

110TH CONGRESS  
1ST SESSION

# H. R. 2110

To amend the Internal Revenue Code of 1986 to provide for tax exempt qualified small issue bonds to finance agricultural processing property.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 2, 2007

Mr. FORTENBERRY (for himself, Mr. PETERSON of Minnesota, Mr. TERRY, and Mr. SMITH of Nebraska) 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 to provide for tax exempt qualified small issue bonds to finance agricultural processing property.

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. QUALIFIED SMALL ISSUE BONDS FOR AGRICUL-**  
4 **TURAL PROCESSING PROPERTY.**

5 (a) IN GENERAL.—Subparagraph (B) of section  
6 144(a)(12) of the Internal Revenue Code of 1986 is  
7 amended by striking “or” at the end of clause (i), by re-  
8 designating clause (ii) as clause (iii), and by inserting  
9 after clause (i) the following new clause:

1                   “(ii) any agricultural processing prop-  
2                   erty, or”.

3           (b) AGRICULTURAL PROCESSING PROPERTY.—Para-  
4 graph (12) of section 144(a) of such Code is amended by  
5 adding at the end the following new subparagraph:

6                   “(D) AGRICULTURAL PROCESSING PROP-  
7                   ERTY.—

8                   “(i) IN GENERAL.—For purposes of  
9                   this paragraph, the term ‘agricultural  
10                  processing property’ means any depreciable  
11                  property or land, which is used primarily  
12                  for the processing of agricultural products.

13                  “(ii) PROCESSING.—For purposes of  
14                  this subparagraph, the term ‘processing’  
15                  includes pasteurizing, slaughtering, wash-  
16                  ing, peeling, cutting, freezing, preserving,  
17                  and packaging. Such term does not include  
18                  planting, raising, harvesting, gathering,  
19                  breeding, feeding, or milking.

20                  “(iii) AGRICULTURAL PRODUCTS.—  
21                  For purposes of this subparagraph, the  
22                  term ‘agricultural products’ includes plant  
23                  and dairy products, meats, fish, and poul-  
24                  try.”.

1           (c) EXCEPTION TO LIMITATION ON ACQUISITION OF  
2 DEPRECIABLE FARM PROPERTY.—Subparagraph (B) of  
3 section 144(a)(11) of such Code is amended by inserting  
4 “(other than agricultural processing property, as defined  
5 in paragraph (12)(D))” after “means property”.

6           (d) EXCEPTION TO PROHIBITION ON ACQUISITION OF  
7 LAND FOR FARMING PURPOSES.—Subsection (c) of sec-  
8 tion 147 of such Code is amended by adding at the end  
9 the following new paragraph:

10                   “(4) EXCEPTION FOR AGRICULTURAL PROC-  
11           ESSING PROPERTY.—Paragraph (1)(B) shall not  
12           apply with respect to any agricultural processing  
13           property (as defined in section 144(a)(12)(D)).”.

14           (e) EXCEPTION TO PROHIBITION ON ACQUISITION OF  
15 EXISTING PROPERTY.—Subsection (d) of section 147 of  
16 such Code is amended by adding at the end the following  
17 new paragraph:

18                   “(5) EXCEPTION FOR AGRICULTURAL PROC-  
19           ESSING PROPERTY.—Paragraph (1) shall not apply  
20           with respect to any agricultural processing property  
21           (as defined in section 144(a)(12)(D)).”.

22           (f) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to bonds issued after the date of  
24 the enactment of this Act.

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