

107TH CONGRESS
1ST SESSION

S. 1109

To amend the Internal Revenue Code of 1986 to clarify the excise tax exemptions for aerial applicators of fertilizers or other substances.

IN THE SENATE OF THE UNITED STATES

JUNE 27, 2001

Mr. COCHRAN (for himself and Mrs. LINCOLN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to clarify the excise tax exemptions for aerial applicators of fertilizers or other substances.

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. CLARIFICATION OF EXCISE TAX EXEMPTIONS**

4 **FOR AGRICULTURAL AERIAL APPLICATORS.**

5 (a) NO WAIVER BY FARM OWNER, TENANT, OR OP-
6 ERATOR NECESSARY.—Subparagraph (B) of section
7 6420(c)(4) of the Internal Revenue Code of 1986 (relating
8 to certain farming use other than by owner, etc.) is
9 amended to read as follows:

1 “(B) if the person so using the gasoline is
 2 an aerial or other applicator of fertilizers or
 3 other substances and is the ultimate purchaser
 4 of the gasoline, then subparagraph (A) of this
 5 paragraph shall not apply and the aerial or
 6 other applicator shall be treated as having used
 7 such gasoline on a farm for farming purposes.”.

8 (b) EXEMPTION INCLUDES FUEL USED BETWEEN
 9 AIRFIELD AND FARM.—Section 6420(c)(4) of the Internal
 10 Revenue Code of 1986, as amended by subsection (a), is
 11 amended by adding at the end the following new flush sen-
 12 tence:

13 “For purposes of this paragraph, in the case of an
 14 aerial applicator, gasoline shall be treated as used on
 15 a farm for farming purposes if the gasoline is used
 16 for the direct flight between the airfield and 1 or
 17 more farms.”.

18 (c) EXEMPTION EXTENDED TO USE OF AVIATION
 19 FUEL.—

20 (1) IN GENERAL.—Section 6427(c) of the Inter-
 21 nal Revenue Code of 1986 (relating to use for farm-
 22 ing purposes) is amended—

23 (A) by inserting “or section 4091” after
 24 “section 4041(c)”, and

1 (B) by inserting “or 4091” after “section
2 4041”.

3 (2) CONFORMING AMENDMENT.—Section
4 6427(l)(2)(B) of such Code is amended by inserting
5 “(other than a use described in section
6 6420(c)(4)(B))” after “use”.

7 (d) EXEMPTION FROM TAX ON AIR TRANSPOR-
8 TATION OF PERSONS FOR FORESTRY PURPOSES EX-
9 TENDED TO FIXED-WING AERIAL APPLICATORS.—Sub-
10 section (f) of section 4261 of the Internal Revenue Code
11 of 1986 (relating to tax on air transportation of persons)
12 is amended to read as follows:

13 “(f) EXEMPTION FOR CERTAIN USES.—No tax shall
14 be imposed under subsection (a) or (b) on air
15 transportation—

16 “(1) by helicopter for the purpose of trans-
17 porting individuals, equipment, or supplies in the ex-
18 ploration for, or the development or removal of, hard
19 minerals, oil, or gas, or

20 “(2) by helicopter or by fixed-wing aerial appli-
21 cator of fertilizers or other substances (within the
22 meaning of section 6420(c)(4)) for the purpose of
23 the planting, cultivation, cutting, or transportation
24 of, or caring for, trees (including logging oper-
25 ations),

1 but only if the helicopter or fixed-wing aerial applicator
2 does not take off from, or land at, a facility eligible for
3 assistance under the Airport and Airway Development Act
4 of 1970, or otherwise use services provided pursuant to
5 section 44509 or 44913(b) or subchapter I of chapter 471
6 of title 49, United States Code, during such use. In the
7 case of helicopter transportation described in paragraph
8 (1), this subsection shall be applied by treating each flight
9 segment as a distinct flight.”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to fuel use or air transportation
12 after the date of the enactment of this Act.

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