

119TH CONGRESS
2D SESSION

H. R. 7131

To amend the Internal Revenue Code of 1986 to eliminate the dollar limitations on the exclusion of gain from sales of principal residences, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2026

Mr. FITZGERALD 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 eliminate the dollar limitations on the exclusion of gain from sales of principal residences, 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. SHORT TITLE.**

4 This Act may be cited as the “Middle Class Home
5 Tax Elimination Act”.

1 **SEC. 2. ELIMINATION OF DOLLAR LIMITATIONS ON EXCLU-**
2 **SION OF GAIN FROM SALES OF PRINCIPAL**
3 **RESIDENCES.**

4 (a) IN GENERAL.—Section 121(b) of the Internal
5 Revenue Code of 1986 is amended—

6 (1) by striking paragraphs (1), (2), and (4),
7 and

8 (2) by redesignating paragraphs (3) and (5) as
9 paragraphs (1) and (2), respectively.

10 (b) CONFORMING AMENDMENTS.—Section 121(c) of
11 such Code is amended—

12 (1) in paragraph (1), by striking “, and sub-
13 section (b)(3)” and all that follows through “2
14 years” and inserting “, and subsection (b)(1), shall
15 not apply”, and

16 (2) in paragraph (2)(A)(ii), by striking “sub-
17 section (b)(3)” and inserting “subsection (b)(1)”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to sales and exchanges after the
20 date of the enactment of this Act.

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