Section Five--amends Federal Fire Prevention and Control Act of 1974 to clarify that development of community wildfire protection plans qualifies for assistance under that Act.

Section Six--amends biomass-grant provision of Healthy Forests Restoration Act to allow grants to facilities using biomass for wood-based products or other commercial purposes (in addition to uses now specified in the Act); to require that priority go to grants to people using biomass removed from insect-emergency

areas; to increase authorization to \$10 million annually through 2010 (instead of \$5 million annually through 2008); and to provide for establishment of central collection points for material removed from forest lands as part of hazardous-fuel reduction projects.

Section Seven--amends the Healthy Forests Restoration Act to specifically authorize Forest Service and Interior Department to award stewardship contracts to owners of lands contiguous to Federal lands (or enter into agreements with such landowners) so the landowners can do fuel-reduction work on the Federal lands and either be reimbursed for such work or authorized to treat value of such work as a donation to the United States for purposes of federal income taxes.

Section Eight--amends Internal Revenue Code to exclude from taxable income up to \$10,000 (\$20,000 for joint return) received from the Federal government as compensation for work done in the Rocky Mountain Region as part of an authorized hazardous-fuel reduction project or a silvicultural assessment done under section 404 of the Healthy Forests Restoration Act.

Rocky Mountain FIRES Act (Introduced in House)

HR 4875 IH

109th CONGRESS

2d Session

H. R. 4875

To amend the Healthy Forests Restoration Act of 2003 to help reduce the increased risk of severe wildfires to communities in forested areas affected by infestations of bark beetles and other insects, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

March 2, 2006

Mr. UDALL of Colorado (for himself and Mr. SALAZAR) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on Resources, Ways and Means, and Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Healthy Forests Restoration Act of 2003 to help reduce the increased risk of severe wildfires to communities in forested areas affected by infestations of bark beetles and other insects, and for other purposes.

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title- This Act may be cited as the `Rocky Mountain Forest Insects Response Enhancement and Support Act' or the `Rocky Mountain FIRES Act'.

(b) Table of Contents- The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Findings and purpose.

Sec. 3. Response to widespread infestations of bark beetles and other insects on Federal land in Rocky Mountain region.

Sec. 4. Community wildfire protection plan development assistance for at-risk communities in the Rocky Mountain region.

Sec. 5. Additional assistance for preparation of community wildfire protection plans.

Sec. 6. Biomass commercial utilization grant program and biomass collection.

Sec. 7. Cooperation with certain private landowners.

Sec. 8. Partial exclusion from gross income of payments received as compensation for silvicultural activities in response to insect-infestation emergencies.

SEC. 2. FINDINGS AND PURPOSE.

(a) Findings- Congress finds the following:

(1) Fire, bark beetles, and other insects that feed on trees are natural parts of the Rocky Mountain forest ecology that have some beneficial effects and help shape the forests by thinning dense tree stands and promoting cyclical re-growth.

(2) However, in various parts of the Rocky Mountain region, large-scale infestations of bark beetles and other insects, in combination with other factors, have increased the likelihood of unusually severe wildfires that pose a threat to lives and property in nearby communities.

(3) This increased wildfire danger is the result of the following factors:

(A) A century-long policy of suppressing even small fires on Federal lands, which combined with a more recent reduction in the quantity of timber harvesting on Federal lands, has resulted in unusually dense vegetation that can provide fuel for unusually severe wildfires.

(B) A pronounced and prolonged drought that has weakened trees and made them more susceptible to both wildfire and insects.

(C) Population growth in mountain communities adjacent to Federal lands and the development of ski areas and other recreational facilities on and in the vicinity of Federal lands, with a resulting increase in the number of people, homes, and businesses at risk;

(4) The Healthy Forests Restoration Act of 2003 (Public Law 108-148; 16 U.S.C. 6501 et seq) addressed the need to reduce the volume of fuel that can feed the most severe fires that threaten communities.

(5) However, provisions of the Healthy Forests Restoration Act of 2003 and other laws need to be modified to help further reduce the risks to communities in the Rocky Mountain region associated with current insect infestations.

