

**AMENDMENT TO RULES COMMITTEE PRINT 115-**

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**OFFERED BY MR. BUCK OF COLORADO**

Page 150, after line 10, insert the following:

1 **SEC. 510. FACILITATE WATER LEASING AND WATER TRANS-**  
2 **FERS TO PROMOTE CONSERVATION AND EF-**  
3 **FICIENCY.**

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

7 “(J) TREATMENT OF MUTUAL DITCH IRRI-  
8 GATION COMPANIES.—

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

14 “(I) any income received or ac-  
15 crued from the sale, lease, or ex-  
16 change of fee or other interests in real  
17 and personal property, including inter-  
18 ests in water (other than income de-  
19 rived from the sale, lease, or transfer

1 of water to nonmembers outside the  
2 river basin or basins within which the  
3 mutual ditch or irrigation company  
4 operates),

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

12 “(III) any income received or ac-  
13 crued from the investment of income  
14 described in subclause (I) or (II),

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

1 than for operations, maintenance, and cap-  
2 ital improvements) include expenses for the  
3 construction of conveyances designed to de-  
4 liver water outside of the system of the  
5 mutual ditch or irrigation company or of  
6 the like organization.

7 “(ii) TREATMENT OF ORGANIZA-  
8 TIONAL GOVERNANCE.—In the case of a  
9 mutual ditch or irrigation company or of a  
10 like organization to a mutual ditch or irri-  
11 gation company, where State law provides  
12 that such a company or organization may  
13 be organized in a manner that permits vot-  
14 ing on a basis which is pro rata to share  
15 ownership on corporate governance mat-  
16 ters, subparagraph (A) shall be applied  
17 without taking into account whether its  
18 member shareholders have one vote on cor-  
19 porate governance matters per share held  
20 in the corporation. Nothing in this clause  
21 shall be construed to create any inference  
22 about the requirements of this subsection  
23 for companies or organizations not in-  
24 cluded in this clause.”.

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

