

108TH CONGRESS
1ST SESSION

H. R. 2964

To amend the Internal Revenue Code of 1986 to provide a tax incentive
for land sales for conservation purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2003

Mr. PORTMAN (for himself and Mr. MATSUI) 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 provide
a tax incentive for land sales for conservation 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 “Conservation Tax In-
5 centives Act of 2003”.

1 **SEC. 2. EXCLUSION OF 50 PERCENT OF GAIN ON SALES OF**
2 **LAND OR INTERESTS IN LAND OR WATER TO**
3 **ELIGIBLE ENTITIES FOR CONSERVATION**
4 **PURPOSES.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 items specifically excluded from gross income) is amended
8 by inserting after section 121 the following new section:

9 **“SEC. 121A. 50-PERCENT EXCLUSION OF GAIN ON SALES OF**
10 **LAND OR INTERESTS IN LAND OR WATER TO**
11 **ELIGIBLE ENTITIES FOR CONSERVATION**
12 **PURPOSES.**

13 “(a) EXCLUSION.—Gross income shall not include 50
14 percent of any gain from the sale of land or an interest
15 in land or water (determined without regard to any im-
16 provements) to an eligible entity if—

17 “(1) such land or interest in land or water was
18 owned by the taxpayer or a member of the tax-
19 payer’s family (as defined in section 2032A(e)(2)) at
20 all times during the 3-year period ending on the date
21 of the sale, and

22 “(2) such land or interest in land or water is
23 being acquired by an eligible entity which provides
24 the taxpayer, at the time of acquisition, a written
25 letter of intent which shall include the following
26 statement: ‘The purchaser’s intent is that this acqui-

1 sition will serve 1 or more of the conservation pur-
2 poses specified in clause (i), (ii), or (iii) of section
3 170(h)(4)(A).

4 “(b) ELIGIBLE ENTITY.—For purposes of this sec-
5 tion, the term ‘eligible entity’ means an entity described
6 in section 170(h)(3) or an agency or department thereof
7 and which is organized and at all times operated prin-
8 cipally for 1 or more of the conservation purposes specified
9 in clause (i), (ii), or (iii) of section 170(h)(4)(A).

10 “(c) STOCK IN HOLDING CORPORATIONS.—For pur-
11 poses of this section, the term ‘land or an interest in land
12 or water’ shall include a controlling stock interest in any
13 corporation if the fair market value of the corporation’s
14 land or interests in land or water equals or exceeds 90
15 percent of the fair market value of all of such corpora-
16 tion’s assets at all times during the 3-year period ending
17 on the date of the sale. For purposes of the preceding sen-
18 tence, the term ‘control’ means ownership of stock in a
19 corporation which meets the requirements of section
20 1504(a)(2) (determined by substituting ‘50 percent’ for
21 ‘80 percent’ each place it appears).”.

22 (b) CLERICAL AMENDMENT.—The table of sections
23 for part III of subchapter B of chapter 1 of such Code
24 is amended by inserting after the item relating to section
25 121 the following new item:

“Sec. 121A. 50-percent exclusion of gain on sales of land or interests in land or water to eligible entities for conservation purposes.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to sales occurring on or after the
3 date of enactment of this Act.

