

105TH CONGRESS
2^D SESSION

H. R. 4645

To extend permanently chapter 12 of title 11, United States Code, and to amend the Internal Revenue Code of 1986 to facilitate the bankruptcy and debt restructuring process relating to farmers.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1998

Mr. SMITH of Michigan introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To extend permanently chapter 12 of title 11, United States Code, and to amend the Internal Revenue Code of 1986 to facilitate the bankruptcy and debt restructuring process relating to farmers.

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. REPEAL OF FAMILY FARMER BANKRUPTCY**
4 **SUNSET PROVISION.**

5 Section 302 of the Bankruptcy Judges, United States
6 Trustees, and Family Farmer Bankruptcy Act of 1986

1 (28 U.S.C. 581 note) is amended by striking subsection
2 (f).

3 **SEC. 2. TAX RULES RELATING TO ADJUSTMENT OF DEBTS**
4 **OF A FAMILY FARMER UNDER CHAPTER 12**
5 **OF TITLE 11, UNITED STATES CODE.**

6 (a) IN GENERAL.—Subsection (a) of section 1398 of
7 the Internal Revenue Code of 1986 (relating to rules relat-
8 ing to individuals' title 11 cases) is amended by striking
9 “or” after “liquidations)” and inserting a comma and by
10 inserting “, or chapter 12 (relating to adjustment of debts
11 of a family farmer with regular annual income)” after “re-
12 organizations)”.

13 (b) CONFORMING AMENDMENT.—Paragraph (1) of
14 section 1398(b) of such Code is amended by striking “or
15 11” and inserting “, 11, or 12”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 the date of the enactment of this Act.

19 **SEC. 3. INCLUSION OF INCOME IN CONNECTION WITH**
20 **ABANDONMENT OF PROPERTY OF A DEBTOR**
21 **IN DEBTOR'S TAXABLE ESTATE.**

22 (a) IN GENERAL.—Paragraph (1) of section 1398(e)
23 of the Internal Revenue Code of 1986 is amended by add-
24 ing at the end the following: “For purposes of this para-
25 graph, gross income of the estate shall include any income

1 in connection with the abandonment of property to the
2 debtor under section 554 of title 11, United States Code,
3 which arose before the date of such abandonment, and
4 gross income of the debtor shall not include any income
5 in connection with such abandonment.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to property abandoned after the
8 date of the enactment of this Act.

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