

107TH CONGRESS
1ST SESSION

H. R. 960

To amend the Internal Revenue Code of 1986 to expand the incentives for transferring land or easements therein for conservation purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2001

Mr. KOLBE 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 expand the incentives for transferring land or easements therein for conservation purposes.

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 “Conservation Tax In-
5 centive Act of 2001”.

1 **SEC. 2. EXCLUSION OF 50 PERCENT OF GAIN ON SALES OF**
2 **LAND OR INTERESTS IN LAND OR WATER TO**
3 **ELIGIBLE ENTITIES FOR CONSERVATION**
4 **PURPOSES.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 items specifically excluded from gross income) is amended
8 by inserting after section 121 the following new section:

9 **“SEC. 121A. 50-PERCENT EXCLUSION OF GAIN ON SALES OF**
10 **LAND OR INTERESTS IN LAND OR WATER TO**
11 **ELIGIBLE ENTITIES FOR CONSERVATION**
12 **PURPOSES.**

13 “(a) EXCLUSION.—Gross income shall not include 50
14 percent of any gain from the sale of land or an interest
15 in land or water (determined without regard to any im-
16 provements) to an eligible entity if—

17 “(1) such land or interest in land or water was
18 owned by the taxpayer or a member of the tax-
19 payer’s family (as defined in section 2032A(e)(2)) at
20 all times during the 3-year period ending on the date
21 of the sale, and

22 “(2) such land or interest in land or water is
23 being acquired by an eligible entity which provides
24 the taxpayer, at the time of acquisition, a written
25 letter of intent which shall include the following
26 statement: ‘The purchaser’s intent is that this acqui-

1 sition will serve 1 or more of the conservation pur-
2 poses specified in clause (i), (ii), or (iii) of section
3 170(h)(4)(A).’

4 “(b) ELIGIBLE ENTITY.—For purposes of this sec-
5 tion, the term ‘eligible entity’ means—

6 “(1) any agency of the United States or of any
7 State or local government, or

8 “(2) any other organization that—

9 “(A) is organized and at all times operated
10 principally for 1 or more of the conservation
11 purposes specified in clause (i), (ii), or (iii) of
12 section 170(h)(4)(A), and

13 “(B) is described in section 170(h)(3).

14 “(c) STOCK IN HOLDING CORPORATIONS.—For pur-
15 poses of this section, the term ‘land or an interest in land
16 or water’ shall include stock in any corporation, if the fair
17 market value of the corporation’s land or interests in land
18 or water equals or exceeds 90 percent of the fair market
19 value of all of such corporation’s assets at all times during
20 the 3-year period ending on the date of the sale.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for part III of subchapter B of chapter 1 of such Code
23 is amended by inserting after the item relating to section
24 121 the following new item:

“Sec. 121A. 50-percent exclusion of gain on sales of land or in-
terests in land or water to eligible entities for con-
servation purposes.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to sales occurring on or after De-
3 cember 31, 2003.

4 **SEC. 3. EXPANSION OF ESTATE TAX EXCLUSION FOR REAL**
5 **PROPERTY SUBJECT TO QUALIFIED CON-**
6 **SERVATION EASEMENT.**

7 (a) REPEAL OF CERTAIN RESTRICTIONS ON WHERE
8 LAND IS LOCATED.—Clause (i) of section 2031(c)(8)(A)
9 of the Internal Revenue Code of 1986 (defining land sub-
10 ject to a qualified conservation easement) is amended to
11 read as follows:

12 “(i) which is located in the United
13 States or any possession of the United
14 States,”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to estates of decedents dying after
17 December 31, 2001.

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