

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

# H. R. 8591

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income of gain from the sale of qualified farm property to qualified family members.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2026

Mr. MASSIE (for himself, Ms. PEREZ, Mr. ROY, Mr. DAVIDSON, Mr. BURCHETT, Ms. BOEBERT, Ms. MACE, Mr. EDWARDS, Mr. BURLISON, Mr. COLLINS, and Ms. FEDORCHAK) 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 provide an exclusion from gross income of gain from the sale of qualified farm property to qualified family members.

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 Capital Gains Tax  
5       on Family Farms Act”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME OF GAIN FROM**  
2 **SALE OF QUALIFIED FARM PROPERTY TO**  
3 **QUALIFIED FAMILY MEMBERS.**

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 121 the following new section:

7 **“SEC. 121A. EXCLUSION OF GAIN FROM SALE OF QUALIFIED**  
8 **FARM PROPERTY TO QUALIFIED FAMILY**  
9 **MEMBERS.**

10 “(a) EXCLUSION.—Gross income shall not include  
11 gain from the sale or exchange of qualified farm property  
12 to a qualified family member of the taxpayer.

13 “(b) DEFINITIONS.—For purposes of this section—

14 “(1) QUALIFIED FARM PROPERTY.—The term  
15 ‘qualified farm property’ means any interest in real  
16 property located in the United States if, during peri-  
17 ods aggregating 2 years or more during the 8-year  
18 period ending on the date of the sale or exchange of  
19 such real property, such real property was owned  
20 and used as a farm for farming purposes (within the  
21 meaning of section 2032A(e)) by the taxpayer.

22 “(2) QUALIFIED FAMILY MEMBER.—The term  
23 ‘qualified family member’ means, with respect to any  
24 taxpayer—

25 “(A) the spouse of such taxpayer,

1           “(B) a lineal descendant of such taxpayer,  
2           of such taxpayer’s spouse, of a parent of such  
3           taxpayer, or of a parent of such taxpayer’s  
4           spouse, or

5           “(C) the spouse of any lineal descendant  
6           described in subparagraph (B).

7           For purposes of the preceding sentence, a legally  
8           adopted child of an individual shall be treated as the  
9           child of such individual by blood.

10          “(c) SPECIAL RULES.—

11           “(1) BASIS OF QUALIFIED FARM PROPERTY.—

12          For purposes of this section—

13           “(A) IN GENERAL.—The basis of qualified  
14           farm property in the hands of a qualified family  
15           member following a sale or exchange described  
16           in subsection (a) shall be the adjusted basis of  
17           such qualified farm property in the hands of the  
18           taxpayer immediately before such sale or ex-  
19           change.

20           “(B) INCREASED BASIS FOLLOWING 10-  
21           YEAR HOLDING PERIOD.—If, following a sale or  
22           exchange described in subsection (a), the quali-  
23           fied farm property is not sold, exchanged, or  
24           otherwise disposed of for the 10-year period be-  
25           ginning on the date of such sale or exchange,

1 the basis of such qualified farm property in the  
2 hands of the qualified family member (as of the  
3 first day following such 10-year period) shall be  
4 increased by an amount equal to the excess (if  
5 any) of—

6 “(i) the fair market value of such  
7 qualified farm property (as of the date of  
8 such sale or exchange), over

9 “(ii) the basis of such qualified farm  
10 property in the hands of such qualified  
11 family member (as otherwise determined  
12 under subparagraph (A)).

13 “(2) ELECTION TO HAVE SECTION NOT  
14 APPLY.—Rules similar to the rules of section 121(f)  
15 shall apply for purposes of this section.

16 “(d) REGULATIONS.—The Secretary shall prescribe  
17 such regulations or other guidance as may be necessary  
18 or appropriate to carry out the purposes of this section,  
19 including with respect to the application of subsection  
20 (c)(1)(B) in cases other than where the entire interest in  
21 qualified farm property is not sold, exchanged, or other-  
22 wise disposed of for the applicable 10-year period.”.

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

1 is amended by inserting after the item relating to section  
2 121 the following new item:

“Sec. 121A. Exclusion of gain from sale of qualified farm property to qualified  
family members.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to sales or exchanges after the date  
5 of the enactment of this Act.

○