

105TH CONGRESS  
1ST SESSION

# H. R. 1680

To amend the Internal Revenue Code of 1986 to allow a separate election for each spouse under the 1-time election to exclude gain on the sale or exchange of a principal residence and to increase the maximum exclusion to \$250,000 if both a husband and wife make the election for the same residence.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1997

Mr. WELDON of Florida 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 allow a separate election for each spouse under the 1-time election to exclude gain on the sale or exchange of a principal residence and to increase the maximum exclusion to \$250,000 if both a husband and wife make the election for the same 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. SHORT TITLE.**

4       This Act may be cited as the “Married Couples Home  
5       Sale Equity Act of 1997”.

1 **SEC. 2. MODIFICATIONS TO ELECTION OF 1-TIME EXCLU-**  
2 **SION OF GAIN FROM SALE OF PRINCIPAL**  
3 **RESIDENCE BY INDIVIDUALS WHO HAVE AT-**  
4 **TAINED AGE 55.**

5 (a) SEPARATE ELECTIONS FOR EACH SPOUSE.—  
6 Paragraph (2) of section 121(b) of the Internal Revenue  
7 Code of 1986 (relating to application to only 1 sale or  
8 exchange) is amended to read as follows:

9 “(2) APPLICATION TO ONLY 1 SALE OR EX-  
10 CHANGE.—

11 “(A) IN GENERAL.—An individual may not  
12 make an election under subsection (a) with re-  
13 spect to any sale or exchange if an election by  
14 such individual under subsection (a) is in effect  
15 with respect to any other sale or exchange.

16 “(B) SEPARATE ELECTIONS BY HUSBAND  
17 AND WIFE.—If—

18 “(i) property is held by a husband  
19 and wife as joint tenants, tenants by the  
20 entirety, or community property,

21 “(ii) such husband and wife make a  
22 joint return for the taxable year of the sale  
23 or exchange, and

24 “(iii) the election under subsection (a)  
25 with respect to such property specifies  
26 which of such individuals is to be treated

1                   for purposes of this section as having made  
 2                   such election,  
 3                   then such election shall be valid with respect to  
 4                   both such individuals but only the individual so  
 5                   specified shall be treated for purposes of sub-  
 6                   paragraph (A) as having made such election.”

7           (b) INCREASE IN MAXIMUM EXCLUSION WHERE  
 8 BOTH HUSBAND AND WIFE MAKE ELECTION FOR SAME  
 9 RESIDENCE.—Paragraph (1) of section 121(b) of such  
 10 Code (relating to dollar limitation) is amended to read as  
 11 follows:

12                   “(1) DOLLAR LIMITATION.—

13                   “(A) IN GENERAL.—Except as otherwise  
 14                   provided in this paragraph, the amount of the  
 15                   gain excluded from gross income under sub-  
 16                   section (a) shall not exceed \$125,000.

17                   “(B) \$250,000 LIMITATION FOR CERTAIN  
 18 MARRIED INDIVIDUALS FILING JOINT RE-  
 19 TURN.—In the case of a joint return of a hus-  
 20 band and wife each of whom—

21                   “(i) without regard to subsection  
 22                   (d)(1) satisfies the age, holding, and use  
 23                   requirements of subsection (a) with respect  
 24                   to the property, and

1                   “(ii) makes an election under sub-  
2                   section (a) with respect to a sale or ex-  
3                   change of such property,  
4                   the limitation under subparagraph (A) shall be  
5                   \$250,000.

6                   “(C) MARRIED INDIVIDUALS FILING SEPA-  
7                   RATE RETURNS.—In the case of a separate re-  
8                   turn of a married individual who does not make  
9                   the election under subsection (a) with respect to  
10                  a sale or exchange, the limitation under sub-  
11                  paragraph (A) shall be—

12                   “(i) zero, or

13                   “(ii) if such individual’s spouse makes  
14                   such election with respect to such sale or  
15                   exchange, the portion of such spouse’s lim-  
16                   itation under subparagraph (A) (but not  
17                   more than \$62,500) which such spouse al-  
18                   locates to such married individual.”

19                  (c) CONFORMING AMENDMENT.—Subsection (c) of  
20                  section 121 of such Code is amended by striking the last  
21                  sentence.

22                  (d) EFFECTIVE DATE.—The amendments made by  
23                  this section shall apply to sales and exchanges after the  
24                  date of the enactment of this Act.

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