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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to establish tax-advantaged
homeowner savings accounts.

IN THE HOUSE OF REPRESENTATIVES

Mr. BARRETT introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to establish
tax-advantaged homeowner savings accounts.

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 “First-time Homebuyer
5 Savings Account Act of 2026”.

6 **SEC. 2. HOMEOWNER SAVINGS ACCOUNT.**

7 (a) IN GENERAL.—Part VII of subchapter B of chap-
8 ter 1 of subtitle A of the Internal Revenue Code of 1986

1 is amended by inserting after section 225 the following
2 new section:

3 **“SEC. 225A. HOMEOWNER SAVINGS ACCOUNT.**

4 “(a) DEDUCTION ALLOWED.—In the case of an eligi-
5 ble individual, there shall be allowed as a deduction for
6 the taxable year an amount equal to the aggregate amount
7 paid in cash during such taxable year by or on behalf of
8 such individual to a homeowner savings account of such
9 individual.

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

11 “(1) HOMEOWNER SAVINGS ACCOUNT.—The
12 term ‘homeowner savings account’ means a trust
13 created or organized in the United States as a home-
14 owner savings account exclusively for the purpose of
15 paying qualified homeowner expenses of the account
16 beneficiary, but only if the written governing instru-
17 ment creating the trust meets the following require-
18 ments:

19 “(A) Except in the case of a rollover con-
20 tribution, no contribution will be accepted—

21 “(i) unless it is in cash,

22 “(ii) to the extent such contribution,
23 when added to previous contributions to
24 the trust for the calendar year, exceeds the
25 amount in effect for the calendar year

1 under subparagraph (A) of section
2 219(b)(5) (determined without regard to
3 subparagraph (B) thereof), and

4 “(iii) to the extent that after such
5 contribution the amount held in the ac-
6 count would exceed an amount equal to 20
7 percent of the amount published under
8 paragraph (6) for the year in which the
9 contribution is made.

10 “(B) The trustee is a bank (as defined in
11 section 408(n)), an insurance company (as de-
12 fined in section 816), or another person who
13 demonstrates to the satisfaction of the Sec-
14 retary that the manner in which such person
15 will administer the trust will be consistent with
16 the requirements of this section.

17 “(C) No part of the trust assets will be in-
18 vested in life insurance contracts.

19 “(D) The assets of the trust will not be
20 commingled with other property except in a
21 common trust fund or common investment
22 fund.

23 “(E) The interest of an individual in the
24 balance in his account is nonforfeitable.

1 “(2) ELIGIBLE INDIVIDUAL.—The term ‘eligible
2 individual’ means an individual if such individual
3 (and, if married, such individual’s spouse) had no
4 present ownership interest in a principal residence
5 during the 3-year period ending on the present date.

6 “(3) QUALIFIED HOMEOWNER EXPENSES.—The
7 term ‘qualified homeowner expenses’ means amounts
8 paid or incurred to—

9 “(A) purchase or construct the principal
10 residence of the individual if such individual
11 had no present ownership interest in a principal
12 residence during the 3-year period ending on
13 the date of the purchase or beginning of con-
14 struction of the principal residence, or

15 “(B) make alterations, repairs, or improve-
16 ments which meet the requirements of section
17 143(k)(4) (determined without regard to the
18 dollar limitation provided in such section) to
19 such principal residence so purchased or con-
20 structed.

21 “(4) ACCOUNT BENEFICIARY.—The term ‘ac-
22 count beneficiary’ means the individual on whose be-
23 half the homeowner savings account was established.

1 “(5) PRINCIPAL RESIDENCE.—The term ‘prin-
2 ciple residence’ has the same meaning as when used
3 in section 121.

4 “(6) PUBLICATION OF NATIONAL AVERAGE SIN-
5 GLE FAMILY HOME PRICE.—The Secretary of the
6 Treasury shall, not later than December 31 of each
7 calendar year, publish the estimated national aver-
8 age price of a single family home for the following
9 calendar year.

10 “(7) ROLLOVER CONTRIBUTION.—The term
11 ‘rollover contribution’ means an amount paid or dis-
12 tributed from a homeowner savings account to the
13 account beneficiary to the extent that—

14 “(A) the amount received is paid into a
15 homeowner savings account for the benefit of
16 such beneficiary not later than the 60th day
17 after the day on which the beneficiary receives
18 the payment or distribution, and

19 “(B) such account beneficiary did not re-
20 ceive any other amount described in subpara-
21 graph (A) from a homeowner savings account
22 which was not includible in the individual’s
23 gross income because of subsection (d)(2)(B)
24 during the 1-year period ending on the date of
25 such receipt.

