

119TH CONGRESS
1ST SESSION

H. R. 6836

To amend the Internal Revenue Code of 1986 to exclude from gross income certain gains and other income related to use of farmland by beginning farmers.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 2025

Mr. ALFORD 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 exclude from gross income certain gains and other income related to use of farmland by beginning farmers.

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 “Beginning Farmer Tax
5 Incentive Act”.

1 **SEC. 2. CERTAIN GAINS AND OTHER INCOME RELATED TO**
 2 **USE OF FARMLAND BY BEGINNING FARMERS**
 3 **EXCLUDED FROM GROSS INCOME.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
 5 ter 1 of the Internal Revenue Code of 1986 is amended
 6 by inserting after section 139L the following new section:

7 **“SEC. 139M. CERTAIN GAINS AND OTHER INCOME RELATED**
 8 **TO USE OF FARMLAND BY BEGINNING FARM-**
 9 **ERS.**

10 “(a) CAPITAL GAINS.—

11 “(1) IN GENERAL.—Gross income shall not in-
 12 clude 40 percent of the gain from the sale or ex-
 13 change of qualifying farmland held for more than 1
 14 year if such farmland is transferred to a beginning
 15 farmer in such sale or exchange.

16 “(2) LIMITATION.—The aggregate amount of
 17 gain excluded under paragraph (1) with respect to
 18 any taxpayer for any taxable year shall not exceed
 19 the excess (if any) of—

20 “(A) \$1,500,000, over

21 “(B) the aggregate amount of gain ex-
 22 cluded under paragraph (1) with respect to
 23 such taxpayer for the 4 preceding taxable years.

24 “(b) APPLICATION TO LEASES AND CROP-SHARE AR-
 25 RANGEMENTS.—

1 “(1) IN GENERAL.—Gross income shall not in-
2 clude income from the lease or rental of qualifying
3 farmland to a beginning farmer if the term of such
4 lease or rental agreement is for a period not exceed-
5 ing 10 years.

6 “(2) LIMITATION.—The amount excluded under
7 paragraph (1) by any taxpayer for any taxable year
8 shall not exceed \$25,000.

9 “(c) QUALIFYING FARMLAND.—

10 “(1) IN GENERAL.—The term ‘qualifying farm-
11 land’ means property—

12 “(A) used as a farm for farming purposes
13 (within the meaning of section
14 2032A(b)(2)(A)), and

15 “(B) with respect to which, during the 8-
16 year period ending on the date of the sale or ex-
17 change described in subsection (a)(1) (or, for
18 purposes of subsection (b)(1), the date of the
19 lease or rental), there have been periods aggre-
20 gating 5 years or more during which—

21 “(i) such real property was owned by
22 the taxpayer, a member of the taxpayer’s
23 family, or the taxpayer’s revocable grantor
24 trust, and used in the operation of a farm,
25 and

1 “(ii) there was material participation
2 by the taxpayer or a member of the tax-
3 payer’s family in the operation of the farm.

4 “(2) MEMBER OF THE FAMILY.—For purposes
5 of this subsection, the term ‘member of the family’
6 has the same meaning given such term in section
7 409(p)(4)(D).

8 “(3) SPECIAL RULES.—For purposes of para-
9 graph (1)(B)—

10 “(A) TAXPAYERS WHO ARE RETIRED OR
11 DISABLED.—Rules similar to the rules of sub-
12 paragraphs (A) and (B) of section 2032A(b)(4)
13 shall apply.

14 “(B) SURVIVING SPOUSES.—Rules similar
15 to the rules of section 2032A(b)(5) shall apply.

16 “(d) BEGINNING FARMER.—For purposes of this sec-
17 tion—

18 “(1) IN GENERAL.—The term ‘beginning farm-
19 er’ means any individual who—

20 “(A) is a citizen of the United States, and

21 “(B) is certified by the Secretary of Agri-
22 culture (the Secretary, in the case of clause (i))
23 to satisfy one of the following requirements:

24 “(i) Without regard to any taxable
25 year beginning before such individual at-

1 tained age 18, such individual had income
2 or loss properly reported on Schedule F for
3 not less than 1 and not more than 10 tax-
4 able years.

5 “(ii) Such individual is approved for a
6 beginner farmer loan through the Farm
7 Service Agency Beginning Farmer direct
8 or guaranteed loan program.

9 “(iii) Such individual has substantial
10 farming knowledge and is the principal op-
11 erator of a farm that constitutes new pro-
12 duction agriculture.

13 “(iv) Such individual is related within
14 the fourth degree by blood, marriage, or
15 adoption to the taxpayer from whom the
16 farmland referred to in subsection (a) or
17 (b) is acquired, leased, or rented.

18 “(2) APPLICATION TO BUSINESS ENTITIES.—

19 The term ‘beginning farmer’ shall include any cor-
20 poration or partnership if more than 50 percent of
21 the equity interests in such corporation or partner-
22 ship are held (directly or indirectly) by one or more
23 individuals described in paragraph (1).

1 “(e) AGGREGATION RULES.—Rules similar to the
 2 rules of section 194(b)(2) shall apply for purposes of sub-
 3 sections (a)(2) and (b)(2) of this section.

4 “(f) RECAPTURE.—

5 “(1) IN GENERAL.—If any amount is excluded
 6 from the gross income of the taxpayer with respect
 7 to the sale or exchange of qualifying farm land and
 8 such qualifying farmland ceases to be used as a
 9 farm for farming purposes (within the meaning of
 10 section 2032A(b)(2)(A)) during the 5-year period
 11 beginning on the date of such sale or exchange, the
 12 tax imposed under this subtitle on such taxpayer for
 13 the taxable year which includes the date of such ces-
 14 sation shall be increased by the applicable percent-
 15 age of the taxpayer’s tax benefit with respect to such
 16 sale or exchange.

17 “(2) APPLICABLE PERCENTAGE.—For purposes
 18 of this subsection, the term ‘applicable percentage’
 19 means—

20 “(A) 100 percent in the case of the first
 21 year of the 5-year period referred to in para-
 22 graph (1),

23 “(B) 80 percent in the case of the second
 24 year of such period,

1 “(C) 60 percent in the case of the third
2 year of such period,

3 “(D) 40 percent in the case of the fourth
4 year of such period, and

5 “(E) 20 percent in the case of the fifth
6 year of such period.

7 “(3) TAX BENEFIT.—For purposes of this sub-
8 section, the term ‘tax benefit’ means, with respect to
9 any sale or exchange, the excess of—

10 “(A) the tax imposed under this subtitle
11 for the taxpayer’s taxable year which includes
12 the date of such sale or exchange, determined
13 without regard to this section, over

14 “(B) such tax determined after the appli-
15 cation of this section.”.

16 (b) CLERICAL AMENDMENT.—The table of sections
17 for part III of subchapter B of chapter 1 of such Code
18 is amended by inserting after the item relating to section
19 139I the following new item:

 “Sec. 139M. Certain gains and other income related to use of farmland by be-
 ginning farmers.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 the date of the enactment of this Act.

23 (d) ANNUAL REPORTS TO CONGRESS.—The Sec-
24 retary of the Treasury, or the Secretary’s delegate, shall

1 annually submit to Congress a written report reviewing
2 the costs and benefits and containing statistical informa-
3 tion regarding the exclusion of income under section 139M
4 of the Internal Revenue Code of 1986 (as added by this
5 section). Such report shall include the total amount of in-
6 come excluded under such section, and the total number
7 of taxpayers excluding such income, for the taxable years
8 covered by such report.

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