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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide for nonrecognition of gain or loss on like-kind exchanges of certain residential real property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LAWLER introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for nonrecognition of gain or loss on like-kind exchanges of certain residential real property, and for other purposes.

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. NONRECOGNITION OF GAIN OR LOSS ON LIKE-**
4 **KIND EXCHANGES OF CERTAIN RESIDENTIAL**
5 **REAL PROPERTY.**

6 (a) IN GENERAL.—Section 1031(a)(1) of the Internal
7 Revenue Code of 1986 is amended—

1 (1) by striking “recognized on the exchange of
2 real property” and inserting “recognized on—

3 “(A) the exchange of real property”,

4 (2) by striking the period at the end and insert-
5 ing “, or”, and

6 (3) by adding at the end the following:

7 “(B) the exchange of real property if—

8 “(i) during the 30-year period ending
9 on the date of the exchange, such property
10 has been owned and used by the taxpayer
11 as the taxpayer’s principal residence (with-
12 in the meaning of section 121), and

13 “(ii) such property is exchanged solely
14 for real property of like kind which is to be
15 held for use as the taxpayer’s principal res-
16 idence (within such meaning).”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) The heading of section 1031 of such Code
19 is amended by inserting “, **OR HELD FOR USE AS**
20 **PRINCIPAL RESIDENCE**” after “**INVESTMENT**”.

21 (2) The item relating to section 1031 in the
22 table of sections for part III of subchapter O of
23 chapter 1 of such Code is amended by inserting “,
24 or held for use as principal residence” after “invest-
25 ment”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to exchanges completed after De-
3 cember 31, 2026.