

106TH CONGRESS
1ST SESSION

S. 30

To provide countercyclical income loss protection to offset extreme losses resulting from severe economic and weather-related events, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1999

Mr. DASCHLE (for himself, Mr. HARKIN, Mr. JOHNSON, Mr. WELLSTONE, Mr. KERREY, Mr. BINGAMAN, and Mr. BAUCUS) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To provide countercyclical income loss protection to offset extreme losses resulting from severe economic and weather-related events, 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 “Agricultural Market
5 Failure Protection Act of 1999”.

6 **SEC. 101. MARKETING ASSISTANCE LOANS.**

7 (a) IN GENERAL.—Section 132 of the Agricultural
8 Market Transition Act (7 U.S.C. 7232) is amended—

1 (1) in subsection (a)(1)—

2 (A) by striking “be—” and all that follows

3 through “(A) not” and inserting “be not”; and

4 (B) by striking “; but” and all that follows

5 through “per bushel”;

6 (2) in subsection (b)(1)—

7 (A) by striking “be—” and all that follows

8 through “(A) not” and inserting “be not”; and

9 (B) by striking “; but” and all that follows

10 through “per bushel”;

11 (3) in subsection (c)(2), by striking “or more

12 than \$0.5192 per pound”;

13 (4) in subsection (d)—

14 (A) by striking “be—” and all that follows

15 through “(1) not” and inserting “be not”; and

16 (B) by striking “; but” and all that follows

17 through “per pound”;

18 (5) by striking subsection (e) and inserting the

19 following:

20 “(e) RICE.—The loan rate for a marketing assistance

21 loan under section 131 for rice shall be—

22 “(1) not less than 85 percent of the simple av-

23 erage price received by producers of rice, as deter-

24 mined by the Secretary, during the marketing years

25 for the immediately preceding 5 crops of rice, ex-

1 cluding the year in which the average price was the
 2 highest and the year in which the average price was
 3 the lowest in the period; but

4 “(2) not less than \$6.50 per hundredweight.”;
 5 and

6 (6) in subsection (f)—

7 (A) in paragraph (1)(B), by striking “or
 8 more than \$5.26”; and

9 (B) in paragraph (2)(B), by striking “or
 10 more than \$0.093”.

11 (b) TERM OF LOAN.—Section 133 of the Agricultural
 12 Market Transition Act (7 U.S.C. 7233) is amended by
 13 striking subsection (c) and inserting the following:

14 “(c) EXTENSIONS.—The Secretary may extend the
 15 term of a marketing assistance loan for any loan commod-
 16 ity for a period not to exceed 6 months.”.

17 (c) APPLICATION.—

18 (1) IN GENERAL.—The authority provided by
 19 this section applies to the 1999 and subsequent
 20 crops of a loan commodity (as defined in section 102
 21 of the Agricultural Market Transition Act (7 U.S.C.
 22 7202)).

23 (2) LOANS.—This section applies to a market-
 24 ing assistance loan for a loan commodity made
 25 under subtitle C of the Agricultural Market Transi-

1 tion Act (7 U.S.C. 7231 et seq.) for the 1999 crop
 2 year before, on, or after the date of enactment of
 3 this Act.

4 **SEC. 3. NET OPERATING LOSS OF FARMERS.**

5 (a) INCREASE IN CARRYBACK YEARS.—Paragraph
 6 (1) of section 172(b) of the Internal Revenue Code of
 7 1986 (relating to net operating loss carrybacks and
 8 carryforwards) is amended by adding at the end the fol-
 9 lowing new subparagraph:

10 “(G) FARMING LOSSES.—Subparagraph
 11 (A)(i) shall be applied by substituting ‘10 years’
 12 for ‘2 years’ with respect to the portion of the
 13 net operating loss of an eligible taxpayer (as de-
 14 fined in subsection (i)) for any taxable year be-
 15 ginning after December 31, 1997, and ending
 16 before January 1, 2000, which is a farming loss
 17 (as so defined) with respect to the taxpayer.”

