

118TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to exclude from gross income gain from the sale of qualified real property interests acquired under the authority of the Readiness and Environmental Protection Integration (REPI) program administered by the Department of Defense pursuant to section 2684a of title 10, United States Code, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BUDD (for himself and Mr. KAINE) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income gain from the sale of qualified real property interests acquired under the authority of the Readiness and Environmental Protection Integration (REPI) program administered by the Department of Defense pursuant to section 2684a of title 10, United States Code, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Incentivizing Readiness and Environmental Protection Integration Sales Act of 2024”.

3 **SEC. 2. EXCLUSION OF GAIN FROM SALE OF QUALIFIED**
4 **REAL PROPERTY INTERESTS ACQUIRED FOR**
5 **PURPOSES RELATED TO THE READINESS AND**
6 **ENVIRONMENTAL PROTECTION INTEGRATION PROGRAM.**

7 (a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139I the following new section:

8 **“SEC. 139J. GAIN FROM SALE OF QUALIFIED REAL PROPERTY INTEREST FOR PURPOSES RELATED TO**
9 **THE READINESS AND ENVIRONMENTAL PROTECTION INTEGRATION PROGRAM.**

10 “(a) IN GENERAL.—Gross income shall not include any gain from the sale of qualified real property interest to a qualified organization for REPI purposes.

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

12 “(1) QUALIFIED REAL PROPERTY INTEREST.—

13 “(A) IN GENERAL.—The term ‘qualified real property interest’ means any of the following interests in real property:

14 “(i) The entire interest of the taxpayer.

1 “(ii) A remainder interest.

2 “(iii) A restriction (granted in per-
3 petuity and created pursuant to State real
4 property law) on the use which may be
5 made of the real property.

6 “(B) SPECIAL RULE FOR MINERAL INTER-
7 ESTS.—An interest in real property shall not
8 fail to be treated as a qualified real property in-
9 terest solely by reason of a retention of a quali-
10 fied mineral interest (as defined in section
11 170(h)(6)), but only if the right to access such
12 mineral interest is not accomplished by any sur-
13 face mining method.

14 “(2) QUALIFIED ORGANIZATION.—The term
15 ‘qualified organization’ has the meaning given such
16 term by section 170(h)(3).

17 “(3) REPI PURPOSES.—A sale of qualified real
18 property interest shall be treated as being for REPI
19 purposes if such sale is pursuant to the authority of
20 the Readiness and Environmental Protection Inte-
21 gration (REPI) program administered by the De-
22 partment of Defense under section 2684a of title 10,
23 United States Code.

24 “(c) LIMITATION.—

1 “(1) IN GENERAL.—In the case of a pass-
2 through entity, no amount shall be excluded from
3 gross income under subsection (a) with respect to a
4 sale if such entity acquired the qualified real prop-
5 erty interest by sale within 3 years of the date of the
6 sale described in subsection (a).

7 “(2) EXCEPTION FOR FAMILY PARTNERSHIPS
8 OR FAMILY PASS-THROUGH ENTITIES.—

9 “(A) IN GENERAL.—Paragraph (1) shall
10 not apply with respect to any sale made by any
11 partnership if substantially all of the partner-
12 ship interests in such partnership are held, di-
13 rectly or indirectly, by an individual and mem-
14 bers of the family of such individual.

15 “(B) MEMBERS OF THE FAMILY.—For
16 purposes of this paragraph, the term ‘members
17 of the family’ means, with respect to any indi-
18 vidual—

19 “(i) the spouse of such individual, and

20 “(ii) any individual who bears a rela-
21 tionship to such individual which is de-
22 scribed in subparagraphs (A) through (G)
23 of section 152(d)(2).

24 “(C) APPLICATION TO OTHER PASS-
25 THROUGH ENTITIES.—Except as may be other-

1 wise provided by the Secretary, the rules of this
2 paragraph shall apply to S corporations and
3 other pass-through entities in the same manner
4 as such rules apply to partnerships.”.

5 (b) CLERICAL AMENDMENT.—The table of sections
6 for part III of subchapter B of chapter 1 of the Internal
7 Revenue Code of 1986 is amended by inserting after the
8 item relating to section 139I the following new item:

 “Sec. 139J. Gain from sale of qualified real property interest for purposes re-
 lated to the readiness and environmental protection integration
 program.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.