

106TH CONGRESS  
2D SESSION

# S. 3134

To amend the Internal Revenue Code of 1986 to provide an income tax credit for certain charitable conservation contributions of land by small farmers and ranchers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28 (legislative day, SEPTEMBER 22), 2000

Mr. BAUCUS 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 provide an income tax credit for certain charitable conservation contributions of land by small farmers and ranchers, and for other 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 “Rural Heritage Con-  
5 servation Act”.

1 **SEC. 2. CREDIT FOR CERTAIN CHARITABLE CONSERVATION**  
 2 **CONTRIBUTIONS OF LAND BY SMALL FARM-**  
 3 **ERS AND RANCHERS.**

4 (a) IN GENERAL.—Subpart B of part IV of sub-  
 5 chapter A of chapter 1 of the Internal Revenue Code of  
 6 1986 (relating to foreign tax credit, etc.) is amended by  
 7 adding at the end the following:

8 **“SEC. 30B. PRIVATE LAND CONSERVATION.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
 10 gible farmer or rancher who elects the application of this  
 11 section for a 15-consecutive-taxable-year period, there  
 12 shall be allowed as a credit against the tax imposed by  
 13 this chapter for any taxable year within such period an  
 14 amount equal to the sum of—

15 “(1) 10 percent of the amount which would  
 16 (but for subsection (d)(2)) be allowed for such year  
 17 as a deduction under section 170 for a qualified con-  
 18 servation contribution (as defined in section 170(h)),  
 19 plus

20 “(2) the amount of any carryforward credit al-  
 21 lowable under subsection (e).

22 “(b) LIMITATIONS.—

23 “(1) MAXIMUM CREDIT.—

24 “(A) IN GENERAL.—The credit allowed by  
 25 subsection (a) for all taxable years of the tax-  
 26 payer shall not exceed \$500,000.

1           “(B) SPECIAL RULE FOR JOINT RE-  
2           TURNS.—The amount of the credit under sub-  
3           section (a) on a joint return for any taxable  
4           year shall be allocated equally between the  
5           spouses for purposes of applying the limitation  
6           under subparagraph (A) for succeeding taxable  
7           years.

8           “(C) AGGREGATION RULE.—For purposes  
9           of this paragraph, all members of the same con-  
10          trolled group of corporations (within the mean-  
11          ing of section 267(f)), and all persons under  
12          common control (within the meaning of section  
13          52(b)) but treating an interest of more than 20  
14          percent as a controlling interest), shall be treat-  
15          ed as 1 taxpayer.

16          “(2) LIMITATION BASED ON AMOUNT OF  
17          TAX.—The credit allowed by subsection (a) for any  
18          taxable year shall not exceed the regular tax for the  
19          taxable year reduced by the sum of the credits allow-  
20          able under subpart A and the preceding sections of  
21          this subpart.

22          “(c) ELIGIBLE FARMER OR RANCHER.—For pur-  
23          poses of this section, the term ‘eligible farmer or rancher’  
24          means a taxpayer—

1           “(1) whose gross income from farming (as de-  
2           fined in section 464(e)(1)) is at least 51 percent of  
3           the taxpayer’s gross income for the taxable year, and

4           “(2) in the case of a C corporation, the stock  
5           of which is not publicly traded on a recognized ex-  
6           change.

7           “(d) SPECIAL RULES.—

8           “(1) ELECTION.—A taxpayer may make only 1  
9           election under subsection (a). Such an election, once  
10          made, shall be irrevocable.

11          “(2) APPLICATION WITH SECTION 170.—No de-  
12          duction shall be allowed under section 170 for a  
13          qualified conservation contribution (as defined in  
14          section 170(h)) to a taxpayer who elects to take the  
15          credit allowed by subsection (a) for a qualified con-  
16          servation contribution during the 15-taxable-year pe-  
17          riod described in such subsection, or if shorter, dur-  
18          ing the period ending with the taxable year in which  
19          the limitation under subsection (b)(1)(A) is attained.

20          “(e) CARRYFORWARD OF EXCESS CREDIT.—If the  
21          credit allowable under subsection (a) for any taxable year  
22          exceeds the amount of the limitation imposed by sub-  
23          section (b)(2) for such taxable year, such excess shall be  
24          carried to the succeeding taxable year and added to the

1 credit allowable under subsection (a) for such succeeding  
2 taxable year.”

3 (b) CONFORMING AMENDMENT.—The table of sec-  
4 tions for subpart B of part IV of subchapter A of chapter  
5 1 of such Code is amended by adding at the end the fol-  
6 lowing:

“Sec. 30B. Private land conservation.”

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to donations of qualified conserva-  
9 tion contributions (as defined in section 170(h) of the In-  
10 ternal Revenue Code of 1986) made after the date of the  
11 enactment of this Act, in taxable years ending after such  
12 date.

13 **SEC. 3. INCREASE IN CHARITABLE CONTRIBUTION LIMIT**  
14 **FOR FARMERS AND RANCHERS DOING BUSI-**  
15 **NESS IN CORPORATE FORM.**

16 (a) IN GENERAL.—Section 170(b)(1) of the Internal  
17 Revenue Code of 1986 (relating to corporations) is amend-  
18 ed by redesignating subparagraph (F) as subparagraph  
19 (G) and by inserting after subparagraph (E) the following:

20 “(F) CERTAIN FARMERS AND RANCH-  
21 ERS.—An eligible farmer or rancher (as defined  
22 in section 30B(c)) shall be treated as an indi-  
23 vidual for purposes of this section with respect  
24 to any qualified conservation contribution.”

1 (b) CONFORMING AMENDMENT.—Section 170(b)(2)  
 2 of such Code is amended by striking “corporation,” and  
 3 inserting “corporation (other than a corporation that is  
 4 an eligible farmer or rancher as defined in section 30B(c)  
 5 with respect to a qualified conservation contribution),”.

6 (c) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to donations of qualified conserva-  
 8 tion contributions (as defined in section 170(h) of the In-  
 9 ternal Revenue Code of 1986) made after the date of the  
 10 enactment of this Act, in taxable years ending after such  
 11 date.

12 **SEC. 4. EXPANSION OF ESTATE TAX EXCLUSION FOR LAND**  
 13 **SUBJECT TO QUALIFIED CONSERVATION**  
 14 **EASEMENT.**

15 (a) IN GENERAL.—Subparagraph (A) of section  
 16 2031(c)(8) of the Internal Revenue Code of 1986 is  
 17 amended by striking clause (i) and by redesignating  
 18 clauses (ii) and (iii) as clauses (i) and (ii), respectively.

19 (b) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to donations of qualified conserva-  
 21 tion contributions (as defined in section 170(h) of the In-  
 22 ternal Revenue Code of 1986) made after the date of the  
 23 enactment of this Act.

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