

112TH CONGRESS
1ST SESSION

H. R. 1481

To amend the Internal Revenue Code of 1986 to encourage the purchase of residential property by providing an exclusion from tax on certain gains.

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 2011

Mr. POLIS (for himself and Mr. COFFMAN of Colorado) 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 encourage the purchase of residential property by providing an exclusion from tax on certain gains.

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 “Investment Property
5 Opportunity Act of 2011”.

6 **SEC. 2. EXCLUSION OF CERTAIN CAPITAL GAINS ON RESI-**
7 **DENTIAL PROPERTY.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by inserting after section 139C the following new section:

1 **“SEC. 139D. CAPITAL GAINS ON CERTAIN RESIDENTIAL**
2 **PROPERTY.**

3 “(a) IN GENERAL.—Gross income shall not include
4 gain from the sale of real property consisting predomi-
5 nantly of residential property if—

6 “(1) such property is located in a distressed
7 housing area,

8 “(2) such property is acquired by purchase (as
9 defined in section 179(d)(2)) during the 18-month
10 period beginning on the date of the enactment of
11 this section, and

12 “(3) such property is held for more than 3
13 years.

14 “(b) DISTRESSED HOUSING AREA.—For purposes of
15 this section, the term ‘distressed housing area’ means any
16 county which is designated by the Secretary as having,
17 with respect to residential housing located in such coun-
18 ty—

19 “(1) a mortgage foreclosure rate during 2010
20 which was 110 percent or more of the national aver-
21 age of such rate,

22 “(2) a decline during 2010 in the average fair
23 market value of such housing of at least 20 percent,
24 or

25 “(3) more than 50 percent of the loans which
26 are secured by such housing as having a loan to

1 value ratio of greater than 80 percent (determined
2 as of the end of 2010).

3 “(c) EXCEPTION FOR SALES BETWEEN RELATED
4 PERSONS.—

5 “(1) IN GENERAL.—Subsection (a) shall not
6 apply to any sale between related persons.

7 “(2) RELATED PERSONS.—For purposes of this
8 subsection, a person shall be treated as related to
9 another person if the relationship between such per-
10 sons would result in a disallowance of losses under
11 section 267 or 707(b).”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for part III of subchapter B of chapter 1 of such Code
14 is amended by inserting after the item relating to section
15 139C the following new item:

“Sec. 139D. Capital gains on certain residential property.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property purchased after the
18 date of the enactment of this section.

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