

107TH CONGRESS
1ST SESSION

H. R. 1821

To amend the Internal Revenue Code of 1986 to reestablish the marketing aspects of farmers' cooperatives in relation to adding value to a farmer's product by feeding it to animals and selling the animals and to grant a declaratory judgment remedy relating to the status and classification of farmers' cooperatives.

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2001

Mr. THUNE (for himself and Mrs. EMERSON) 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 reestablish the marketing aspects of farmers' cooperatives in relation to adding value to a farmer's product by feeding it to animals and selling the animals and to grant a declaratory judgment remedy relating to the status and classification of farmers' cooperatives.

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. COOPERATIVE MARKETING INCLUDES VALUE-**
4 **ADDED PROCESSING THROUGH ANIMALS.**

5 (a) IN GENERAL.—Section 1388 of the Internal Rev-
6 enue Code of 1986 (relating to definitions and special

1 rules) is amended by adding at the end the following new
2 subsection:

3 “(k) COOPERATIVE MARKETING INCLUDES VALUE-
4 ADDED PROCESSING THROUGH ANIMALS.—For purposes
5 of section 521 and this subchapter, the term ‘marketing
6 the products of members and other producers’ includes
7 feeding the products of members and other producers to
8 cattle, hogs, fish, chickens, or other animals and selling
9 the animals (or animal products) which were fed such feed
10 products.”

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

14 **SEC. 2. DECLARATORY JUDGMENT REMEDY RELATING TO**
15 **STATUS AND CLASSIFICATION OF FARMERS’**
16 **COOPERATIVES.**

17 (a) IN GENERAL.—Paragraph (1) of section 7428(a)
18 of the Internal Revenue Code of 1986 (relating to creation
19 of remedy) is amended by striking “or” at the end of sub-
20 paragraph (B), and by inserting after subparagraph (C)
21 the following new subparagraph:

22 “(D) with respect to the initial qualifica-
23 tion or continuing qualification of an organiza-
24 tion as a cooperative described in section

1 521(b) which is exempt from tax under section
2 521(a), or”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply with respect to pleadings filed with
5 the United States Tax Court, the district court of the
6 United States for the District of Columbia, or the United
7 States Court of Federal Claims after the date of enact-
8 ment of this Act but only with respect to determinations
9 (or requests for determinations) made after January 1,
10 2001.

○