

108TH CONGRESS
2D SESSION

H. R. 4721

To amend the Internal Revenue Code of 1986 to exclude from estate taxes the value of farmland so long as the farmland use continues and to repeal the dollar limitation on the estate tax exclusion for land subject to a qualified conservation easement.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2004

Mr. BISHOP of New York (for himself, Mrs. MCCARTHY of New York, Mr. GRIJALVA, and Mr. BISHOP of Georgia) 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 exclude from estate taxes the value of farmland so long as the farmland use continues and to repeal the dollar limitation on the estate tax exclusion for land subject to a qualified conservation easement.

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 “Estate Tax Deferral
5 for Working Farms and Land Conservation Act of 2004”.

1 **SEC. 2. EXCLUSION FROM GROSS ESTATE OF CERTAIN**
2 **FARMLAND SO LONG AS FARMLAND USE**
3 **CONTINUES.**

4 (a) IN GENERAL.—Part III of subchapter A of chap-
5 ter 11 of the Internal Revenue Code of 1986 (relating to
6 gross estate) is amended by inserting after section 2033
7 the following new section:

8 **“SEC. 2033A. EXCLUSION OF CERTAIN FARMLAND WHICH IS**
9 **RESTRICTED IN PERPETUITY TO USE AS**
10 **FARMLAND.**

11 “(a) IN GENERAL.—In the case of an estate of a de-
12 cedent to which this section applies, the value of the gross
13 estate shall not include the adjusted value of qualified
14 farmland included in the estate.

15 “(b) ESTATES TO WHICH SECTION APPLIES.—This
16 section shall apply to an estate if—

17 “(1) the decedent was (at the date of the dece-
18 dent’s death) a citizen or resident of the United
19 States,

20 “(2) during the 8-year period ending on the
21 date of the decedent’s death there have been periods
22 aggregating 5 years or more during which—

23 “(A) the qualified farmland was owned by
24 the decedent or a member of the decedent’s
25 family, and

1 “(B) there was material participation
2 (within the meaning of section 2032A(e)(6)) by
3 the decedent or a member of the decedent’s
4 family in the operation of such farmland.

5 Rules similar to the rules of paragraphs (4) and (5)
6 of section 2032A(b) shall apply for purposes of sub-
7 paragraph (B).

8 “(c) DEFINITIONS.—For purposes of this section—

9 “(1) QUALIFIED FARMLAND.—The term ‘quali-
10 fied farmland’ means any real property—

11 “(A) which is located in the United States,

12 “(B) which is used as a farm for farming
13 purposes (within the meaning of section
14 2032A(e)), and

15 “(C) which was acquired from or passed
16 from the decedent to a qualified heir of the de-
17 cedent and which, on the date of the decedent’s
18 death, was being so used by the decedent or a
19 member of the decedent’s family.

20 “(2) ADJUSTED VALUE.—The term ‘adjusted
21 value’ means the value of farmland for purposes of
22 this chapter (determined without regard to this sec-
23 tion), reduced by the amount deductible under para-
24 graph (3) or (4) of section 2053(a).

1 “(d) TAX TREATMENT OF DISPOSITIONS AND FAIL-
2 URES TO USE FOR FARMING PURPOSES.—

3 “(1) IMPOSITION OF ADDITIONAL ESTATE
4 TAX.—If, at any time after the decedent’s death and
5 before the death of the qualified heir—

6 “(A) the qualified heir disposes of any in-
7 terest in qualified real property (other than by
8 a disposition to a member of his family), or

9 “(B) the qualified heir ceases to use the
10 real property which was acquired (or passed)
11 from the decedent as a farm for farming pur-
12 poses,

13 then, there is hereby imposed an additional estate
14 tax.

15 “(2) AMOUNT OF ADDITIONAL TAX.—Rules
16 similar to the rules of section 2032A(e) shall apply
17 for purposes of this subsection.”

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for part III of subchapter A of chapter 11 of such Code
20 is amended by inserting after the item relating to section
21 2033 the following new item:

“Sec. 2033A. Exclusion of certain farmland which is restricted in
perpetuity to use as farmland.”

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to restrictions first recorded after

1 December 31, 2001, with respect to estates of decedents
2 dying after such date.

3 **SEC. 3. REPEAL OF DOLLAR LIMITATION ON ESTATE TAX**
4 **EXCLUSION FOR LAND SUBJECT TO QUALI-**
5 **FIED CONSERVATION EASEMENT.**

6 (a) IN GENERAL.—Subsection (c) of section 2031 of
7 the Internal Revenue Code of 1986 (relating to Estate tax
8 with respect to land subject to a qualified conservation
9 easement) is amended by striking paragraph (3) and by
10 redesignating the succeeding paragraphs accordingly.

11 (b) CONFORMING AMENDMENT.—Paragraph (1) of
12 section 2031(c) of such Code is by striking “the lesser of”
13 at all that follows and inserting “the applicable percentage
14 of the value of land subject to a qualified conservation
15 easement, reduced by the amount of any deduction under
16 section 2055(f) with respect to such land.”

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to estates of decedents dying after
19 the date of the enactment of this Act.

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