

109TH CONGRESS
1ST SESSION

H. R. 1825

To amend the Internal Revenue Code of 1986 to exclude from gross income the first \$5,000 of transitional payments under the Fair and Equitable Tobacco Reform Act of 2004.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2005

Mr. BUTTERFIELD 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 exclude from gross income the first \$5,000 of transitional payments under the Fair and Equitable Tobacco Reform Act of 2004.

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 “Small Tobacco Farmer
5 Tax Relief Act of 2005”.

1 **SEC. 2. EXCLUSION OF PORTION OF TRANSITIONAL PAY-**
2 **MENTS UNDER FAIR AND EQUITABLE TO-**
3 **BACCO REFORM ACT OF 2004.**

4 (a) **GENERAL RULE.**—Part III of subchapter B of
5 chapter 1 of the Internal Revenue Code of 1986 (relating
6 to items specifically excluded from gross income) is
7 amended by inserting after section 139A the following new
8 section:

9 **“SEC. 139B. TRANSITIONAL PAYMENTS UNDER FAIR AND**
10 **EQUITABLE TOBACCO REFORM ACT OF 2004.**

11 “(a) **GENERAL RULE.**—Gross income shall not in-
12 clude any qualified tobacco payment.

13 “(b) **LIMITATIONS.**—

14 “(1) **ANNUAL LIMITATION.**—Except as provided
15 by paragraph (2), the amount excluded from gross
16 income under subsection (a) for a taxable year shall
17 not exceed \$5,000.

18 “(2) **ASSIGNMENT OF CONTRACT PAYMENTS TO**
19 **FINANCIAL INSTITUTION.**—In the case of an assign-
20 ment to a financial institution of the right to receive
21 contract payments under section 624(e) of the Fair
22 and Equitable Tobacco Reform Act of 2004 (7
23 U.S.C. 518c(e)), the amount excluded from gross in-
24 come under subsection (a) for a taxable year shall
25 not exceed the lesser of—

1 “(A) the consideration received under such
2 assignment reduced by the aggregate amount
3 excluded under this section for all previous tax-
4 able years, and

5 “(B) \$50,000.

6 “(3) AGGREGATE AMOUNT EXCLUDED.—The
7 aggregate amount excluded from gross income under
8 this section with respect to any producer of quota
9 tobacco and any tobacco quota holder shall not ex-
10 ceed \$50,000.

11 “(c) DEFINITIONS.—For purposes of this section—

12 “(1) QUALIFIED TOBACCO PAYMENT.—

13 “(A) IN GENERAL.—For purposes of sub-
14 section (a), the term ‘qualified tobacco pay-
15 ment’ means any payment under section 622 or
16 623 of the Fair and Equitable Tobacco Reform
17 Act of 2004 (7 U.S.C. 518a and 518b).

18 “(B) EXCEPTION.—Such term does not in-
19 clude any payment under section 624(e) of the
20 Fair and Equitable Tobacco Reform Act of
21 2004 (7 U.S.C. 518c(e)) pursuant to an assign-
22 ment to a financial institution of the right to
23 receive contract payments under such Act.

24 “(2) PRODUCER OF QUOTA TOBACCO; TOBACCO
25 QUOTA HOLDER.—The terms ‘producer of quota to-

1 bacco’ and ‘tobacco quota holder’ have the meanings
2 given such terms by section 621 of the Fair and Eq-
3 uitable Tobacco Reform Act of 2004 (7 U.S.C. 518).

4 “(d) TERMINATION.—This section shall not apply to
5 taxable years beginning after December 31, 2014.”.

6 (b) CLERICAL AMENDMENT.—The table of sections
7 for such part is amended by inserting after the item relat-
8 ing to section 139A the following new item:

 “Sec. 139B. Transitional payments under Fair and Equitable Tobacco Reform
 Act of 2004.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to payments received December 31,
11 2004.

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