

105TH CONGRESS  
1ST SESSION

S. 549

To amend the Internal Revenue Code of 1986 to provide that certain cash rentals of farmland will not cause recapture of special estate tax valuation.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 1997

Mr. LUGAR introduced the following bill; which was read twice and referred to the Committee on Finance

# A BILL

To amend the Internal Revenue Code of 1986 to provide that certain cash rentals of farmland will not cause recapture of special estate tax valuation.

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. CERTAIN CASH RENTALS OF FARMLAND NOT  
4 TO CAUSE RECAPTURE OF SPECIAL ESTATE  
5 TAX VALUATION.

6 (a) IN GENERAL.—Subsection (c) of section 2032A  
7 of the Internal Revenue Code of 1986 (relating to tax  
8 treatment of dispositions and failures to use for qualified  
9 use) is amended by adding at the end the following new  
0 paragraph:

1                   “(8) CERTAIN CASH RENTAL NOT TO CAUSE  
2                   RECAPTURE.—For purposes of this subsection, a  
3                   qualified heir shall not be treated as failing to use  
4                   property in a qualified use solely because such heir  
5                   rents such property on a net cash basis to a member  
6                   of the decedent’s family or a member of the dece-  
7                   dent’s spouse’s family, but only if, during the period  
8                   of the lease, such member uses such property in a  
9                   qualified use.”

10                 (b) CONFORMING AMENDMENT.—Section  
11                 2032A(b)(5)(A) of such Code is amended by striking the  
12                 last sentence.

13                 (c) EFFECTIVE DATE; WAIVER.—

14                 (1) EFFECTIVE DATE.—The amendments made  
15                 by this section shall apply with respect to rentals oc-  
16                 curring after December 31, 1976.

17                 (2) WAIVER OF STATUTE OF LIMITATION.—If  
18                 on the date of enactment of this Act (or at any time  
19                 within 1 year after such date of enactment) refund  
20                 or credit of any overpayment of tax resulting from  
21                 the application of the amendments made by this sec-  
22                 tion is barred by any law or rule of law, refund or  
23                 credit of such overpayment shall, nevertheless, be

1       made or allowed if claim therefor is filed before the  
2       date 1 year after the date of enactment of this Act.

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