

112TH CONGRESS  
1ST SESSION

# H. R. 2327

To amend the Internal Revenue Code of 1986 to exclude from gross income gain from the conversion of property by reason of eminent domain.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 2011

Mr. GINGREY of Georgia (for himself, Mr. KING of Iowa, Mr. BROUN of Georgia, Mr. WESTMORELAND, Mr. CULBERSON, Mr. THOMPSON of Pennsylvania, Mr. JONES, Mrs. BONO MACK, Mr. BARTLETT, Mr. MACK, and Mr. BILBRAY) 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 exclude from gross income gain from the conversion of property by reason of eminent domain.

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 “Eminent Domain Tax  
5 Relief Act of 2011”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR GAIN FROM**  
2 **DISPOSITION OF PROPERTY BY REASON OF**  
3 **EMINENT DOMAIN.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-  
5 ter 1 of the Internal Revenue Code of 1986 (relating to  
6 items specifically excluded from gross income) is amended  
7 by inserting after section 139D the following new section:

8 **“SEC. 139E. GAIN FROM DISPOSITION OF PROPERTY BY**  
9 **REASON OF EMINENT DOMAIN.**

10 “(a) IN GENERAL.—Gross income shall not include  
11 gain from the conversion (or threat or imminence thereof)  
12 of property in the United States by reason of the exercise  
13 of eminent domain by a governmental unit having the  
14 power to exercise eminent domain.

15 “(b) COORDINATION WITH OTHER NONRECOGNI-  
16 TION PROVISIONS.—

17 “(1) GAIN.—Gain excluded under subsection  
18 (a) shall not be treated as gain recognized or an  
19 amount realized for purposes of sections 467,  
20 637(d), 1033, 1245, 1250, 1252, 1254, 1255, and  
21 1402.

22 “(2) SECTION 1231.—Section 1231 shall be ap-  
23 plied without regard to this section.

24 “(3) HOLDING PERIOD.—Section 1223(1) shall  
25 not apply.

1       “(c) ELECTION NOT TO CLAIM CREDIT.—This sec-  
2 tion shall not apply to a taxpayer for any taxable year  
3 if such taxpayer elects to have this section not apply for  
4 such taxable year.”.

5       (b) CLERICAL AMENDMENT.—The table of sections  
6 for such part is amended by inserting after the item relat-  
7 ing to section 139C the following new item:

“Sec. 139E. Gain from disposition of property by reason of eminent domain.”.

8       (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years ending after the  
10 date of the enactment of this Act.

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