

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> 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.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2026

Mr. FITZGERALD 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 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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