

104TH CONGRESS
1ST SESSION

H. R. 441

To amend the Internal Revenue Code of 1986 to provide a one-time exclusion of gain from the sale of farmland to a beginning farmer.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 1995

Mr. LIGHTFOOT 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 provide a one-time exclusion of gain from the sale of farmland to a beginning farmer.

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. ONE-TIME EXCLUSION OF GAIN FROM SALE OF**
4 **FARMLAND TO BEGINNING FARMER.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 items specifically excluded from gross income) is amended
8 by inserting after section 121 the following new section:

1 **“SEC. 121A. ONE-TIME EXCLUSION OF GAIN FROM SALE OF**
2 **FARMLAND TO BEGINNING FARMER.**

3 “(a) GENERAL RULE.—In the case of an individual,
4 at the election of the taxpayer, gross income does not in-
5 clude gain from the sale or exchange of property if—

6 “(1) the taxpayer has attained the age of 55
7 before the date of such sale or exchange,

8 “(2) during the 8-year period ending on the
9 date of the sale or exchange, such property—

10 “(A) was owned by the taxpayer, and

11 “(B) was used by any person as a farm for
12 farming purposes (as defined in section
13 2032A(e)), and

14 “(3) such property is acquired from the tax-
15 payer by a beginning farmer.

16 The requirement of paragraph (2)(B) shall be treated as
17 met only if, for periods aggregating 3 years or more dur-
18 ing such 8-year period, such use was by the taxpayer.

19 “(b) APPLICATION TO ONLY 1 SALE OR EX-
20 CHANGE.—Subsection (a) shall not apply to any sale or
21 exchange by the taxpayer if an election by the taxpayer
22 or his spouse under subsection (a) or section 121 with re-
23 spect to any other sale or exchange is in effect. The pre-
24 ceding sentence shall be applied by not taking into account
25 any election referred to in section 121(b)(3) and any elec-
26 tion under section 121 with respect to the principal resi-

1 dence of the taxpayer which is acquired by the beginning
2 farmer who acquired the property referred to in subsection
3 (a).

4 “(c) ELECTION.—An election under subsection (a)
5 may be made or revoked at any time before the expiration
6 of the period for making a claim for credit or refund of
7 the tax imposed by this chapter for the taxable year in
8 which the sale or exchange occurred, and shall be made
9 or revoked in such manner as the Secretary shall by regu-
10 lations prescribe. In the case of a taxpayer who is married,
11 an election under subsection (a) or a revocation thereof
12 may be made only if his spouse joins in such election or
13 revocation.

14 “(d) BEGINNING FARMER.—For purposes of this sec-
15 tion, the term ‘beginning farmer’ means any qualified be-
16 ginning farmer or rancher, as defined by section
17 343(a)(11) of the Consolidated Farm and Rural Develop-
18 ment Act (7 U.S.C. 1991).

19 “(e) SPECIAL RULES.—Rules similar to the rules of
20 paragraphs (1), (2), and (6) of section 121(d) shall apply
21 for purposes of this section.”

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for such part III is amended by inserting after the item
24 relating to section 121 the following new item:

“Sec. 121A. One-time exclusion of gain from sale of farmland to
beginning farmer.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to sales and exchanges after the
3 date of the enactment of this Act in taxable years ending
4 after such date.

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