

103^D CONGRESS
2^D SESSION

H. R. 4612

To amend the Internal Revenue Code of 1986 to exempt gain from the sale of a principal residence from tax.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 1994

Mr. JOHNSTON of Florida (for himself, Mrs. THURMAN, Mr. WILSON, Mr. FALEOMAVAEGA, Mr. CANADY, Mr. ROYCE, and Mr. LIPINSKI) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exempt gain from the sale of a principal residence from tax.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. EXCLUSION OF GAIN FROM SALE OF PRIN-**
4 **CIPAL RESIDENCE.**

5 (a) GENERAL RULE.—The section heading and sub-
6 section (a) of section 121 of the Internal Revenue Code
7 of 1986 are amended to read as follows:

1 **“SEC. 121. EXCLUSION OF GAIN FROM SALE OF PRINCIPAL**
2 **RESIDENCE BY INDIVIDUAL.**

3 “(a) GENERAL RULE.—Gross income does not in-
4 clude gain from the sale or exchange of property if, during
5 the 5-year period ending on the date of the sale or ex-
6 change, such property has been owned and used by the
7 taxpayer as the taxpayer’s principal residence for periods
8 aggregating 3 years or more.”

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 121 of such Code is amended by
11 striking subsections (b) and (c) and by redesignating
12 subsection (d) as subsection (b).

13 (2) Paragraph (1) of section 121(b) of such
14 Code (as so redesignated) is amended by striking
15 “age, holding, and use” each place it appears and
16 inserting “holding and use”.

17 (3) Paragraph (2) of section 121(b) of such
18 Code is amended to read as follows:

19 “(2) PROPERTY OF DECEASED SPOUSE.—For
20 purposes of this section, in the case of an unmarried
21 individual whose spouse is deceased on the date of
22 the sale or exchange of property, if the deceased
23 spouse (during the 5-year period ending on the date
24 of the sale or exchange) satisfied the holding and
25 use requirements of subsection (a) with respect to
26 such property, then such individual shall be treated

1 as satisfying the holding and use requirements of
2 subsection (a) with respect to such property.”

3 (4) Paragraph (3) of section 121(b) of such
4 Code (as so redesignated) is amended by striking
5 “subsection (a)(2)” each place it appears and insert-
6 ing “subsection (a)”.

7 (5) Paragraph (9) of section 121(b) of such
8 Code (as so redesignated) is amended by striking
9 “subsection (a)(2)” and inserting “subsection (a)”.

10 (6) Sections 1033(i)(3), 1034(l), 1038(e)(1)(A),
11 1250(d)(7)(B), and 6012(c) of such Code are each
12 amended—

13 (A) by striking “one-time”, and

14 (B) by striking “who has attained age 55”.

15 (c) CLERICAL AMENDMENTS.—The table of sections
16 for part III of subchapter B of chapter 1 of such Code
17 is amended by striking the item relating to section 121
18 and inserting the following:

“Sec. 121. Exclusion of gain from sale of principal residence by
individual.”

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to sales and exchanges after the
21 date of the enactment of this Act.

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