

104TH CONGRESS  
2D SESSION

# S. 1674

To amend the Internal Revenue Code of 1986 to expand the applicability  
of the first-time farmer exception.

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IN THE SENATE OF THE UNITED STATES

APRIL 16, 1996

Mr. GRASSLEY (for himself, Mr. PRESSLER, and Mr. BAUCUS) introduced the  
following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to expand  
the applicability of the first-time farmer exception.

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. EXPANSION OF FIRST-TIME FARMER EXCEP-**  
4       **TION.**

5       (a) ACQUISITION FROM RELATED PERSON AL-  
6       LOWED.—Section 147(c)(2) of the Internal Revenue Code  
7       of 1986 (relating to exception for first-time farmers) is  
8       amended by adding at the end the following new subpara-  
9       graph:

1                 “(G) ACQUISITION FROM RELATED PER-  
2                 SON.—For purposes of this paragraph and sec-  
3                 tion 144(a), the acquisition by a first-time  
4                 farmer of land or personal property from a re-  
5                 lated person (within the meaning of section  
6                 144(a)(3)) shall not be treated as an acquisition  
7                 from a related person.”

8                 (b) SUBSTANTIAL FARMLAND DEFINITION MODI-  
9                 FIED.—Clause (i) of section 147(c)(2)(E) of the Internal  
10                 Revenue Code of 1986 (defining substantial farmland) is  
11                 amended by striking “15 percent of the median” and in-  
12                 serting “30 percent of the average”.

13                 (c) EFFECTIVE DATE.—The amendments made by  
14                 this section shall apply to bonds issued after the date of  
15                 the enactment of this Act.

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