

AMENDMENTS RELATING TO FIRST-TIME FARMER BONDS

SEC. 1. INCREASE IN LOAN LIMITS ON FIRST-TIME FARMER BONDS.

(a) In General- Subparagraph (A) of Section 144(a)(11) of the Internal Revenue Code of 1986 (as amended) is amended to read as follows:

(A) In general. (i) This subsection shall not apply to any issue if more than \$450,000 of the net proceeds of such issue are to be used to provide depreciable farm property with respect to which the principal user is or will be the same person or 2 or more related persons.

(ii) In the case of any calendar year after 2008, the dollar amount contained in clause (i) shall be increased by an amount equal to such dollar amount multiplied by the cost of living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting “calendar year 2007” for “calendar year 1992” in subparagraph (B) thereof. If any amount as increased under the preceding sentence is not a multiple of \$100, such amount shall be rounded to the nearest multiple of \$100.

(b) Effective Date. The amendments made by this section shall apply to bonds issued after the date of enactment of this Act.

SEC. 2. PROVIDING “BANK QUALIFIED” STATUS TO FIRST-TIME FARMER BONDS.

(a) In General- Subparagraph (A) of Section 265(b)(3) of the Internal Revenue Code of 1986 (as amended) is amended to read as follows:

(A) In general. Any first-time farmer bond or qualified tax-exempt obligation acquired after August 7, 1986, shall be treated for purposes of paragraph (2) of Section 291(e)(1)(B) as if it were acquired on August 7, 1986.

(b) First-time farmer bond. – Section 265(b)(4) of the Internal Revenue Code of 1986 (as amended) is amended to add the following subparagraph (C) thereto:

(C) First-time farmer bond. The term “first-time farmer bond” means any bond 95% or more of the net proceeds of which are used to provide any land or property in accordance with section 147(c)(2).

(c) Effective Date. The amendments made by this section shall apply to bonds issued after the date of enactment of this Act.