

109TH CONGRESS
1ST SESSION

H. R. 2757

To amend the Internal Revenue Code of 1986 to provide an inflation adjustment of the dollar limitation on the exclusion of gain on the sale of a principal residence.

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 2005

Mr. ANDREWS 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 provide an inflation adjustment of the dollar limitation on the exclusion of gain on the sale of a principal 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 “Homeowners’ Benefit
5 Protection Act of 2005”.

1 **SEC. 2. INFLATION ADJUSTMENT OF LIMITATION ON EX-**
2 **CLUSION OF GAIN ON SALE OF PRINCIPAL**
3 **RESIDENCE.**

4 (a) IN GENERAL.—Subsection (b) of section 121 of
5 the Internal Revenue Code of 1986 (relating to exclusion
6 of gain from sale of principal residence) is amended by
7 adding at the end the following new paragraph:

8 “(4) EXCLUSION LIMITATION.—

9 “(A) IN GENERAL.—For purposes of this
10 subsection, the exclusion limitation is \$250,000.

11 “(B) INFLATION ADJUSTMENT.—In the
12 case of any sale or exchange during any cal-
13 endar year after 2005, the dollar amount con-
14 tained in subparagraph (A) shall be increased
15 by an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for such
19 calendar year by substituting ‘calendar
20 year 2004’ for ‘calendar year 1992’ in sub-
21 paragraph (B) thereof.

22 If any increase under the preceding sentence is
23 not a multiple of \$1,000, such increase shall be
24 rounded to the nearest multiple of \$1,000.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Paragraph (1) of section 121(b) of such
2 Code is amended by striking “\$250,000” and insert-
3 ing “the exclusion limitation”.

4 (2) Subparagraph (A) of section 121(b)(2) of
5 such Code is amended by striking so much of such
6 paragraph as precedes clause (i) and inserting the
7 following:

8 “(A) SPECIAL RULES FOR JOINT RE-
9 TURNS.—Paragraph (1) shall be applied by sub-
10 stituting ‘twice the exclusion limitation’ for ‘the
11 exclusion limitation’ if—”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to sales and exchanges after De-
14 cember 31, 2005.

○