AF&PA®

AMERICAN FOREST & PAPER ASSOCIATION

GROWING WITH AMERICA SINCE 1861

Office of the President

December 9, 2008

United States Senate
Washington, D.C. 20510

Dear Senator:

The nation's economic downturn has had a dramatic effect on the health and vitality of the forest products industry. The protracted downturn in the housing market and the ensuing financial crisis have resulted in lost markets for forest-based manufactured products such as wood building materials and pulp, paper, and packaging materials, forcing many manufacturing facilities to close. In addition, the financial crisis has led to lack of available credit and the loss of many jobs across the industry we represent.

AF&PA is the national trade association of the forest, pulp, paper, paperboard, and wood products industry. The industry employs more than a million people and ranks among the top 10 manufacturing employers in 48 states with an estimated payroll exceeding $50 billion. Forest product mills are often the economic hub of their communities, making the industry's health critical to the economic vitality of countless communities and every region of the country.

As the Congress and new Administration consider policy initiatives to help the national economy recover, we urge you to consider the following initiatives for inclusion in broader stimulus plans. Each of them fits with the priorities of the Congress and the new Administration to promote sustainable business and environmental practices and would help ensure that the economic recovery also extends to the forest-based sector of the manufacturing economy.

- *Expand Section 45 Credit for Electricity from Renewable Energy Sources to Self-Generated Biomass Power to Operate Manufacturing Facilities*
  The Section 45 credit for biomass facilities should be strengthened by expanding the credit to on-site use of electricity produced from biomass. Credit for on-site usage would promote further expansion and use of biomass as a reliable, stable energy source.

- *Extend TREE Act Provisions*
  Extending the TREE Act provisions included in the Food, Conservation, and Energy Act of 2008 (P.L. 110-234) will promote U.S. competitiveness and encourage growth in the forest products industry. The existing provision is set to expire in May, 2009 and should be made permanent.

- *Pension Plan Recommendations*
  The drop in the value of pension plan assets combined with the credit crunch has placed defined benefit plan sponsors in a difficult position. Congress should enact the Worker, Retiree and Employer Recovery Act of 2008, which makes critical changes to the Pension Protection Act of 2006 to help companies address the current unprecedented financial crisis.

- *Housing Industry Provisions*
  Congress should enact the following provisions that would provide immediate relief to the ailing housing industry: enhance the Home Buyer Tax Credit to stimulate purchases of new and existing homes, provide low-rate mortgages for future home purchases, and extend the net operating loss (NOL) carryback from two to five years.

- *Corporate AMT Reform*
  Congress should enact provisions similar to those passed in the Job Creation and Worker Assistance Act of 2002, whereby the 90 percent limitation on the utilization of AMT NOLs would be temporarily suspended for losses generated or taken as carry forwards for tax years ending in 2008, 2009, and 2010. This would help alleviate the current financial burden on companies struggling from cash flow and tight credit problems.

We urge you to include these provisions in future economic stimulus legislation that Congress considers.

Best Regards,

Donna Harman

Donna A. Harman
President and Chief Executive Officer