

AMENDMENT TO RULES COMMITTEE PRINT 115-

85

OFFERED BY MR. BUCK OF COLORADO

Page 191, after line 12, insert the following:

1 **TITLE VI—TREATMENT OF MU-**
2 **TUAL DITCH IRRIGATION**
3 **COMPANIES**

4 **SEC. 601. FACILITATE WATER LEASING AND WATER TRANS-**
5 **FERS TO PROMOTE CONSERVATION AND EF-**
6 **FICIENCY.**

7 (a) IN GENERAL.—Paragraph (12) of section 501(c)
8 of the Internal Revenue Code of 1986 is amended by add-
9 ing at the end the following new subparagraph:

10 “(J) TREATMENT OF MUTUAL DITCH IRRI-
11 GATION COMPANIES.—

12 “(i) IN GENERAL.—In the case of a
13 mutual ditch or irrigation company or of a
14 like organization to a mutual ditch or irri-
15 gation company, subparagraph (A) shall be
16 applied without taking into account—

17 “(I) any income received or ac-
18 crued from the sale, lease, or ex-
19 change of fee or other interests in real

1 and personal property, including inter-
2 ests in water (other than income de-
3 rived from the sale, lease, or transfer
4 of water to nonmembers outside the
5 river basin or basins within which the
6 mutual ditch or irrigation company
7 operates),

8 “(II) any income received or ac-
9 crued from the sale or exchange of
10 stock in a mutual ditch or irrigation
11 company (or in a like organization to
12 a mutual ditch or irrigation company)
13 or contract rights for the delivery or
14 use of water, or

15 “(III) any income received or ac-
16 crued from the investment of income
17 described in subclause (I) or (II),

18 except that any income described in sub-
19 clause (I), (II), or (III) which is distrib-
20 uted or expended for expenses (other than
21 for operations, maintenance, and capital
22 improvements) of the mutual ditch or irri-
23 gation company or of the like organization
24 to a mutual ditch or irrigation company
25 (as the case may be) shall be treated as

1 nonmember income in the year in which it
2 is distributed or expended. For purposes of
3 the preceding sentence, expenses (other
4 than for operations, maintenance, and cap-
5 ital improvements) include expenses for the
6 construction of conveyances designed to de-
7 liver water outside of the system of the
8 mutual ditch or irrigation company or of
9 the like organization.

10 “(ii) TREATMENT OF ORGANIZA-
11 TIONAL GOVERNANCE.—In the case of a
12 mutual ditch or irrigation company or of a
13 like organization to a mutual ditch or irri-
14 gation company, where State law provides
15 that such a company or organization may
16 be organized in a manner that permits vot-
17 ing on a basis which is pro rata to share
18 ownership on corporate governance mat-
19 ters, subparagraph (A) shall be applied
20 without taking into account whether its
21 member shareholders have one vote on cor-
22 porate governance matters per share held
23 in the corporation. Nothing in this clause
24 shall be construed to create any inference
25 about the requirements of this subsection

1 for companies or organizations not in-
2 cluded in this clause.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) shall apply to taxable years beginning after
5 December 31, 2018.

