

AMENDMENT TO DIVISION D OF RULES
COMMITTEE PRINT 117-55
OFFERED BY MR. BUCK OF COLORADO

At the end of division D (before the short title), insert the following:

1 **SEC. 812. FACILITATE WATER LEASING AND WATER TRANS-**
2 **FERS TO PROMOTE CONSERVATION AND EF-**
3 **FICIENCY.**

4 (a) IN GENERAL.—Paragraph (12) of section 501(c)
5 of the Internal Revenue Code of 1986 is amended by add-
6 ing at the end the following new subparagraph:

7 “(K) TREATMENT OF MUTUAL DITCH IRRI-
8 GATION COMPANIES.—

9 “(i) IN GENERAL.—In the case of a
10 mutual ditch or irrigation company or of a
11 like organization to a mutual ditch or irri-
12 gation company, subparagraph (A) shall be
13 applied without taking into account—

14 “(I) any income received or ac-
15 crued from the sale, lease, or ex-
16 change of fee or other interests in real
17 and personal property, including inter-
18 ests in water (other than income de-

1 rived from the sale, lease, or transfer
2 of water to nonmembers outside the
3 river basin or basins within which the
4 mutual ditch or irrigation company
5 operates),

6 “(II) any income received or ac-
7 crued from the sale or exchange of
8 stock in a mutual ditch or irrigation
9 company (or in a like organization to
10 a mutual ditch or irrigation company)
11 or contract rights for the delivery or
12 use of water, or

13 “(III) any income received or ac-
14 crued from the investment of income
15 described in subclause (I) or (II),

16 except that any income described in sub-
17 clause (I), (II), or (III) which is distrib-
18 uted or expended for expenses (other than
19 for operations, maintenance, and capital
20 improvements) of the mutual ditch or irri-
21 gation company or of the like organization
22 to a mutual ditch or irrigation company
23 (as the case may be) shall be treated as
24 nonmember income in the year in which it
25 is distributed or expended. For purposes of

1 the preceding sentence, expenses (other
2 than for operations, maintenance, and cap-
3 ital improvements) include expenses for the
4 construction of conveyances designed to de-
5 liver water outside of the system of the
6 mutual ditch or irrigation company or of
7 the like organization.

8 “(ii) TREATMENT OF ORGANIZA-
9 TIONAL GOVERNANCE.—In the case of a
10 mutual ditch or irrigation company or of a
11 like organization to a mutual ditch or irri-
12 gation company, where State law provides
13 that such a company or organization may
14 be organized in a manner that permits vot-
15 ing on a basis which is pro rata to share
16 ownership on corporate governance mat-
17 ters, subparagraph (A) shall be applied
18 without taking into account whether its
19 member shareholders have one vote on cor-
20 porate governance matters per share held
21 in the corporation. Nothing in this clause
22 shall be construed to create any inference
23 about the requirements of this subsection
24 for companies or organizations not in-
25 cluded in this clause.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 the date of the enactment of this Act.

