

108TH CONGRESS
1ST SESSION

S. 701

To amend the Internal Revenue Code of 1986 to encourage contributions of capital gain real property made for conservation purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 25, 2003

Mr. BAUCUS (for himself and Mr. GRASSLEY) 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 encourage contributions of capital gain real property made for conservation purposes.

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. MODIFICATIONS TO ENCOURAGE CONTRIBU-**
4 **TIONS OF CAPITAL GAIN REAL PROPERTY**
5 **MADE FOR CONSERVATION PURPOSES.**

6 (a) IN GENERAL.—Section 170(h) of the Internal
7 Revenue Code of 1986 (relating to qualified conservation
8 contribution) is amended by adding at the end the fol-
9 lowing new paragraph:

1 “(7) ADDITIONAL INCENTIVES FOR QUALIFIED
2 CONSERVATION CONTRIBUTIONS.—

3 “(A) IN GENERAL.—In the case of any
4 qualified conservation contribution (as defined
5 in paragraph (1)) made by an individual—

6 “(i) subparagraph (C) of subsection
7 (b)(1) shall not apply,

8 “(ii) except as provided in subpara-
9 graph (B)(i), subsections (b)(1)(A) and
10 (d)(1) shall be applied separately with re-
11 spect to such contributions by treating ref-
12 erences to 50 percent of the taxpayer’s
13 contribution base as references to the
14 amount of such percentage of such base re-
15 duced by the amount of other contributions
16 allowable under subsection (b)(1)(A), and

17 “(iii) subparagraph (A) of subsection
18 (d)(1) shall be applied—

19 “(I) by substituting ‘15 suc-
20 ceeding taxable years’ for ‘5 suc-
21 ceeding taxable years’, and

22 “(II) by applying clause (ii) to
23 each of the 15 succeeding taxable
24 years.

1 “(B) SPECIAL RULES FOR ELIGIBLE FARM-
 2 ERS AND RANCHERS.—

3 “(i) IN GENERAL.—In the case of any
 4 such contributions made by an eligible
 5 farmer or rancher—

6 “(I) if the taxpayer is an indi-
 7 vidual, subsections (b)(1)(A) and
 8 (d)(1) shall be applied separately with
 9 respect to such contributions by sub-
 10 stituting ‘the taxpayer’s contribution
 11 base reduced by the amount of other
 12 contributions allowable under sub-
 13 section (b)(1)(A)’ for ‘50 percent of
 14 the taxpayer’s contribution base’ each
 15 place it appears, and

16 “(II) if the taxpayer is a corpora-
 17 tion, subsections (b)(2) and (d)(2)
 18 shall be applied separately with re-
 19 spect to such contributions, subsection
 20 (b)(2) shall be applied with respect to
 21 such contributions as if such sub-
 22 section did not contain the words ‘10
 23 percent of’ and as if subparagraph
 24 (A) thereof read ‘the deduction under
 25 this section for qualified conservation

1 contributions', and rules similar to the
2 rules of subparagraph (A)(iii) shall
3 apply for purposes of subsection
4 (d)(2).

5 “(ii) DEFINITION.—For purposes of
6 clause (i), the term ‘eligible farmer or
7 rancher’ means a taxpayer whose gross in-
8 come from the trade or business of farm-
9 ing (within the meaning of section
10 2032A(e)(5)) is at least 51 percent of the
11 taxpayer’s gross income for the taxable
12 year, and, in the case of a C corporation,
13 the stock of which is not publicly traded on
14 a recognized exchange.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to contributions made after the
17 date of the enactment of this Act.

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