

---

RELIEF FROM TAXES ON GASOLINE AND SPECIAL FUELS  
USED ON FARMS

---

MARCH 27, 1956.—Ordered to be printed

---

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 8780]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3 and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*“(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then (i) for purposes of this subparagraph, in applying subsection (a) to this subparagraph, and for purposes of section 6416 (b) (2) (C) (ii) (but not for purposes of section 4041), the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and ultimate purchaser of such gasoline or liquid, and (ii) for purposes of applying section*

6416 (b) (2) (C) (ii), any tax paid under section 4041 in respect of a liquid used on a farm for farming purposes (within the meaning of this subparagraph) shall be treated as having been paid by the owner, tenant, or operator of the farm on which such liquid is used; And the Senate agree to the same.

JERE COOPER,  
W. D. MILLS,  
NOBLE J. GREGORY,  
DANIEL A. REED,  
By T. A. JENKINS,  
THOMAS A. JENKINS,

*Managers on the Part of the House.*

HARRY F. BYRD,  
WALTER F. GEORGE,  
By HARRY F. BYRD,  
ROBT. KERR,  
EDWARD MARTIN,  
FRANK CARLSON,

*Managers on the Part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Subparagraphs (A), (B), (C), and (D) of section 6420 (c) (3) of the Internal Revenue Code of 1954 as proposed to be amended by the bill as it passed both the House and Senate, prescribe the uses of gasoline which for purposes of the bill are to be treated as use for farming purposes. Senate amendment No. 1 struck out subparagraph (A) and inserted a substitute. No change was made in subparagraph (B), (C), or (D).

Under subparagraph (A) of the House bill, gasoline was to be treated as used for farming purposes if used by "any person" in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

Under Senate amendment No. 1, gasoline used for any of the purposes set forth in the preceding paragraph was to be treated as used for farming purposes only if used by the owner, tenant, or operator of a farm (1) on a farm of which he is the owner, tenant, or operator, or (2) on any other farm (but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him, during the period with respect to which claim is filed, on all farms for the purposes set forth in the preceding paragraph). Thus, under the Senate amendment gasoline used by a custom operator or other independent contractor in performing a service for one of the purposes specified in section 6420 (c) (3) (A) was not to be included in any refund claim.

Under the conference agreement, as under the House bill and the Senate amendment, if gasoline is used on a farm by the owner, tenant, or operator thereof for the purposes set forth above, he will be entitled to the payment provided for under the new section 6420 if he is the ultimate purchaser of such gasoline. In addition, under the conference agreement, if gasoline is used on a farm by any other person for these purposes, the owner, tenant, or operator of such farm is treated as the user and ultimate purchaser of the gasoline, and is therefore entitled to the payment. For example, where a custom operator uses the gasoline, the owner, tenant, or operator of the farm on which the gasoline is used will be entitled to the payment. In general, in the case where a custom operator performs services described in the new section 6420 (c) (3) (A) on a farm, the payment under section 6420 (a) will be made to the person (the owner, tenant, or operator, as the case may be) for whom such services are performed.

Under the conference agreement, comparable rules are provided with respect to diesel fuel and special motor fuels. For example, if a custom operator performs services described in the new section 6420 (c) (3) (A) and uses a special fuel in a motor vehicle, the tax imposed by section 4041 (b) would apply but the owner, tenant, or operator of the farm on which the fuel is used will be entitled to a refund of the tax paid with respect to the fuel used on the farm. As in the case of gasoline, the refund will, in general, be made to the person (the owner, tenant, or operator, as the case may be) for whom the custom operator performed the services.

Amendments Nos. 2 and 3: These amendments are clerical. The House recesses.

JERE COOPER,  
W. D. MILLS,  
NOBLE J. GREGORY,  
DANIEL REED,  
By T. A. JENKINS,  
THOMAS A. JENKINS,

*Managers on the Part of the House.*

○