

106TH CONGRESS  
2D SESSION

# H. R. 4421

To amend the Internal Revenue Code of 1986 to provide that the exclusion of gain on sale of a principal residence shall apply to certain farmland sold with the principal residence.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2000

Mr. WATKINS 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 the exclusion of gain on sale of a principal residence shall apply to certain farmland sold with the principal residence.

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 FOR FARMLAND SOLD WITH PRIN-**  
4 **CIPAL RESIDENCE.**

5 (a) IN GENERAL.—Section 121 of the Internal Rev-  
6 enue Code of 1986 (relating to exclusion of gain from sale  
7 of principal residence) is amended by redesignating sub-  
8 sections (e), (f), and (g) as subsections (f), (g), and (h),

1 respectively, and by inserting after subsection (d) the fol-  
2 lowing new subsection:

3 “(e) EXCLUSION TO APPLY TO FARMLAND SOLD  
4 WITH RESIDENCE.—

5 “(1) IN GENERAL.—If, as part of the sale or  
6 exchange of the taxpayer’s principal residence, the  
7 taxpayer also transfers qualified farmland to the  
8 transferee of such residence, this section shall apply  
9 to gain on the sale or exchange of such farmland in  
10 the same manner as if such farmland were part of  
11 the taxpayer’s principal residence.

12 “(2) QUALIFIED FARMLAND.—For purposes of  
13 this subsection, the term ‘qualified farmland’ means  
14 any land (and structures located thereon) if—

15 “(A) such land is contiguous to the tax-  
16 payer’s principal residence, and

17 “(B) throughout the 10-year period ending  
18 on the date of the sale or exchange—

19 “(i) such land and structures were  
20 owned by the taxpayer or a member of the  
21 taxpayer’s family and used as a farm for  
22 farming purposes by the taxpayer or a  
23 member of the taxpayer’s family, and

24 “(ii) there was material participation  
25 by the taxpayer or a member of the tax-

1                   payer's family in the operation of such  
2                   farm.

3           Terms used in subparagraph (B) which are also  
4           used in section 2032A shall have the respective  
5           meanings given such terms in section 2032A.”

6           (b) **EFFECTIVE DATE.**—The amendment made by  
7           this section shall apply to sales and exchanges after the  
8           date of the enactment of this Act.

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