

105TH CONGRESS  
1ST SESSION

# H. R. 1563

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.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 8, 1997

Mr. COSTELLO 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 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 (k) as subsection  
 8 (l) and by inserting after subsection (j) the following new  
 9 subsection:

10 “(k) CONDEMNATION OF REAL PROPERTY HELD  
 11 FOR AT LEAST 10 YEARS.—For purposes of subsection  
 12 (a), if real property held by the taxpayer for at least 10  
 13 years is (as the result of its seizure, requisition, or con-  
 14 demnation, or threat or imminence thereof) compulsorily  
 15 or involuntarily converted, any other property shall (at the  
 16 election of the taxpayer) be treated as property similar or  
 17 related 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 January 1, 1997.

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