

105TH CONGRESS
2D SESSION

H. R. 4587

To amend the Internal Revenue Code of 1986 to provide that the dollar limitation on the deduction for family-owned business interests does not apply to interests in farming businesses.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 1998

Mr. BOB SCHAFFER of Colorado (for himself, Mr. RADANOVICH, Mr. NORWOOD, Mr. HALL of Texas, Mr. MCINTOSH, Mr. TAUZIN, Mr. BOUCHER, Mr. BASS, Mr. CHRISTENSEN, Mr. RYUN, Mr. HORN, Mr. NETHERCUTT, Mr. SMITH of Michigan, Mr. BAKER, Mr. BARTLETT of Maryland, Mr. ISTOOK, Mrs. CUBIN, Mr. HOSTETTLER, Mr. MCINNIS, Mr. SKEEN, Mr. REDMOND, Mr. KOLBE, Mr. HINOJOSA, Mr. MORAN of Kansas, Mr. KNOLLENBERG, Mr. SANDERS, Mr. MCHUGH, Mr. CRAPO, Mr. BLUNT, Mr. SOLOMON, Mr. INGLIS of South Carolina, Mr. FORBES, Mr. WICKER, Mr. MASCARA, Mr. PAPPAS, Mr. STUMP, Mr. COOKSEY, Mr. PAUL, Mr. LUCAS of Oklahoma, Mr. BOEHLERT, Mr. WOLF, Mr. CANNON, Mr. BURR of North Carolina, Mr. ENGLISH of Pennsylvania, Mr. LATHAM, and Mr. BARCIA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that the dollar limitation on the deduction for family-owned business interests does not apply to interests in farming businesses.

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. SHORT TITLE.**

2 This Act may be cited as the “Family Farm Preser-
3 vation Act”.

4 **SEC. 2. DOLLAR LIMITATION ON ESTATE TAX DEDUCTION**
5 **FOR FAMILY-OWNED BUSINESS INTERESTS**
6 **NOT TO APPLY TO INTERESTS IN FARMING**
7 **BUSINESSES.**

8 (a) IN GENERAL.—Subsection (a) of section 2057 of
9 the Internal Revenue Code of 1986 (relating to family-
10 owned business interests), as amended by the Tax Tech-
11 nical Corrections Act of 1998, is amended by adding at
12 the end the following new paragraph:

13 “(4) DEDUCTION LIMITATION NOT TO APPLY
14 TO INTERESTS IN FARMING BUSINESSES.—

15 “(A) IN GENERAL.—Paragraph (2) shall
16 not apply to qualified family-owned farming
17 business interests.

18 “(B) QUALIFIED FAMILY-OWNED FARMING
19 BUSINESS INTERESTS.—For purposes of sub-
20 paragraph (A), the term ‘qualified family-owned
21 farming business interest’ means any qualified
22 family-owned business interest if—

23 “(i) in the case of an interest referred
24 to in subsection (e)(1)(A), the trade or
25 business referred to therein is a farming
26 business, and

1 “(ii) in the case of an interest referred
2 to in subsection (e)(1)(B), all trades and
3 business carried on by the entity referred
4 to therein are farming businesses.

5 “(C) FARMING BUSINESS.—For purposes
6 of subparagraph (B), the term ‘farming busi-
7 ness’ has the meaning given to such term by
8 section 263A(e)(4).”

9 (b) PERIOD DURING WHICH RECAPTURE TAX AP-
10 PLIES REDUCED TO 3 YEARS IN CASE OF INTERESTS IN
11 FARMING BUSINESSES.—Paragraph (1) of section
12 2057(f) of such Code, as so amended, is amended by in-
13 serting “(3 years in the case of qualified family-owned
14 farming business interests)” after “10 years”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to estates of decedents dying after
17 the date of the enactment of this Act.

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