

105TH CONGRESS
1ST SESSION

H. R. 494

To amend the Internal Revenue Code of 1986 with respect to the treatment
of crops destroyed by casualty.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 1997

Mr. THOMAS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 with respect
to the treatment of crops destroyed by casualty.

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. TREATMENT OF CROPS DESTROYED BY CAS-**
4 **UALTY.**

5 (a) GENERAL RULE.—Paragraph (2) of section
6 263A(d) of the Internal Revenue Code of 1986 is amended
7 by redesignating subparagraph (B) as subparagraph (G)
8 and by striking subparagraph (A) and inserting the follow-
9 ing new subparagraphs:

1 “(A) IN GENERAL.—If plants bearing an
2 edible crop for human consumption were lost or
3 damaged (while in the hands of the taxpayer)
4 by reason of freezing temperatures, disease,
5 drought, pests, or casualty and the taxpayer re-
6 plants plants bearing the same type of crop
7 (whether on the same parcel of land on which
8 such lost or damaged plants were located or any
9 other parcel of land of the same acreage in the
10 United States), this section and section 263
11 shall not apply to—

12 “(i) the costs of the taxpayer of such
13 replanting (other than special replanting
14 costs),

15 “(ii) 80 percent of the taxpayer’s spe-
16 cial replanting costs of such replanting,

17 “(iii) the costs of the taxpayer to re-
18 move such plants, and

19 “(iv) the preproductive costs of the
20 taxpayer of such replanting.

21 “(B) SPECIAL REPLANTING COSTS.—For
22 purposes of this subsection, the term ‘special
23 replanting costs’ means direct costs incurred
24 for—

1 “(i) plants (including qualified addi-
2 tional plants) and supporting structures,

3 “(ii) replacing irrigation and drainage
4 systems destroyed during removal of the
5 lost or damaged plants, and

6 “(iii) land preparation and fumiga-
7 tion.

8 For purposes of the preceding sentence, the
9 term ‘qualified additional plants’ means plants
10 (other than replacement plants) which bear the
11 same type of crop as the lost or damaged plants
12 referred to in subparagraph (A) and which are
13 planted on the same parcel of land as the re-
14 placement plants.

15 “(C) PREPRODUCTIVE COSTS.—For pur-
16 poses of this subsection, the term ‘preproductive
17 costs’ means costs incurred during the
18 preproductive period which are attributable
19 to—

20 “(i) the cultivation, maintenance, and
21 development of the replantings,

22 “(ii) the administration of the activi-
23 ties referred to in clause (i), and

24 “(iii) interest on financing such activi-
25 ties.

1 Such term shall not include special replanting
2 costs.

3 “(D) EXCLUSION OF NONREPLACEMENT
4 ASSETS.—In no event shall subparagraph (A)
5 apply to costs incurred for any asset which is
6 not substantially equivalent for commercial pur-
7 poses to an asset used on the parcel of land on
8 which the lost or damaged plants were located.

9 “(E) LOSS LIMITATION RULE.—Any costs
10 otherwise eligible for the treatment under sub-
11 paragraph (A) with respect to any parcel shall
12 be reduced by the deduction (if any) allowed to
13 the taxpayer under section 165 which relates to
14 the most recent prior loss or damage to plants
15 located on such parcel.

16 “(F) COORDINATION WITH ELECTION
17 UNDER PARAGRAPH (3).—The provisions of this
18 paragraph shall apply notwithstanding that an
19 election is made under paragraph (3).”

20 (b) CONFORMING AMENDMENT.—Section 165 of
21 such Code is amended by redesignating subsection (m) as
22 subsection (n) and by inserting after subsection (l) the fol-
23 lowing new subsection:

24 “(m) LOSSES TO WHICH SECTION 263A(d)(2) DE-
25 DUCTIONS ARE TAKEN.—No deduction shall be allowed

1 under this section with respect to any loss for which the
2 costs of replanting are deducted under section
3 263A(d)(2)(A).”

4 (c) EFFECTIVE DATE.—The amendments in this sec-
5 tion shall apply to costs incurred after December 31,
6 1996, in taxable years ending after such date.

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