

105TH CONGRESS
2^D SESSION

H. R. 4596

To amend the Internal Revenue Code of 1986 to provide that certain farming-related section 1231 gains and losses shall not be taken into account in determining whether a taxpayer is eligible for the earned income credit.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 1998

Mr. SMITH of Michigan (for himself and Mr. THUNE) 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 certain farming-related section 1231 gains and losses shall not be taken into account in determining whether a taxpayer is eligible for the earned income credit.

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. CERTAIN FARMING-RELATED SECTION 1231**
2 **GAINS AND LOSSES NOT TAKEN INTO AC-**
3 **COUNT IN DETERMINING ELIGIBILITY FOR**
4 **EARNED INCOME CREDIT.**

5 (a) **IN GENERAL.**—Subparagraph (D) of section
6 32(i)(2) of the Internal Revenue Code of 1986 (relating
7 to denial of credit for individuals having excessive invest-
8 ment income) is amended by striking “, and” and insert-
9 ing “determined without regard to gain or loss from the
10 sale of—

11 “(i) livestock described in section
12 1231(b)(3) held for breeding or dairy pur-
13 poses, and

14 “(ii) tangible personal property de-
15 scribed in section 1231(b) which is used in
16 the trade or business of farming, and”.

17 (b) **EFFECTIVE DATE.**—The amendment made by
18 this section shall apply to taxable years beginning after
19 December 31, 1997.

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