18 (b) DEFINITIONS AND RULES RELATING TO FARM-
 19 ING LOSSES.—Section 172 of such Code is amended by
 20 redesignating subsection (i) as subsection (j) and inserting
 21 after subsection (h) the following new subsection:

22 “(i) DEFINITIONS AND RULES RELATING TO FARM-
 23 ING LOSSES.—For purposes of this section—

24 “(1) FARMING LOSS.—

1 “(A) IN GENERAL.—The term ‘farming
2 loss’ means the lesser of—

3 “(i) the net operating loss of the tax-
4 payer for the taxable year, or

5 “(ii) the net operating loss of the tax-
6 payer for the taxable year determined by
7 only taking into account items of income
8 and deduction attributable to 1 or more
9 qualified farming businesses of the tax-
10 payer.

11 “(B) DOLLAR LIMITATION.—

12 “(i) IN GENERAL.—The farming loss
13 of a taxpayer for any taxable year shall not
14 exceed \$200,000.

15 “(ii) AGGREGATION RULES.—

16 “(I) IN GENERAL.—All persons
17 treated as 1 employer under sub-
18 sections (a) or (b) of section 52 shall
19 be treated as 1 person.

20 “(II) PASS-THRU ENTITY.—In
21 the case of a partnership, trust, or
22 other pass-thru entity, the limitation
23 shall be applied at both the entity and
24 the owner level.

1 “(III) OWNER.—The limitation
 2 shall be reduced by the amount of
 3 farming loss determined for a cor-
 4 poration for which the taxpayer is a
 5 50 percent owner in the taxable year
 6 of the corporation ending in the tax-
 7 able year of the taxpayer owner.

8 “(2) ELIGIBLE TAXPAYER.—

9 “(A) IN GENERAL.—The term ‘eligible tax-
 10 payer’ means a taxpayer which derives more
 11 than 50 percent of its gross income for the 3-
 12 year period beginning 2 years prior to the cur-
 13 rent taxable year from qualified farming busi-
 14 nesses.

15 “(B) QUALIFIED FARMING BUSINESS.—
 16 The term ‘qualified farming business’ means a
 17 trade or business of farming (within the mean-
 18 ing of section 2032A)—

19 “(i) with respect to which—

20 “(I) the taxpayer or a member of
 21 the family of the taxpayer materially
 22 participates (within the meaning of
 23 section 2032A(e)(6)), or

24 “(II) in the case of a taxpayer
 25 other than an individual, a 20 percent

1 owner of the taxpayer or a member of
 2 the owner's family materially partici-
 3 pates (as so defined), and

4 “(ii) which does not receive in excess
 5 of \$7,000,000 from sales in a taxable year.

6 For purposes of clause (i)(II), owners which are
 7 members of a single family shall be treated as
 8 a single owner.

9 “(3) OWNER.—

10 “(A) 20 PERCENT OWNER.—The term ‘20
 11 percent owner’ means any person who would be
 12 described in section 416(i)(1)(B)(i) if ‘20 per-
 13 cent’ were substituted for ‘5 percent’ each place
 14 it appears in such section.

15 “(B) 50 PERCENT OWNER.—The term ‘50
 16 percent owner’ means any person who would be
 17 described in section 416(i)(1)(B)(i) if ‘50 per-
 18 cent’ were substituted for ‘5 percent’ each place
 19 it appears in such section.

20 “(4) COORDINATION WITH SUBSECTION
 21 (b)(2).—For purposes of applying subsection (b)(2),
 22 a farming loss for any taxable year shall be treated
 23 as a separate net operating loss for such taxable
 24 year to be taken into account after the remaining

1 portion of the net operating loss for such taxable
2 year.

3 “(5) ELECTION.—Any taxpayer entitled to a
4 10-year carryback under subsection (b)(1)(G) from
5 any loss year may elect to have the carryback period
6 with respect to such loss year, and any portion of
7 the farming loss for such year, determined without
8 regard to subsection (b)(1)(G). Such election shall
9 be made in such manner as may be prescribed by
10 the Secretary and shall be made by the due date (in-
11 cluding extensions of time) for filing the taxpayer’s
12 return for the taxable year of the net operating loss.
13 Such election, once made for any taxable year, shall
14 be irrevocable for that taxable year.”

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