

105TH CONGRESS  
2D SESSION

# H. R. 4301

To amend the Internal Revenue Code of 1986 to modify the treatment of bonds issued to acquire renewable resources on land subject to conservation easement.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 1998

Ms. DUNN (for herself and Mr. TANNER) 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 modify the treatment of bonds issued to acquire renewable resources on land subject to conservation easement.

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 “Community Forestry  
5 and Agriculture Conservation Act of 1998”.

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1 **SEC. 2. TREATMENT OF BONDS ISSUED TO ACQUIRE RE-**  
 2 **NEWABLE RESOURCES ON LAND SUBJECT TO**  
 3 **CONSERVATION EASEMENT.**

4 (a) IN GENERAL.—Section 145 of the Internal Reve-  
 5 nue Code of 1986 (defining qualified 501(c)(3) bond) is  
 6 amended by redesignating subsection (e) as subsection (f)  
 7 and by inserting after subsection (d) the following new  
 8 subsection:

9 “(e) BONDS ISSUED TO ACQUIRE RENEWABLE RE-  
 10 SOURCES ON LAND SUBJECT TO CONSERVATION EASE-  
 11 MENT.—

12 “(1) IN GENERAL.—If—

13 “(A) the proceeds of any bond are used to  
 14 acquire land (or a long-term lease thereof) to-  
 15 gether with any renewable resource associated  
 16 with the land (including standing timber, agri-  
 17 cultural crops, or water rights),

18 “(B) the land is subject to a conservation  
 19 restriction (granted in perpetuity) which meets  
 20 the requirements of—

21 “(i) clauses (ii) and (iii)(II) of section  
 22 170(h)(4)(A), and

23 “(ii) relevant environmental and land  
 24 use statutes and regulations, and

25 “(C) such bond would be a qualified  
 26 501(c)(3) bond (after the application of para-

1 graph (2)) but for the failure to use revenues  
2 derived by the 501(c)(3) organization from the  
3 sale, lease, or other use of such resource as oth-  
4 erwise required by this part,  
5 such bond shall not fail to be a qualified 501(c)(3)  
6 bond by reason of the failure to so use such revenues  
7 if the revenues which are not used as otherwise re-  
8 quired by this part are used in a manner consistent  
9 with the stated charitable purposes of the 501(c)(3)  
10 organization.

11 “(2) TREATMENT OF TIMBER, ETC.—

12 “(A) IN GENERAL.—Except as provided in  
13 subparagraph (B), for purposes of sections 141  
14 through 150, the cost of any renewable resource  
15 acquired with proceeds of such bonds shall be  
16 treated as a cost of acquiring the land support-  
17 ing the renewable resource and such land will  
18 not be treated as used for a private business  
19 use because of the sale, leasing, or other use of  
20 the renewable resource.

21 “(B) APPLICATION OF BOND MATURITY  
22 LIMITATION.—For purposes of section 147(b),  
23 the cost of any land or renewable resource ac-  
24 quired with proceeds of such bonds shall have  
25 an economic life commensurate with the eco-

1            nomic and ecological feasibility of the financing  
2            of such land or renewable resource.”

3            (b) EFFECTIVE DATE.—The amendment made by  
4 subsection (a) shall apply to obligations issued after the  
5 date of the enactment of this Act.

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