

109TH CONGRESS  
1ST SESSION

# H. R. 3523

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

JULY 28, 2005

Mr. BISHOP of New York 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 2005”.

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 SO LONG**  
 9 **AS USE AS FARMLAND CONTINUES.**

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

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

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

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

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

25 “(B) there was material participation  
 26 (within the meaning of section 2032A(e)(6)) by

1 the decedent or a member of the decedent's  
2 family in the operation of such farmland.

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

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

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

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

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

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

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

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

4 “(A) the qualified heir disposes of any in-  
5 terest in qualified farmland (other than by a  
6 disposition to a member of his family), or

“(B) the qualified heir ceases to use the  
real property which was acquired (or passed)  
from the decedent as a farm for farming pur-  
poses, then, there is hereby imposed an addi-  
tional estate tax.

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

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

“Sec. 2033A. Exclusion of certain farmland so long as use as farmland continues.”.

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

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

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

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

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

○