

104TH CONGRESS  
2D SESSION

# H. R. 3570

To amend the Internal Revenue Code of 1986 to provide that gain on the sale of a principal residence shall be excluded from gross income without regard to the age of the taxpayer or the amount of the gain.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 1996

Mrs. KELLY introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that gain on the sale of a principal residence shall be excluded from gross income without regard to the age of the taxpayer or the amount of the gain.

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. SHORT TITLE.**

4       This Act may be cited as the “Homeowners Relief  
5 Act of 1996”.

1 **SEC. 2. EXCLUSION OF GAIN FROM SALE OF PRINCIPAL**  
2 **RESIDENCE.**

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

6 **“SEC. 121. EXCLUSION OF GAIN FROM SALE OF PRINCIPAL**  
7 **RESIDENCE BY INDIVIDUAL.**

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

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 121 of such Code is amended by  
16 striking subsections (b) and (c) and by redesignating  
17 subsection (d) as subsection (b).

18 (2) Paragraph (1) of section 121(b) of such  
19 Code (as so redesignated) is amended by striking  
20 “age, holding, and use” each place it appears and  
21 inserting “holding and use”.

22 (3) Paragraph (2) of section 121(b) (as so re-  
23 designated) of such Code is amended to read as fol-  
24 lows:

25 “(2) PROPERTY OF DECEASED SPOUSE.—For  
26 purposes of this section, in the case of an unmarried

1 individual whose spouse is deceased on the date of  
2 the sale or exchange of property, if the deceased  
3 spouse (during the 7-year period ending on the date  
4 of the sale or exchange) satisfied the holding and  
5 use requirements of subsection (a) with respect to  
6 such property, then such individual shall be treated  
7 as satisfying the holding and use requirements of  
8 subsection (a) with respect to such property.”

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

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

16 (6) Sections 1033(i)(3), 1034(l), 1038(e)(1)(A),  
17 1250(d)(7)(B), and 6012(c) of such Code are each  
18 amended—

19 (A) by striking “one-time”, and

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

21 (c) CLERICAL AMENDMENT.—The table of sections  
22 for part III of subchapter B of chapter 1 of such Code  
23 is amended by striking the item relating to section 121  
24 and inserting the following:

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

1           (d) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall apply to sales and exchanges after the  
3 date of the enactment of this Act.

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