

103^D CONGRESS
1ST SESSION

H. R. 1142

To amend the Internal Revenue Code of 1986 to permit farmers to rollover into an individual retirement account the proceeds from the sale of a farm.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 1993

Mr. COSTELLO 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 permit farmers to rollover into an individual retirement account the proceeds from the sale of a farm.

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 “Farmer Retirement
5 Security Act”.

6 **SEC. 2. ROLLOVER OF PROCEEDS FROM SALE OF FARM**
7 **INTO INDIVIDUAL RETIREMENT ACCOUNT.**

8 (a) IN GENERAL.—Subpart A of part I of subchapter
9 D of chapter 1 of the Internal Revenue Code of 1986 (re-
10 lating to pension, profit-sharing, stock bonus plans, etc.)

1 is amended by inserting after section 408 the following
2 new section:

3 **“SEC. 408A. ROLLOVER TREATMENT FOR PROCEEDS FROM**
4 **SALE OF FARM.**

5 “(a) IN GENERAL.—In the case of an individual,
6 gross income does not include gain from the sale or ex-
7 change of qualified farm property to the extent of the
8 amounts which the individual, not later than the 60th day
9 after the date of the sale or exchange, pays into an individ-
10 ual retirement account (within the meaning of section
11 408(a)) for the benefit of the individual (or spouse of the
12 individual).

13 “(b) QUALIFIED FARM PROPERTY.—For purposes of
14 this section—

15 “(1) IN GENERAL.—The term ‘qualified farm
16 property’ means real or personal property located in
17 the United States if, during the 5-year period ending
18 on the date of the sale or exchange of the prop-
19 erty—

20 “(A) the property was used for farming
21 purposes, and

22 “(B) there was material participation by
23 the individual (or spouse of the individual) in
24 the operation of the farm.

1 “(2) FARM.—The terms ‘farm’ and ‘farming
2 purposes’ have the respective meanings given such
3 terms by paragraphs (4) and (5) of section
4 2032A(e).

5 “(3) APPLICABLE RULES.—Rules similar to the
6 rules of paragraphs (3) and (6) of section 2032A(e)
7 shall apply.

8 “(c) LIMITATIONS.—

9 “(1) MAXIMUM ROLLOVER PER INDIVIDUAL.—
10 The amount which may be excluded from gross in-
11 come under subsection (a) in any taxable year on ac-
12 count of payments into an individual retirement ac-
13 count for the benefit of any 1 individual shall not ex-
14 ceed—

15 “(A) the amount determined by multiply-
16 ing—

17 “(i) the sum of the dollar limitations
18 applicable for such taxable year under sec-
19 tions 402(g)(1) and 408(a)(1), by

20 “(ii) the holding period of the individ-
21 ual with respect to the property, reduced
22 by

23 “(B) the aggregate amount excluded under
24 subsection (a) with respect to the individual for
25 all preceding taxable years.

1 “(2) MAXIMUM ROLLOVER PER FAMILY.—The
2 aggregate amount which may be excluded from gross
3 income under subsection (a) in any taxable year by
4 any individual (and spouse of the individual) shall
5 not exceed—

6 “(A) \$500,000, reduced by

7 “(B) the sum of—

8 “(i) the amount by which the aggre-
9 gate value of the assets held by the individ-
10 ual (and spouse) in individual retirement
11 plans exceeds \$100,000, and

12 “(ii) the aggregate amount excluded
13 under subsection (a) by the individual (and
14 spouse) for all preceding taxable years.

15 “(d) TREATMENT OF INVESTMENT.—For purposes of
16 section 72, any amount excluded from gross income under
17 subsection (a) on account of a payment into an individual
18 retirement account shall be treated as an amount allowed
19 as a deduction under section 219 with respect to the indi-
20 vidual retirement account.”

21 (b) DENIAL OF DEDUCTION FOR ROLLOVER
22 AMOUNT.—Paragraph (2) of section 219(d) of such Code
23 (relating to denial of deduction for recontributed amounts)
24 is amended by striking “or 408(d)(3)” and inserting
25 “408(d)(3), or 408A”.

1 (c) EXEMPTION FROM CONTRIBUTION LIMITA-
2 TIONS.—

3 (1) Paragraph (1) of section 408(a) of such
4 Code (relating to limitation on contributions to indi-
5 vidual retirement accounts) is amended by striking
6 “or 403(b)(8)” and inserting “403(b)(8), or 408A”.

7 (2) Subparagraph (A) of section 4973(b)(1) of
8 such Code (relating to tax on excess contributions to
9 individual retirement accounts) is amended by strik-
10 ing “or 408(d)(3)” and inserting “408(d)(3), or
11 408A”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to sales or exchanges after the date
14 of the enactment of this Act.

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