

104TH CONGRESS
1ST SESSION

H. R. 928

To amend the Internal Revenue Code of 1986 to provide for the nonrecognition of gain on long-term real property which is involuntarily converted as the result of the exercise of eminent domain, without regard to whether the replacement property is similar or of like kind.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 1995

Mr. COSTELLO 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 provide for the nonrecognition of gain on long-term real property which is involuntarily converted as the result of the exercise of eminent domain, without regard to whether the replacement property is similar or of like kind.

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

1 **SECTION 1. NONRECOGNITION TREATMENT FOR CERTAIN**
2 **REAL PROPERTY INVOLUNTARILY CON-**
3 **VERTED AS RESULT OF EXERCISE OF EMI-**
4 **NENT DOMAIN.**

5 (a) IN GENERAL.—Section 1033 of the Internal Rev-
6 enue Code of 1986 (relating to involuntary conversions)
7 is amended by redesignating subsection (i) as subsection
8 (j) and by inserting after subsection (h) the following new
9 subsection:

10 “(i) CONDEMNATION OF REAL PROPERTY HELD FOR
11 AT LEAST 10 YEARS.—For purposes of subsection (a), if
12 real property held by the taxpayer for at least 10 years
13 is (as the result of its seizure, requisition, or condemna-
14 tion, or threat or imminence thereof) compulsorily or in-
15 voluntarily converted, any other property shall (at the elec-
16 tion of the taxpayer) be treated as property similar or re-
17 lated in service or use to the property so converted.”

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to dispositions of converted prop-
20 erty occurring on or after October 1, 1991.

21 (c) If refund or credit of any overpayment of tax re-
22 sulting from the application of subsection (a) is prevented
23 at any time before the close of the 1-year period beginning
24 on the date of the enactment of this Act by the operation
25 of any law or rule of law (including res judicata), refund
26 or credit of such overpayment (to the extent attributable

1 to the application of subsection (a)) may, nevertheless, be
2 made or allowed if claim therefor is filed before the close
3 of such 1-year period.

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