(b) Purpose- The purpose of this Act is to facilitate a swifter response by the Secretary of Agriculture and the Secretary of the Interior to reduce the increased risk of severe wildfires to communities in the Rocky Mountain region resulting from the effects of widespread infestations of bark beetles and other insects.

SEC. 3. RESPONSE TO WIDESPREAD INFESTATIONS OF BARK BEETLES AND OTHER INSECTS ON FEDERAL LAND IN ROCKY MOUNTAIN REGION.

(a) Definitions- Section 101 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6511) is amended--

(1) by redesignating paragraphs (12) through (16) as paragraphs (13), (14), (16), (17), and (18), respectively;

(2) by inserting after paragraph (11) the following new paragraph:

`(12) INSECT-EMERGENCY AREA- The term `insect-emergency area' means Federal land in the Rocky Mountain region that--

`(A) the Secretary determines is subject to a widespread infestation of bark beetles or other insects;

`(B) is identified for hazardous fuel reduction treatment in a community wildfire protection plan; and

`(C) is characterized by insect-induced tree mortality that the Secretary determines has, or within one year will have, produced a condition such that an immediate reduction in hazardous fuels is required in order to reduce the risks to human life and property or to a municipal water supply from a severe wildfire.'; and

(3) by inserting after paragraph (14), as redesignated by paragraph (2), the following new paragraph:

`(16) ROCKY MOUNTAIN REGION- The term `Rocky Mountain region' means the States of Arizona, Colorado, Idaho, Montana, New Mexico, North Dakota, South Dakota, Utah, and Wyoming.'.

(b) Funding Allocation Prioritization for Federal Lands in Rocky Mountain Region- Section 103(d)(1) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6513(d)(1)(B)) is amended by adding at the end the following new subparagraph:

`(D) SPECIAL RULE FOR ROCKY MOUNTAIN REGION- The Secretary shall allocate not less than 70 percent of the funds allocated for authorized hazardous fuel reduction projects in the Rocky Mountain region for--

`(i) projects in the wildland-urban interface; and

`(ii) lands that are in proximity to a municipal water supply system or a stream feeding such a system within a municipal watershed and that have been identified for such projects in community wildfire protection plans.'.

(c) Alternative Analysis Process- Section 104(d)(2) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6514(d)(2)) is amended by inserting after `at-risk community' the

following: `or on any other lands identified for such a project in a community wildfire protection plan for an at-risk community in or adjacent to an insect-emergency area'.

(d) Insect Emergencies- Title I of the Healthy Forests Restoration Act of 2003 is amended--

(1) by redesignating sections 107 and 108 as sections 109 and 110, respectively; and

(2) by inserting after section 106 the following new section:

`SEC. 107. ACTIONS RELATED TO INSECT-EMERGENCY AREAS.

`(a) Designation-

`(1) DESIGNATION AUTHORITY- The Secretary may designate insect-emergency areas. The designation shall be made on the basis of the best information available, including observation of relevant insect infestations.

`(2) INITIATION- The designation of an insect-emergency area may be made on the initiative of the Secretary or in response to a request by any State agency or any political subdivision of a State.

`(3) DEADLINE- If a State agency or a political subdivision of a State requests an area to be designated as an insect-emergency area pursuant to paragraph (2), the decision regarding such request shall be made no later than 90 days after receipt of the request.

`(4) LIMITATION ON DELEGATION- In the case of National Forest System lands, the authority to make a designation under this subsection may be delegated only to a Regional Forester.

`(b) Consultation and Public Comment- Before making a determination to designate an insect-emergency area, the Secretary shall--

`(1) consult with any Federal agency responsible for management of lands within a relevant community wildfire protection plan and appropriate State and local officials; and

`(2) provide public notice and seek public comments.

`(c) Review of Designation- Any administrative or judicial review of a designation made pursuant to subsection (a) shall be subject to regulations issued pursuant to section 105 and to the provisions of section 106.

