

109TH CONGRESS
1ST SESSION

H. R. 2476

To amend the Internal Revenue Code of 1986 to exclude from gross income gain on the sale of certain residential leased-fee interests to holders of the leasehold rights.

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 2005

Mr. ABERCROMBIE 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 exclude from gross income gain on the sale of certain residential leased-fee interests to holders of the leasehold rights.

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 SALES OF CERTAIN**
4 **RESIDENTIAL LEASED-FEE INTERESTS TO**
5 **HOLDERS OF THE LEASEHOLD RIGHTS.**

6 (a) GENERAL RULE.—Part III of subchapter B of
7 chapter 1 of the Internal Revenue Code of 1986 (relating
8 to items specifically excluded from gross income) is

1 amended by inserting after section 139A the following new
2 section:

3 **“SEC. 139B. SALES OF CERTAIN RESIDENTIAL LEASED-FEE**
4 **INTERESTS TO HOLDERS OF THE LEASEHOLD**
5 **RIGHTS.**

6 “(a) GENERAL RULE.—In the case of a fee simple
7 owner-lessor, and legal and equitable owners, of qualified
8 property, gross income does not include gain from the sale
9 of such property to a holder of the leasehold right if such
10 holder is—

11 “(1) a lessee of a residential house lot,

12 “(2) a lessee of a multi-family residential lease-
13 hold unit,

14 “(3) an association of apartment owners of a
15 multi-family residential leasehold property, or

16 “(4) a cooperative housing corporation for a
17 residential leasehold property.

18 “(b) QUALIFIED PROPERTY.—For purposes of sub-
19 section (a), the term ‘qualified property’ means the leased-
20 fee interest to any residential house lot or the leased-fee
21 interest in a condominium or co-operative housing apart-
22 ment in a multi-family residential leasehold property.

23 “(c) OTHER DEFINITIONS.—For purposes of sub-
24 section (b)—

1 “(1) FEE SIMPLE OWNER, LEASED-FEE INTER-
 2 EST, LEGAL AND EQUITABLE OWNERS, LESSEE.—
 3 The terms ‘fee simple owner’, ‘leased-fee interest’,
 4 ‘legal and equitable owners’, and ‘lessee’ shall have
 5 the same meaning as defined in Hawaii Revised
 6 Statutes §516–1.

7 “(2) MULTI-FAMILY RESIDENTIAL LEASEHOLD
 8 PROPERTY, MULTI-FAMILY RESIDENTIAL LEASE-
 9 HOLD UNIT.—The terms ‘multi-family residential
 10 leasehold property’ and ‘multi-family residential
 11 leasehold unit’ mean property or units within a
 12 planned unit development, condominium project, or
 13 cooperative housing project, as those terms are de-
 14 fined in Hawaii Revised Statutes §514C–1.

15 “(d) TERMINATION.—This section shall not apply to
 16 any taxable year beginning after December 31, 2010.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
 18 for such part is amended by inserting after the item relat-
 19 ing to section 139A the following new item:

 “Sec. 139B. Sales of certain residential leased-fee interests to holders of the
 leasehold rights.”.

20 (c) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to sales after December 31, 2005.

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