

119TH CONGRESS
2D SESSION

H. R. 7687

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2026

Mr. CLINE (for himself, Mr. FLEISCHMANN, Mr. PERRY, Mr. MOORE of Alabama, and Mr. OGLES) 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 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 “No Tax on Takings
5 Act”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR GAIN FROM**
 2 **CONVERSION 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 is amended
 6 by inserting after section 139L the following new section:

7 **“SEC. 139M. GAIN FROM CONVERSION OF PROPERTY BY**
 8 **REASON OF EMINENT DOMAIN.**

9 “(a) IN GENERAL.—Gross income shall not include
 10 gain from the conversion of property located in the United
 11 States by reason of the exercise of eminent domain (in-
 12 cluding the sale or exchange of such property under threat
 13 or imminence of such exercise).

14 “(b) COORDINATION WITH RULE FOR INVOLUNTARY
 15 CONVERSIONS.—Section 1033 shall not apply to any con-
 16 version to which this section applies.

17 “(c) ELECTION NOT TO CLAIM EXCLUSION.—This
 18 section shall not apply to any conversion if the taxpayer
 19 elects (at such time and in such manner as the Secretary
 20 may provide) to have this section not apply to such conver-
 21 sion.

22 “(d) REGULATIONS.—The Secretary shall issue such
 23 regulations or other guidance as may be necessary or ap-
 24 propriate to carry out the purposes of this section.”.

25 (b) CLERICAL AMENDMENT.—The table of sections
 26 for part III of subchapter B of chapter 1 of such Code

1 is amended by inserting after the item relating to section
2 139L the following new item:

“Sec. 139M. Gain from conversion of real property by reason of eminent domain.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to conversions in taxable years end-
5 ing after the date of the enactment of this Act.

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