

103D CONGRESS  
1ST SESSION

# H. R. 1460

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of associations resulting from mergers of certain farm credit associations.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1993

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of associations resulting from mergers of certain farm credit associations.

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. TAX TREATMENT OF ASSOCIATIONS RESULT-**  
4 **ING FROM MERGERS OF CERTAIN FARM**  
5 **CREDIT ASSOCIATIONS.**

6 (a) IN GENERAL.—Part IV of subchapter F of chap-  
7 ter 1 of the Internal Revenue Code of 1986 (relating to  
8 farmers' cooperatives) is amended by adding after section  
9 521 the following new section:

1 **“SEC. 522. CERTAIN MERGED FARM CREDIT ASSOCIATIONS.**

2 “(a) IN GENERAL.—For purposes of this title, except  
3 as otherwise provided in this section, an applicable merged  
4 association shall be treated in the same manner as a pro-  
5 duction credit association is treated under section 2.6 of  
6 the Farm Credit Act of 1971 (12 U.S.C. 2077).

7 “(b) TREATMENT OF EXEMPT ITEMS.—

8 “(1) IN GENERAL.—For purposes of this title,  
9 an exempt item shall not be taken into account in  
10 computing the tax liability of any applicable merged  
11 association.

12 “(2) EXEMPT ITEM.—For purposes of this sub-  
13 section, the term ‘exempt item’ means any item of  
14 income, gain, loss, or deduction which is properly al-  
15 locable to loans described in section 1.7 of the Farm  
16 Credit Act of 1971 (12 U.S.C. 2015) which have an  
17 initial term of at least 10 years.

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

19 “(1) APPLICABLE MERGED ASSOCIATION.—The  
20 term ‘applicable merged association’ means any as-  
21 sociation resulting from a merger under section 7.8  
22 of the Farm Credit Act of 1971 or section 410(e)  
23 or 411 of the Agricultural Credit Act of 1987 of 1  
24 or more production credit associations and 1 or  
25 more Federal land bank associations. Such term in-  
26 cludes any corporation resulting from a subsequent

1 merger of an association referred to in the preceding  
2 sentence with another corporation.

3 “(2) REFERENCES TO FARM CREDIT ACT OF  
4 1971.—Any reference in this section to the Farm  
5 Credit Act of 1971 shall be a reference to such sec-  
6 tion as in effect on December 31, 1992.”

7 (b) CONFORMING AMENDMENTS.—

8 (1) The table of sections for part IV of sub-  
9 chapter F of chapter 1 of such Code is amended by  
10 adding at the end thereof the following new item:

“Sec. 522. Certain merged farm credit associations.”

11 (2)(A) The part heading for such part IV is  
12 amended by adding at the end thereof the following:  
13 “; **CERTAIN FARM CREDIT ASSOCIATIONS**”.

14 (B) The item relating to part IV in the table  
15 of parts for subchapter F of chapter 1 of such Code  
16 is amended by inserting “; certain farm credit asso-  
17 ciations” after “cooperatives”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years ending after the  
20 date of the enactment of this Act.

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