

106TH CONGRESS  
1ST SESSION

# H. R. 2748

To amend the Internal Revenue Code of 1986 to exclude from gross income payments made to tobacco quota and allotment holders and tobacco growers pursuant to Phase I or II of the Master Settlement Agreement between a State and tobacco product manufacturers.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 1999

Mr. FLETCHER (for himself, Mr. BOUCHER, Mr. HAYES, Mr. GOODE, Mr. LUCAS of Kentucky, Mr. CLEMENT, Mr. MCINTYRE, Mr. BURR of North Carolina, Mr. RAHALL, Mr. BISHOP, Mr. GORDON, Mr. CLYBURN, Mr. PICKETT, Mr. ETHERIDGE, Mr. ROGERS, Mr. HILLEARY, Mr. WHITFIELD, Mr. CHAMBLISS, and Mr. LEWIS of Kentucky) 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 exclude from gross income payments made to tobacco quota and allotment holders and tobacco growers pursuant to Phase I or II of the Master Settlement Agreement between a State and tobacco product manufacturers.

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. SHORT TITLE.**

4 This Act may be cited as the “Tobacco Farmers’ Re-  
5 lief Act”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR PAYMENTS**  
2 **MADE TO TOBACCO QUOTA AND ALLOTMENT**  
3 **HOLDERS AND TOBACCO GROWERS PURSU-**  
4 **ANT TO PHASE I OR II OF THE MASTER SET-**  
5 **TLEMENT AGREEMENT.**

6 (a) IN GENERAL.—Part III of subchapter B of chap-  
7 ter 1 of the Internal Revenue Code of 1986 (relating to  
8 items specifically excluded from gross income) is amended  
9 by redesignating section 139 as section 140 and by insert-  
10 ing after section 138 the following new section:

11 **“SEC. 139. CERTAIN PAYMENTS TO TOBACCO QUOTA AND**  
12 **ALLOTMENT HOLDERS AND TOBACCO**  
13 **GROWERS.**

14 “(a) IN GENERAL.—Gross income shall not include  
15 any tobacco settlement payment.

16 “(b) TOBACCO SETTLEMENT PAYMENT.—For pur-  
17 poses of subsection (a), the term ‘tobacco settlement pay-  
18 ment’ means any payment to any person if—

19 “(1) the payment is made to such person by  
20 reason of—

21 “(A) such person holding a tobacco mar-  
22 keting quota, or tobacco farm acreage allot-  
23 ment, under the Agricultural Adjustment Act of  
24 1938, or

1           “(B) such person having the right to grow  
2           tobacco pursuant to such a quota or allotment,  
3           and

4           “(2) such payment is received directly or indi-  
5           rectly pursuant to Phase I or II of the Master Set-  
6           tlement Agreement between a State and tobacco  
7           product manufacturers.”

8           (b) CLERICAL AMENDMENT.—The table of sections  
9           for part III of subchapter B of chapter 1 of such Code  
10          is amended by striking the last item and inserting the fol-  
11          lowing:

                  “Sec. 139. Certain payments to tobacco quota and allotment hold-  
                                  ers and tobacco growers.

                  “Sec. 140. Cross references to other Acts.”

12          (c) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to taxable years beginning after  
14          December 31, 1998.

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