

**AMENDMENT TO RULES COMMITTEE PRINT 119-**

**22**

**OFFERED BY MS. BYNUM OF OREGON**

Add at the end of subtitle D of title XII the following:

1 **SEC. 1. EXCLUSION FROM GROSS INCOME OF GAIN FROM**  
2 **SALE OF QUALIFIED FARM PROPERTY TO**  
3 **QUALIFIED FAMILY MEMBERS.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-  
5 ter 1 of the Internal Revenue Code of 1986 is amended  
6 by inserting after section 121 the following new section:

7 **“SEC. 121A. EXCLUSION OF GAIN FROM SALE OF QUALIFIED**  
8 **FARM PROPERTY TO QUALIFIED FAMILY**  
9 **MEMBERS.**

10 “(a) EXCLUSION.—Gross income shall not include so  
11 much of the gain from the sale or exchange of qualified  
12 farmland property to a qualified family member of the tax-  
13 payer as does not exceed \$5,000,000.

14 “(b) DEFINITIONS.—For purposes of this section—

15 “(1) QUALIFIED FARMLAND PROPERTY.—The  
16 term ‘qualified farm property’ means any interest  
17 real property if—

1           “(A) such interest was acquired from a  
2           qualified family member, and

3           “(B) such real property was used by the  
4           qualified family member for farming purposes  
5           before such acquisition.

6           “(2) FARMING PURPOSES.—For purposes of  
7           this section, the term ‘farming purposes’ has the  
8           meaning given such term in section 2032A(e)(5).

9           “(3) QUALIFIED FAMILY MEMBER.—The term  
10          ‘qualified family member’ means a member of the  
11          family (as defined in section 2032A(e)(2) of the tax-  
12          payer.

13          “(c) RECAPTURE.—In the case of any individual that  
14          acquires property with respect to which gain was excluded  
15          by reason of subsection (a)—

16                 “(1) if there was no material participation  
17                 (determined in a manner similar to the manner used  
18                 for purposes for section 1402(a)(1)) by such indi-  
19                 vidual with respect to such property, or

20                 “(2) such individual transfers such property to  
21                 any person that is not a qualified family member,  
22          such individual shall be treated for purposes of this chap-  
23          ter as having a capital gain in an amount equal to the  
24          amount of gain so excluded.”.

1           (b) CLERICAL AMENDMENT.—The table of sections  
2 for part III of subchapter B of chapter 1 of such Code  
3 is amended by inserting after the item relating to section  
4 121 the following new item:

“Sec. 121A. Exclusion of gain from sale of qualified farmland property to  
qualified family members.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to sales or exchanges after the date  
7 of the enactment of this Act.

