

105TH CONGRESS  
2D SESSION

# H. R. 4330

To amend the Internal Revenue Code of 1986 to allow capital gains treatment and an exception from the uniform capitalization rules for timber which is more than 4 years old when harvested.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 24, 1998

Mr. COLLINS (for himself and Mr. TANNER) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow capital gains treatment and an exception from the uniform capitalization rules for timber which is more than 4 years old when harvested.

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 “Christmas Tree Tax  
5       Equity Act”.

1 **SEC. 2. CAPITAL GAIN TREATMENT ON TIMBER WHICH IS**  
2 **MORE THAN 4 YEARS OLD WHEN HARVESTED.**

3 (a) IN GENERAL.—The last sentence of section  
4 631(a) of the Internal Revenue Code of 1986 (relating to  
5 election to consider cutting as sale or exchange) is amend-  
6 ed by striking “6 years” and inserting “4 years”.

7 (b) EFFECTIVE DATE.—The amendment made by  
8 subsection (a) shall apply to taxable years beginning after  
9 December 31, 1998.

10 **SEC. 3. EXCEPTION FROM UNIFORM CAPITALIZATION**  
11 **RULES FOR TIMBER WHICH IS MORE THAN 4**  
12 **YEARS OLD WHEN HARVESTED.**

13 (a) IN GENERAL.—The last sentence of section  
14 263A(e)(4)(B) of the Internal Revenue Code of 1986 (de-  
15 fining farming business) is amended by striking “6 years”  
16 and inserting “4 years”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) shall apply to costs incurred in taxable  
19 years beginning after December 31, 1998.

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