

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.

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## 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

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## 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.

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