

106TH CONGRESS  
2D SESSION

# S. 2017

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 SENATE OF THE UNITED STATES

JANUARY 31, 2000

Mr. BUNNING introduced the following bill; which was read twice and referred to the Committee on Finance

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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,*

1 **SECTION 1. EXCLUSION FROM GROSS INCOME FOR PAY-**  
 2 **MENTS MADE TO TOBACCO QUOTA AND AL-**  
 3 **LOTMENT HOLDERS AND TOBACCO GROWERS**  
 4 **PURSUANT TO PHASE I OR II OF THE MASTER**  
 5 **SETTLEMENT 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:

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

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 and signed on November 23,  
8           1998.”.

9           (b) CLERICAL AMENDMENT.—The table of sections  
10          for part III of subchapter B of chapter 1 of the Internal  
11          Revenue Code of 1986 is amended by striking the last  
12          item and inserting the following:

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

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

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

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