

HOUSE JOINT RESOLUTION NO. 34

2/20 Introduced  
2/20 Referred to Agriculture, Livestock & Irrig.  
2/20 Hearing  
2/21 Committee Report-Bill Pass As Amended  
2/23 2nd Reading Pass  
2/26 3rd Reading Pass

Transmitted To Senate

3/04 Referred to Agriculture, Livestock & Irrig.  
3/20 Hearing  
3/25 Tabled in Committee

HOUSE JOINT RESOLUTION NO. 34

INTRODUCED BY *Asan Heller, Gayne William Rapp, Steve Ellison, Cody A. Muck, Marianne Holliday, Brady*

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING THE UNITED STATES CONGRESS TO REVISE CERTAIN FARM PROGRAM AND INCOME TAX LAWS THAT PROVIDE MAJOR ECONOMIC INCENTIVES FOR INVESTORS TO CONVERT RANGELAND TO CROPLAND, EVEN THOUGH THEY DO NOT PLAN TO RETAIN OWNERSHIP OF THE CONVERTED LAND, AT THE EXPENSE OF BONA FIDE FARM OPERATORS AND OUR NATION'S AGRICULTURAL BASE.

WHEREAS, the farming industry in Montana and many other states is suffering a downward economic spiral unparalleled since the Great Depression; and

WHEREAS, many bona fide farm operations are facing liquidation; and

WHEREAS, grain surplusage in the country contributes to the plight of the American farmer by depressing market prices and profitability; and

WHEREAS, federal tax provisions such as capital gains treatment of the increased value of rangeland converted to cropland, investment credits for machinery and equipment used to convert rangeland to cropland, and treatment of rangeland conversion costs as expenses deductible from

ordinary income, in conjunction with incentives to participate in federal farm program assistance intended for the benefit of bona fide farm operators and not speculators, result in increased agricultural output and a further decrease in crop prices due to cropland expansion by speculators and investors seeking a tax shelter; and

WHEREAS, features of the current federal income tax laws and farm program provisions that are being abused could be altered by Congress to reduce the tax incentives for converting rangeland to cropland and thereby foster agricultural output which is responsive to the world market and healthy for the nation's agricultural base.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Congress of the United States is urged to amend federal taxation provisions that offer incentives to speculators to convert rangeland to cropland. Congress is specifically urged to revise the capital gains treatment of the increased value of rangeland converted to cropland, the investment credit for machinery and equipment used to convert rangeland to cropland, and the treatment of rangeland conversion costs as expenses deductible from ordinary income.

BE IT FURTHER RESOLVED, that Congress is urged to



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1   revise the federal farm program to the extent necessary to  
2   curb abusive participation by speculators whose main goal in  
3   participating is to maximize their sheltered investment in  
4   the conversion of rangeland to cropland at the expense of  
5   bona fide farm operators and our nation's agricultural base.

6       BE IT FURTHER RESOLVED, that the Secretary of State  
7   send copies of this resolution to the President of the  
8   United States, to Governor Ted Schwinden, and to each member  
9   of the Congress of the United States.

-End-

APPROVED BY COMMITTEE  
ON AGRICULTURE LIVESTOCK  
AND IRRIGATION

1 HOUSE JOINT RESOLUTION NO. 34  
 2 INTRODUCED BY ASAY, KELLER, HAYNE, WALLIN, RAPP-SVRCEK,  
 3 ELLISON, CODY, DONALDSON, MENAHAN, HOLLIDAY, GRADY  
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 9 INVESTORS TO CONVERT RANGELAND TO CROPLAND, EVEN THOUGH THEY  
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 11 THE EXPENSE OF BONA FIDE FARM OPERATORS AND OUR NATION'S  
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 14 WHEREAS, the farming industry in Montana and many other  
 15 states is suffering a downward economic spiral unparalleled  
 16 since the Great Depression; and

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 18 liquidation; and

19 WHEREAS, grain surplusage in the country contributes to  
 20 the plight of the American farmer by depressing market  
 21 prices and profitability; and

22 WHEREAS, federal tax provisions such as capital gains  
 23 treatment of the increased value of rangeland converted to  
 24 cropland, investment credits for machinery and equipment  
 25 used to convert rangeland to cropland, and treatment AND

1 ALLOWING THE DEDUCTION of rangeland conversion costs as  
 2 expenses deductible from ordinary NONAGRICULTURAL income, in  
 3 conjunction with incentives to participate in federal farm  
 4 program---assistance PROGRAMS, INCLUDING FEDERAL CROP  
 5 INSURANCE PROGRAMS, intended for the benefit of bona fide  
 6 farm operators and not speculators, result in increased  
 7 agricultural output and a further decrease in crop prices  
 8 due to cropland expansion by speculators and investors  
 9 seeking a tax shelter; and

10 WHEREAS, features of the current federal income tax  
 11 laws and farm program provisions that are being abused could  
 12 be altered by Congress to reduce the tax incentives for  
 13 converting rangeland to cropland and thereby foster  
 14 agricultural output which is responsive to the world market  
 15 and healthy for the nation's agricultural base.

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 17 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE  
 18 OF REPRESENTATIVES OF THE STATE OF MONTANA:

19 That the Congress of the United States is urged to  
 20 amend federal taxation provisions AND FEDERAL FARM PROGRAMS,  
 21 INCLUDING CROP INSURANCE, that offer incentives to  
 22 speculators to convert rangeland to cropland. ~~Congress is~~  
 23 ~~specifically urged to revise the capital gains treatment of~~  
 24 ~~the increased value of rangeland converted to cropland, the~~  
 25 ~~investment credit for machinery and equipment used to~~



1 ~~convert---rangeland---to---cropland,---and---the---treatment---of~~  
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3 ~~ordinary-income.~~

4 BE IT FURTHER RESOLVED, that Congress is urged to  
5 revise the federal farm program to the extent necessary to  
6 curb abusive participation by speculators whose main goal in  
7 participating is to maximize their sheltered investment in  
8 the conversion of rangeland to cropland at the expense of  
9 bona fide farm operators and our nation's agricultural base.

10 BE IT FURTHER RESOLVED, that the Secretary of State  
11 send copies of this resolution to the President of the  
12 United States, to Governor Ted Schwinden, and to each member  
13 of the Congress of the United States.

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