

AMENDMENT TO H.R. 8
OFFERED BY MR. THOMPSON OF CALIFORNIA

Page 5, after line 19, add the following new section:

1 **SEC. 6. EXCLUSION FROM GROSS ESTATE OF CERTAIN**
2 **FARMLAND SO LONG AS FARMLAND USE**
3 **CONTINUES.**

4 (a) IN GENERAL.—Part III of subchapter A of chap-
5 ter 11 of the Internal Revenue Code of 1986 (relating to
6 gross estate) is amended by inserting after section 2033
7 the following new section:

8 **“SEC. 2033A. EXCLUSION OF CERTAIN FARMLAND SO LONG**
9 **AS USE AS FARMLAND CONTINUES.**

10 “(a) IN GENERAL.—In the case of an estate of a de-
11 cedent to which this section applies, the value of the gross
12 estate shall not include the adjusted value of qualified
13 farmland included in the estate.

14 “(b) ESTATES TO WHICH SECTION APPLIES.—This
15 section shall apply to an estate if—

16 “(1) the executor elects the application of this
17 section and files an agreement referred to in section
18 2032A(d)(2), and

1 “(2) the decedent was (at the date of the dece-
2 dent’s death) a citizen or resident of the United
3 States.

4 “(c) DEFINITIONS.—For purposes of this section—

5 “(1) QUALIFIED FARMLAND.—The term ‘quali-
6 fied farmland’ means any real property which—

7 “(A) is located in the United States,

8 “(B) is used as a farm for farming pur-
9 poses (within the meaning of section 2032A(e)),

10 “(C) was acquired from or passed from the
11 decedent to a qualified heir of the decedent and
12 which, on the date of the decedent’s death, was
13 being so used by the decedent or a member of
14 the decedent’s family, and

15 “(D) is property designated in the agree-
16 ment filed under subsection (b)(1).

17 “(2) OTHER TERMS.—Any other term used in
18 this section which is also used in section 2032A shall
19 have the same meaning given such term by section
20 2032A.

21 “(d) TAX TREATMENT OF DISPOSITIONS AND FAIL-
22 URES TO USE FOR FARMING PURPOSES.—

23 “(1) IMPOSITION OF RECAPTURE TAX.—If, at
24 any time after the decedent’s death and before the
25 death of the qualified heir—

1 “(A) the qualified heir disposes of any in-
2 terest in qualified farmland (other than by a
3 disposition to a member of his family), or

4 “(B) the qualified heir ceases to use the
5 real property which was acquired (or passed)
6 from the decedent as a farm for farming pur-
7 poses,

8 then, there is hereby imposed a recapture tax.

9 “(2) AMOUNT OF RECAPTURE TAX, ETC.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), rules similar to the rules of
12 section 2032A(c) (other than paragraph (2)(E)
13 thereof) with respect to the additional estate
14 tax shall apply for purposes of this subsection
15 with respect to the recapture tax.

16 “(B) ADJUSTMENT OF RECAPTURE TAX TO
17 REFLECT INCREASE IN VALUE OF FARM-
18 LAND.—The amount of the recapture tax other-
19 wise determined under rules described in sub-
20 paragraph (A) shall be increased by the per-
21 centage (if any) by which the value of the inter-
22 est in the qualified farmland at the time of the
23 imposition of such tax is greater than the ad-
24 justed value of such farmland included in the
25 estate.

1 “(e) APPLICATION OF OTHER RULES.—Rules similar
2 to the rules of subsections (d), (e) (other than paragraph
3 (13) thereof), (f), (g), (h), and (i) of section 2032A shall
4 apply for purposes of this section.”.

5 (b) APPLICATION OF LIEN.—Section 6324B of such
6 Code (relating to special lien for additional estate tax at-
7 tributable to farm, etc., valuation) is amended by adding
8 at the end the following new subsection:

9 “(e) APPLICATION TO QUALIFIED FARMLAND.—

10 “(1) IN GENERAL.—In the case of any interest
11 in qualified farmland (within the meaning of section
12 2033A(c)(1)), this section shall apply in the same
13 manner as such section applies to qualified real
14 property.

15 “(2) FORM AND CONTENT.—In addition to any
16 form and content otherwise required by the Sec-
17 retary with respect to a notice of lien filed against
18 qualified farmland, such notice shall include a state-
19 ment that such lien is imposed solely for purposes of
20 the estate tax exclusion granted with respect to such
21 qualified farmland under section 2033A.”.

22 (c) WOODLANDS SUBJECT TO MANAGEMENT
23 PLAN.—Paragraph (2) of section 2032A(c) of such Code
24 is amended by adding at the end the following new sub-
25 paragraph:

1 “(F) EXCEPTION FOR WOODLANDS SUB-
2 JECT TO FOREST STEWARDSHIP PLAN.—

3 “(i) IN GENERAL.—Subparagraph (E)
4 shall not apply to any disposition or sever-
5 ance of standing timber on a qualified
6 woodland that is made pursuant to a forest
7 stewardship plan developed under the Co-
8 operative Forestry Assistance Act of 1978
9 (16 U.S.C. 2103a) or an equivalent plan
10 approved by the State Forester.

11 “(ii) COMPLIANCE WITH FOREST
12 STEWARDSHIP PLAN.—Clause (i) shall not
13 apply if, during the 10-year period under
14 paragraph (1), the qualified heir fails to
15 comply with such forest stewardship plan
16 or equivalent plan.”.

17 (d) CERTAIN CONSERVATION TRANSACTIONS NOT
18 TREATED AS DISPOSITIONS.—Paragraph (8) of section
19 2032A(c) of such Code is amended to read as follows:

20 “(8) CERTAIN CONSERVATION TRANSACTIONS
21 NOT TREATED AS DISPOSITIONS.—

22 “(A) QUALIFIED CONSERVATION CON-
23 TRIBUTIONS.—A qualified conservation con-
24 tribution by gift or otherwise shall not be

1 deemed a disposition under subsection
2 (c)(1)(A).

3 “(B) QUALIFIED CONSERVATION EASE-
4 MENT SOLD TO QUALIFIED ORGANIZATION.—A
5 sale of a qualified conservation easement to a
6 qualified organization shall not be deemed a
7 disposition under subsection (c)(1)(A).

8 “(C) DEFINITIONS.—For purposes of this
9 paragraph—

10 “(i) the terms ‘qualified conservation
11 contribution’ and ‘qualified organization’
12 have the meanings given such terms by
13 section 170(h), and

14 “(ii) the term ‘qualified conservation
15 easement’ has the meaning given such
16 term by section 2031(c)(8).”.

17 (e) CLERICAL AMENDMENT.—The table of sections
18 for part III of subchapter A of chapter 11 of such Code
19 is amended by inserting after the item relating to section
20 2033 the following new item:

 “Sec. 2033A. Exclusion of certain farmland so long as use as farmland con-
 tinues.”.

21 (f) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to estates of decedents dying after
23 the date of the enactment of this Act.

