

106TH CONGRESS  
2D SESSION

# H. R. 4136

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for certain charitable conservation contributions of land by small farmers and ranchers, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2000

Mr. HEFLEY 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 credit against income tax for certain charitable conservation contributions of land by small farmers and ranchers, and for other purposes.

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 “Private Land Con-  
5       servation Tax Act”.

1 **SEC. 2. CREDIT FOR CERTAIN CHARITABLE CONSERVATION**  
 2 **CONTRIBUTIONS OF LAND BY SMALL FARM-**  
 3 **ERS AND RANCHERS.**

4 (a) IN GENERAL.—Subpart B of part IV of sub-  
 5 chapter A of chapter 1 of the Internal Revenue Code of  
 6 1986 (relating to foreign tax credit, etc.) is amended by  
 7 adding at the end the following:

8 **“SEC. 30B. PRIVATE LAND CONSERVATION.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
 10 gible farmer or rancher, there shall be allowed as a credit  
 11 against the tax imposed by this chapter for the taxable  
 12 year an amount equal to 10 percent of the amount which  
 13 would (but for subsection (d)(2)) be allowed for such year  
 14 as a deduction under section 170 for a qualified conserva-  
 15 tion contribution (as defined in section 170(h)).

16 “(b) LIMITATIONS.—

17 “(1) MAXIMUM CREDIT.—

18 “(A) IN GENERAL.—The credit allowed by  
 19 subsection (a) for any taxable year shall not ex-  
 20 ceed the excess (if any) of—

21 “(i) \$360,000, over

22 “(ii) the aggregate amount allowed by  
 23 subsection (a) (determined without regard  
 24 to subsection (e)) to the taxpayer for the  
 25 15 prior taxable years.

1           “(B) SPECIAL RULE FOR JOINT RE-  
2           TURNS.—The amount of the credit under sub-  
3           section (a) on a joint return for any taxable  
4           year shall be allocated equally between the  
5           spouses for purposes of applying the limitation  
6           under subparagraph (A) for succeeding taxable  
7           years.

8           “(C) AGGREGATION RULE.—For purposes  
9           of this paragraph, all members of the same con-  
10          trolled group of corporations (within the mean-  
11          ing of section 267(f)), and all persons under  
12          common control (within the meaning of section  
13          52(b)) but treating an interest of more than 20  
14          percent as a controlling interest), shall be treat-  
15          ed as 1 taxpayer.

16          “(2) LIMITATION BASED ON AMOUNT OF  
17          TAX.—The credit allowed by subsection (a) for any  
18          taxable year shall not exceed the excess (if any) of—

19                 “(A) the regular tax for the taxable year  
20                 reduced by the sum of the credits allowable  
21                 under subpart A and the preceding sections of  
22                 this subpart, over

23                 “(B) the tentative minimum tax for the  
24                 taxable year.

1       “(c) ELIGIBLE FARMER OR RANCHER.—For pur-  
2 poses of this section, the term ‘eligible farmer or rancher’  
3 means—

4               “(1) in the case of an individual, a taxpayer  
5 whose gross income from farming (as defined in sec-  
6 tion 464(e)(1)) is 60 percent or more of the tax-  
7 payer’s gross income for the taxable year; and

8               “(2) in the case of a C corporation—

9                       “(A) the gross income of the corporation  
10 from farming (as so defined) is 60 percent or  
11 more of the corporation’s gross income for the  
12 taxable year;

13                      “(B) the stock of the corporation is not  
14 publicly traded on a recognized exchange; and

15                      “(C) the fair market value of the assets of  
16 the corporation used in farming does not exceed  
17 \$20,000,000.

18       “(d) SPECIAL RULES.—

19               “(1) ELECTION.—This section shall apply to a  
20 taxpayer for the taxable year only if the taxpayer  
21 elects its application for such year. Such an election,  
22 once made, shall be irrevocable.

23               “(2) APPLICATION WITH SECTION 170.—No de-  
24 duction shall be allowed under section 170 for a  
25 qualified conservation contribution (as defined in

1 section 170(h)) to a taxpayer who elects to take the  
 2 credit allowed by subsection (a) for a qualified con-  
 3 servation contribution during the 15-taxable-year pe-  
 4 riod described in subsection (b)(1)(A)(ii).

5 “(e) CARRYFORWARD OF EXCESS CREDIT.—If the  
 6 credit allowable under subsection (a) for any taxable year  
 7 exceeds the amount of the limitation imposed by sub-  
 8 section (b)(2) for such taxable year, such excess shall be  
 9 carried to the succeeding taxable year and added to the  
 10 credit allowable under subsection (a) for such succeeding  
 11 taxable year.”

12 (b) CONFORMING AMENDMENT.—The table of sec-  
 13 tions for subpart B of part IV of subchapter A of chapter  
 14 1 of such Code is amended by adding at the end the fol-  
 15 lowing:

“Sec. 30B. Private land conservation.”

16 (c) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply with respect to donations of quali-  
 18 fied conservation contributions (as defined in section  
 19 170(h) of the Internal Revenue Code of 1986) made after  
 20 the date of the enactment of this Act.

21 **SEC. 3. INCREASE IN CHARITABLE CONTRIBUTION LIMIT**  
 22 **FOR FARMERS AND RANCHERS DOING BUSI-**  
 23 **NESS IN CORPORATE FORM.**

24 (a) IN GENERAL.—Section 170(b)(1) of the Internal  
 25 Revenue Code of 1986 (relating to corporations) is amend-

1 ed by redesignating subparagraph (F) as subparagraph  
 2 (G) and by inserting after subparagraph (E) the following:

3 “(F) CERTAIN FARMERS AND RANCH-  
 4 ERS.—A qualified farmer or rancher (as defined  
 5 in section 30B(d)) shall be treated as an indi-  
 6 vidual for purposes of this section with respect  
 7 to any qualified conservation contribution.”

8 (b) CONFORMING AMENDMENT.—Section 170(b)(2)  
 9 of such Code is amended by striking “corporation,” and  
 10 inserting “corporation (other than a corporation that is  
 11 an eligible farmer or rancher as defined in section 30B(d)  
 12 with respect to a qualified conservation contribution),”.

13 (c) EFFECTIVE DATE.—The amendments made by  
 14 this section shall apply to taxable years ending after the  
 15 date of the enactment of this Act.

16 **SEC. 4. EXPANSION OF ESTATE TAX EXCLUSION FOR LAND**  
 17 **SUBJECT TO QUALIFIED CONSERVATION**  
 18 **EASEMENT.**

19 (a) IN GENERAL.—Subparagraph (A) of section  
 20 2031(c)(8) of the Internal Revenue Code of 1986 is  
 21 amended by striking clause (i) and by redesignating  
 22 clauses (ii) and (iii) as clauses (i) and (ii), respectively.

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to estates of decedents dying after  
3 the date of the enactment of this Act.