`(d) Effect of Determination-

`(1) AUTHORIZED HAZARDOUS FUEL REDUCTION PROJECTS-

An authorized hazardous fuel reduction project involving lands within an area designated as an insect-emergency area may be categorically excluded from documentation in an environmental impact statement and environmental assessment under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) if--

`(A) the project involves only lands that are identified for hazardous-fuel reduction treatment in a community wildfire protection plan; and

`(B) the decision to categorically exclude the project is made in accordance with applicable extraordinary circumstances procedures established pursuant to section 1508.4 of title 40, Code of Federal Regulations.

`(2) STEWARDSHIP PROJECTS- A stewardship contracting project under section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (as contained in section 101(e) of Public Law 105-277; 16 U.S.C. 2104 note) to implement a hazardous fuel reduction project in an insect-emergency area may exceed 10 years, but may not exceed 15 years.

`(e) Personnel Authority- The Secretary of Agriculture may relocate or reassign personnel of the Forest Service in order to provide additional personnel to prepare and carry out applied silvicultural assessments under section 404 in response to an insect emergency or to prepare and implement other appropriate actions involving Federal lands subject to an insect emergency.'

(e) Relation to Appeals Reform Act- Section 105 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6515) is amended by adding at the end the following new subsection:

`(d) Relation to Appeals Reform Act- Nothing in section 322 of the Department of the Interior and Related Agencies Appropriations Act, 1999 (Public Law 102-381; 16 U.S.C. 1612 note) shall be construed to require administrative review procedures different from, or in addition to, the procedures established by regulations issued pursuant to this section for administrative review of an authorized hazardous fuel reduction project conducted pursuant to section 102 or the designation of an insect-emergency area pursuant to section 107.'

SEC. 4. COMMUNITY WILDFIRE PROTECTION PLAN DEVELOPMENT ASSISTANCE FOR AT-RISK COMMUNITIES IN THE ROCKY MOUNTAIN REGION.

(a) Availability of Assistance- Section 103 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6513) is amended by adding at the end the following new subsection:

`(e) Planning Assistance for at-Risk Communities- Using amounts made available to the Secretary of Agriculture under section 35(c) of the Mineral Leasing Act (30 U.S.C. 191(c)), the Secretary of Agriculture shall make grants to at-risk communities in the Rocky Mountain region to assist the at-risk communities to prepare or revise a community wildfire protection plan. The Secretary of Agriculture shall make such grants in consultation with appropriate State agencies.'

(b) Funding Source- Section 35 of the Mineral Leasing Act (30 U.S.C. 191) is amended by adding at the end the following new subsection:

`(c) Notwithstanding subsection (a), \$5,000,000 of the monies paid into the Treasury under such subsection for each of the fiscal years 2006 through 2010 shall be made available to the Secretary of Agriculture, without further appropriation and until expended, for obligation and expenditure pursuant to section 103(e) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6513).'

SEC. 5. ADDITIONAL ASSISTANCE FOR PREPARATION OF COMMUNITY WILDFIRE PROTECTION PLANS.

Subparagraph (L) of section 33(b)(3) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2229(b)(3)) is amended to read as follows:

`(L) To fund fire prevention programs, including the development of community wildfire protection plans (as defined in section 101 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6511)).'

SEC. 6. BIOMASS COMMERCIAL UTILIZATION GRANT PROGRAM AND BIOMASS COLLECTION.

(a) Grant Program- Section 203 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6531) is amended to read as follows:

`SEC. 203. BIOMASS COMMERCIAL UTILIZATION GRANT PROGRAM.

`(a) Program Authorized- The Secretary of Agriculture may make grants to the owners or operators of facilities that use biomass--

`(1) as a raw material to produce electricity, sensible heat, transportation fuel, or substitutes for petroleum-based products;

`(2) for wood-based products; or

`(3) for other commercial purposes.

`(b) Priority- In making grants under this section, the Secretary shall give priority to applications submitted by persons who purchase biomass removed from lands in insect-emergency areas through an authorized hazardous fuel reduction project carried out pursuant to section 102.

