

106TH CONGRESS  
2D SESSION

# H. R. 5336

To amend the Internal Revenue Code of 1986 to exclude from gross income gain on the sale to a governmental unit of land or an easement therein for open space conservation purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 2000

Mr. FORBES (for himself and Mr. ENGEL) 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 gain on the sale to a governmental unit of land or an easement therein for open space conservation purposes.

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 “Conservation and Rein-  
5       vestment Tax-Incentive Act of 2000”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds that—

1 (1) the Nation's natural resources are vital to  
2 the future prosperity of the United States,

3 (2) accessible, open space for all Americans to  
4 enjoy promotes health and well being of the people,

5 (3) accessible, open space for all Americans to  
6 enjoy provides educational opportunities,

7 (4) many Americans wish to make their land  
8 open to all in perpetuity, and

9 (5) the taxes incurred on the sale of land can  
10 be a disincentive to owners to choose to keep the  
11 land undeveloped.

12 **SEC. 3. EXCLUSION OF GAIN FROM SALE OF REAL PROP-**  
13 **ERTY OR AN EASEMENT THEREIN TO A GOV-**  
14 **ERNMENTAL UNIT FOR OPEN SPACE CON-**  
15 **SERVATION PURPOSES.**

16 (a) GENERAL RULE.—Part III of subchapter B of  
17 chapter 1 of the Internal Revenue Code of 1986 (relating  
18 to items specifically excluded from gross income) is  
19 amended by redesignating section 139 as section 139A  
20 and by inserting after section 138 the following new sec-  
21 tion:

1 **“SEC. 139. EXCLUSION OF GAIN FROM SALE OF REAL PROP-**  
2 **ERTY OR AN EASEMENT THEREIN TO A GOV-**  
3 **ERNMENTAL UNIT FOR OPEN SPACE CON-**  
4 **SERVATION PURPOSES.**

5 “(a) GENERAL RULE.—Gross income does not in-  
6 clude gain from the sale or exchange to a governmental  
7 unit of—

8 “(1) qualified real property subject to a quali-  
9 fied conservation easement, and

10 “(2) a qualified conservation easement.

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

12 “(1) QUALIFIED CONSERVATION PURPOSE.—  
13 The term ‘qualified conservation purpose’ has the  
14 meaning given to such term by section 170(h)(4)(A),  
15 other than clause (iv) thereof.

16 “(2) QUALIFIED REAL PROPERTY.—The term  
17 ‘qualified real property’ means any real property—

18 “(A) which is located in the United States,  
19 and

20 “(B) which is used exclusively for con-  
21 servation purposes.

22 “(3) QUALIFIED CONSERVATION EASEMENT.—  
23 The term ‘qualified conservation easement’ means a  
24 restriction (granted in perpetuity) on the use which  
25 may be made of qualified real property which does  
26 not permit any use of such property for any purpose

1 other than use exclusively for a qualified conserva-  
2 tion purpose.

3 “(4) GOVERNMENTAL UNIT.—The term ‘gov-  
4 ernmental unit’ means an entity described in section  
5 170(c)(1).

6 “(c) VERIFICATION OF EASEMENT.—Subsection (a)  
7 shall not apply by reason of any qualified conservation  
8 easement unless the taxpayer—

9 “(1) notifies the Secretary in such form and  
10 manner as the Secretary may by regulations pre-  
11 scribe, and

12 “(2) submits to the Secretary a copy of such  
13 easement.”.

14 (b) CLERICAL AMENDMENT.—The table of sections  
15 for such part is amended by striking the last item and  
16 inserting the following new items:

“Sec. 139. Exclusion of gain from sale of real property or an  
easement therein to a governmental unit for open  
space conservation purposes.

“Sec. 139A. Cross references to other Acts.”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to sales and exchanges after De-  
19 cember 31, 2000.

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