

113TH CONGRESS  
1ST SESSION

# H. R. 1448

To amend the Internal Revenue Code of 1986 to increase the aggregate reduction in the fair market value of farm, etc., real property under section 2032A to \$2,000,000, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2013

Mr. AUSTIN SCOTT of Georgia (for himself, Mr. BROUN of Georgia, Mr. WESTMORELAND, Mr. ROGERS of Alabama, Mr. YOHO, Mr. MCINTYRE, Mr. KINGSTON, and Mr. CRAWFORD) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the aggregate reduction in the fair market value of farm, etc., real property under section 2032A to \$2,000,000, and for other 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 “Farmers and Ranchers  
5 Minimizing Estate Regulations Act of 2013” or the  
6 “FARMER Act of 2013”.

1 **SEC. 2. MODIFICATIONS TO ALTERNATE VALUATION OF**  
2 **FARM, ETC., REAL PROPERTY.**

3 (a) MAXIMUM REDUCTION INCREASED TO  
4 \$2,000,000.—

5 (1) IN GENERAL.—Paragraph (2) of section  
6 2032A(a) of the Internal Revenue Code of 1986 (re-  
7 lating to limitation on aggregate reduction in fair  
8 market value) is amended by striking “\$750,000”  
9 and inserting “\$2,000,000”.

10 (2) CONFORMING AMENDMENT.—The first sen-  
11 tence of section 2032A(a)(3) of such Code is amend-  
12 ed to read as follows: “In the case of estates of dece-  
13 dents dying in a calendar year after 2012, the  
14 \$2,000,000 amount contained in paragraph (2) shall  
15 be increased by an amount equal to—

16 “(A) \$2,000,000, multiplied by

17 “(B) the cost-of-living adjustment deter-  
18 mined under section 1(f)(3) for such calendar  
19 year by substituting ‘calendar year 2011’ for  
20 ‘calendar year 1992’ in subparagraph (B)  
21 thereof.”.

22 (b) REDUCTION IN REQUIRED HOLDING AND USE  
23 PERIODS OF DECEDENT.—Subparagraph (C) of section  
24 2032A(b)(1) of such Code is amended—

25 (1) by striking “8-year period” and inserting  
26 “5-year period”, and

1           (2) by striking “5 years” and inserting “3  
2       years”.

3       (c) REDUCTION IN REQUIRED HOLDING AND USE  
4 PERIODS TO AVOID RECAPTURE.—

5           (1) IN GENERAL.—Paragraph (1) of section  
6       2032A(c) of such Code is amended—

7           (A) by striking “10 years” and inserting  
8       “5 years”, and

9           (B) by striking subparagraph (B) and in-  
10       serting the following new subparagraph:

11           “(B) there have been periods aggregating  
12       3 years or more during which the qualified heir  
13       does not use for the qualified use the qualified  
14       real property which was acquired (or passed)  
15       from the decedent,”.

16           (2) CONFORMING AMENDMENT.—Clause (ii) of  
17       section 2032A(c)(7)(A) of such Code is amended by  
18       striking “10-year” and inserting “5-year”.

19       (d) CERTAIN RENTS FROM CONTROLLED ENTITIES  
20 TREATED AS QUALIFIED.—Subparagraph (E) of section  
21 2032A(c)(7) of such Code is amended by inserting “(or  
22 to an entity more than 50 percent (by vote and value) of  
23 the equity interests in which are owned directly by mem-  
24 bers of such family)” after “descendant”.

1 (e) REPEAL OF USE OF GROSS CASH RENTAL OF  
2 COMPARABLE LAND IN VALUING FARMS.—

3 (1) IN GENERAL.—Subparagraphs (A) and (B)  
4 of section 2032A(e)(7) of such Code (relating to  
5 method of valuing farms) are amended to read as  
6 follows:

7 “(A) IN GENERAL.—The value of a farm  
8 for farming purposes shall be determined by di-  
9 viding—

10 “(i) the excess of the average annual  
11 net share rental for comparable land used  
12 for farming purposes and located in the lo-  
13 cality of such farm over the average annual  
14 State and local real estate taxes for such  
15 comparable land, by

16 “(ii) the average annual effective in-  
17 terest rate for all new Federal Land Bank  
18 loans.

19 For purposes of the preceding sentence, the av-  
20 erage annual net share rental computation shall  
21 be made on the basis of the 5 most recent cal-  
22 endar years ending before the date of the dece-  
23 dent’s death.

1           “(B) NET SHARE RENTAL.—For purposes  
2 of this paragraph, the term ‘net share rental’  
3 means the excess of—

4                   “(i) the value of the produce received  
5 by the lessor of the land on which such  
6 produce is grown, over

7                   “(ii) the cash operating expenses of  
8 growing such produce which, under the  
9 lease, are paid by the lessor.”.

10           (2) CONFORMING AMENDMENT.—Subparagraph  
11 (C) of section 2032A(e)(7) of such Code is amended  
12 by striking “that there is no comparable land from  
13 which the average annual gross cash rental may be  
14 determined, and”.

15           (f) 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.

18 **SEC. 3. WOODLANDS SUBJECT TO MANAGEMENT PLAN.**

19           (a) IN GENERAL.—Paragraph (2) of section  
20 2032A(e) of the Internal Revenue Code of 1986 is amend-  
21 ed by adding at the end the following new subparagraph:

22                   “(F) EXCEPTION FOR WOODLANDS SUB-  
23 JECT TO MANAGEMENT PLAN.—Subparagraph  
24 (E) shall not apply to any disposition or sever-

1           ance of standing timber on a qualified woodland  
2           if the harvest is—

3                   “(i) consistent with a written forest  
4                   management plan developed under the Co-  
5                   operative Forestry Assistance Act of 1978  
6                   (16 U.S.C. 2103a), or an equivalent plan  
7                   approved by the State Forester,

8                   “(ii) conducted under the guidance of  
9                   a qualified forestry professional (as deter-  
10                  mined by the Secretary in consultation  
11                  with the United States Forest Service), or

12                  “(iii) conducted on lands certified to a  
13                  third-party audited forest certification sys-  
14                  tem or similar land management protocol,  
15                  as determined by the United States Forest  
16                  Service.”.

17           (b) EFFECTIVE DATE.—The amendment made by  
18           subsection (a) shall apply to the disposition or severance  
19           of standing timber after the date of the enactment of this  
20           Act.

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