`(c) Use of Grant Funds- Grants made pursuant to this section may be used to offset the costs of purchasing biomass.

`(d) Relation to Other Authorities- The authority provided by this section is in addition to any other authority of the Secretary to make grants related to biomass.

`(e) Authorization of Appropriations- There are authorized to be appropriated to the Secretary \$10,000,000 for each of fiscal years 2007 through 2010 to make grants under this section.'

(b) Central Collection Points- Title II of the Healthy Forests Restoration Act of 2003 is amended by adding at the end the following new section:

`SEC. 204. ESTABLISHMENT OF CENTRAL COLLECTION POINTS.

`(a) Establishment- To the maximum extent practicable and consistent with relevant land management plans, the Secretary shall establish one or more collection point for the placement of vegetative material removed from Federal or other lands as part of hazardous fuel reduction projects under title I. No collection point shall be established on any lands not owned by the United States without the consent of the owner of such lands.

`(b) Use- Vegetative material placed at a collection point established under this section may be sold, donated, or otherwise made available to any party who will remove the material from the collection point.

`(c) Definition- In this section, the term `Secretary' means--

`(1) the Secretary of Agriculture with respect to lands managed by the Forest Service; and

`(2) the Secretary of the Interior with respect to lands managed by any agency of the Department of the Interior.'

SEC. 7. COOPERATION WITH CERTAIN PRIVATE LANDOWNERS.

Title I of the Healthy Forests Restoration Act of 2003 is amended by inserting after section 107, as added by section 3(d), the following new section:

`SEC. 108. COOPERATION WITH CERTAIN PRIVATE LANDOWNERS.

`(a) Use of Private Landowners- The Secretary may award stewardship contracts to or enter into agreements with owners of lands contiguous to Federal lands managed by the Secretary under which the landowners may carry out a fuel-reduction project or other activities on the contiguous Federal lands in order to reduce the extent to which the Federal lands or other lands could be affected by wildfires. The agreement shall include such terms and conditions as the Secretary considers appropriate with regard to activities to be performed on the Federal lands.

`(b) Reimbursement- A stewardship contract or other agreement under this section may provide for reimbursement by the Secretary for costs incurred by the landowner related to the fuel-reduction project or other activities on the Federal lands. If reimbursement is not provided, the cost incurred by the landowner shall be treated as a donation to the United States for purposes of the Internal Revenue Code of 1986.'

SEC. 8. PARTIAL EXCLUSION FROM GROSS INCOME OF PAYMENTS RECEIVED AS COMPENSATION FOR SILVICULTURAL ACTIVITIES IN RESPONSE TO INSECT-INFESTATION EMERGENCIES.

(a) In General- Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new section:

`SEC. 139B. COMPENSATION FOR SILVICULTURAL ACTIVITIES IN RESPONSE TO INSECT-INFESTATION EMERGENCIES.

`(a) General Rule- Gross income shall not include any qualified silvicultural payments.

`(b) Dollar Limitation- The aggregate of the payments which may be taken into account under subsection (a) with respect to a taxpayer for a taxable year shall not exceed \$10,000 (\$20,000 in the case of a joint return).

`(c) Qualified Silvicultural Payments- For purposes of this section--

`(1) IN GENERAL- The term `qualified silvicultural payment' means any amount received by the taxpayer during the taxable year as compensation for work performed in the Rocky Mountain region as part of--

`(A) an authorized hazardous fuels reduction project conducted pursuant to section 102 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6512) in an insect-emergency area, or

`(B) a silvicultural assessment or other treatment conducted under section 404 of such Act (16 U.S.C. 6554) in an insect-emergency area.

`(2) DEFINITIONS- The terms `authorized hazardous fuels reduction project', `insect-emergency area', and `Rocky Mountain region' have the meanings given those terms in section 101 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6511).'

(b) Clerical Amendment- The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139A the following new item:

`Sec. 139B. Compensation for silvicultural activities in response to beetle emergencies.'

(c) Effective Date- The amendments made by this section shall apply to taxable years beginning after December 31, 2005.