

# Wayne Allard

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For Release:  
November 14, 2001

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## ALLARD AND McCAIN INTRODUCE “Military Homeowners Tax Equity Act of 2001”

Washington, D.C. – U.S. Senator Wayne Allard (R-CO) has teamed up with U.S. Senator John McCain (R-AZ) to introduce the “Military Homeowners Tax Equity Act of 2001.”

The Allard-McCain bill, S. 1678, amends the Taxpayer Relief Act of 1997 to allow military and foreign service personnel to qualify for the capitol gains provision in the IRS code on the sale of their primary residence. The bill does so by providing that absences from the principal residence due to serving on a qualified official duty as a member of a uniformed service or the Foreign Service of the United States be treated as using the residence in determining the exclusion of gain from the sale of such residence.

Under the current law, taxpayers who sell their residence are not taxed on the first \$250,000 of profit from the sale – \$500,000 for joint filers. This is a well-deserved tax break that encourages and rewards home ownership. The taxpayer must meet two requirements to qualify for this relief. First, they must *own* the home for at least two of the last five years, and second they must *live* in the home for at least two of the last five years. It is the latter requirement that is not fair or equitable to our service members.

“This bill provides tax equity to members of the uniformed services and the Foreign Service by permitting them to benefit from the same capital gains tax exemption other Americans enjoy when they sell their homes,” said Allard. “This legislation corrects an inequity in the current tax code that unfairly disallows a tax exemption that is earned by our military men and women.”

Service members move at the direction of the U.S. government. They pick up and move their families on a regular basis whenever the need of their service requires them to move. Frequently, this causes members subjected to substantial tax liabilities simply for following government orders.

“The intent of the capital gains exclusion in the IRS code is to encourage home ownership by exempting capital gains taxes on the sale their home and allow more Americans to enjoy our country’s prosperity,” added Allard. This bill allows those who are serving our country abroad to enjoy the same tax benefits that other qualifying homeowners currently enjoy.”

