

106TH CONGRESS  
1ST SESSION

# H. R. 273

To amend the Internal Revenue Code of 1986 to treat lands which are contiguous to a principal residence and which were farmed for 5 years before the sale of the principal residence as part of such residence.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. SMITH of Michigan (for himself and Mr. McHUGH) 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 treat lands which are contiguous to a principal residence and which were farmed for 5 years before the sale of the principal residence as part of such 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. INCLUSION OF FARMLAND AS PART OF PRIN-**  
4       **CIPAL RESIDENCE.**

5       (a) IN GENERAL.—Subsection (d) of section 121 of  
6       the Internal Revenue Code of 1986 (relating to special  
7       rules concerning the exclusion of gain from sale of prin-

1 cipal residence) is amended by adding at the end the fol-  
2 lowing new paragraph:

3           “(9) FARMLAND.—If, for each of the 5 taxable  
4       years preceding the taxable year in which the sale or  
5       exchange of a principal residence occurs, amounts  
6       were includible in gross income from a farming busi-  
7       ness conducted on real property contiguous to the  
8       principal residence, then such real property shall, at  
9       the election of the taxpayer, be treated as part of  
10      the principal residence for purposes of this section.  
11      For purposes of the preceding sentence, the term  
12      ‘contiguous’ means adjacent or adjoining (at 1 or  
13      more corners), not taking into account any road  
14      right-of-way.”.

15      (b) EFFECTIVE DATE.—The amendment made by  
16      subsection (a) shall apply to sales and exchanges occurring  
17      after the date of the enactment of this Act.

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