

107TH CONGRESS
1ST SESSION

H. R. 2354

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2001

Mr. CALVERT (for himself, Mr. HERGER, Mrs. BONO, Mr. FOLEY, Mr. RADANOVICH, Mr. FARR of California, Mr. THOMPSON of California, Mr. BAIRD, Mrs. THURMAN, and Mr. ISSA) 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

4 CASUALTY.

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 fol-
9 lowing 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, and
5 “(iii) land preparation and fumiga-
6 tion.

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

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

19 “(i) the cultivation, maintenance, and
20 development of the replantings,
21 “(ii) the administration of the activi-
22 ties referred to in clause (i), and
23 “(iii) interest on financing such activi-
24 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) REDUCTION FOR LOSSES OR COM-
10 PENSATORY PAYMENTS OR ALLOWANCES.—Any
11 costs otherwise eligible for the treatment under
12 subparagraph (A) with respect to any parcel
13 shall be reduced by—

14 “(i) the amount of the deduction (if
15 any) allowed to the taxpayer under section
16 165, and

17 “(ii) the amount of any compensatory
18 payment of allowance provided by the
19 United States, a State, or a political sub-
20 division of a State,

21 that relates to the most recent prior loss or
22 damage to plants located on such parcel.

23 “(F) COORDINATION WITH ELECTION
24 UNDER PARAGRAPH (3).—The provisions of this

1 paragraph shall apply notwithstanding that an
2 election is made under paragraph (3).”

3 (b) CONFORMING AMENDMENT.—Section 165 of
4 such Code is amended by redesignating subsection (m) as
5 subsection (n) and by inserting after subsection (l) the fol-
6 lowing new subsection:

7 “(m) LOSSES TO WHICH SECTION 263A(d)(2) DE-
8 DUCTIONS ARE TAKEN.—No deduction shall be allowed
9 under this section with respect to any loss for which the
10 costs of replanting are deducted under section
11 263A(d)(2)(A).”

12 (c) EFFECTIVE DATE.—The amendments in this sec-
13 tion shall apply to costs incurred after December 31,
14 2000, in taxable years ending after such date.