1 “(c) TREATMENT OF CONTRIBUTIONS.—

2 “(1) CONTRIBUTION LIMIT.—The aggregate
3 amount of contributions for any taxable year to all
4 homeowner savings accounts maintained for the ben-
5 efit of an individual shall not exceed the lesser of—

6 “(A) the amount in effect for the taxable
7 year in which such contributions are made
8 under subparagraph (A) of section 219(b)(5)
9 (determined without regard to subparagraph
10 (B) thereof),

11 “(B) an amount equal to the compensation
12 includible in the individual’s gross income for
13 such taxable year, or

14 “(C) the amount that would result in the
15 amount held in the account exceeding an
16 amount equal to 20 percent of the amount pub-
17 lished under subsection (b)(6) for the year in
18 which the contribution is made.

19 “(2) LIMITATION BASED ON MODIFIED AD-
20 JUSTED GROSS INCOME.—The amount determined
21 under paragraph (1)(A) for any taxable year shall be
22 reduced (but not below zero) by the amount which
23 bears the same ratio to such amount as—

24 “(A) the excess of—

1 “(i) the taxpayer’s adjusted gross in-
2 come for such taxable year, over

3 “(ii) the applicable dollar amount (as
4 defined in section 219(g)(3)(B), deter-
5 mined after the application of section
6 219(g)(8)), bears to

7 “(B) \$10,000 (\$20,000 in the case of a
8 joint return or a married individual filing a sep-
9 arate return).

10 The rules of subparagraphs (B) and (C) of section
11 219(g)(2) shall apply to any reduction under this
12 paragraph.

13 “(3) SPOUSAL CONTRIBUTION.—

14 “(A) IN GENERAL.—In the case of an indi-
15 vidual to whom this paragraph applies for the
16 taxable year, the limitation of paragraph (1)
17 shall be equal to the lesser of—

18 “(i) the compensation includible in
19 such individual’s gross income for the tax-
20 able year, plus

21 “(ii) the compensation includible in
22 the gross income of such individual’s
23 spouse for the taxable year reduced by the
24 amount allowed as a deduction under sub-

1 section (a) to such spouse for such taxable
2 year.

3 “(B) INDIVIDUAL TO WHOM SUBPARA-
4 GRAPH (A) APPLIES.—Subparagraph (A) shall
5 apply to any individual if—

6 “(i) such individual files a joint return
7 for the taxable year, and

8 “(ii) the amount of compensation (if
9 any) includible in such individual’s gross
10 income for the taxable year is less than the
11 compensation includible in the gross in-
12 come of such individual’s spouse for the
13 taxable year.

14 “(d) TREATMENT OF DISTRIBUTIONS.—

15 “(1) AMOUNTS USED FOR QUALIFIED HOME-
16 OWNER EXPENSES.—Any amount paid or distributed
17 out of a homeowner savings account which is used
18 exclusively to pay qualified homeowner expenses
19 shall not be includible in gross income.

20 “(2) INCLUSION OF AMOUNTS NOT USED FOR
21 QUALIFIED HOMEOWNER EXPENSES.—Any amount
22 paid or distributed out of a homeowner savings ac-
23 count which is not—

24 “(A) used exclusively to pay the qualified
25 homeowner expenses of the account beneficiary,

1 “(B) an exempted distribution, or
2 “(C) a rollover contribution,
3 shall be included in the gross income of such bene-
4 ficiary and the amount of any tax imposed by this
5 chapter shall be increased by 10 percent on any
6 amount so includible.

7 “(3) EXEMPTED DISTRIBUTION.—For purposes
8 of this subsection, the term ‘exempted distribution’
9 means an amount paid or distributed out of a home-
10 owner savings account by reason of—

11 “(A) an emergency, including—

12 “(i) the loss of a job or major source
13 of income, or

14 “(ii) a major health event leading to
15 substantial medical expenses,

16 “(B) a life event, including—

17 “(i) acquiring a present ownership in-
18 terest in a principal residence by reason of
19 marriage,

20 “(ii) death of the account beneficiary,
21 or

22 “(iii) the account beneficiary residing
23 outside the United States, or

24 “(C) such other circumstances as the Sec-
25 retary determines appropriate by regulation.

1 “(4) EXCESS CONTRIBUTIONS RETURNS BE-
2 FORE DUE DATE OF RETURN.—

3 “(A) IN GENERAL.—If any excess con-
4 tribution is contributed for a taxable year to
5 any homeowner savings account of an indi-
6 vidual, paragraph (2) shall not apply to dis-
7 tributions from the homeowner savings accounts
8 of such individual (to the extent such distribu-
9 tions do not exceed the aggregate excess con-
10 tributions to all such accounts of such indi-
11 vidual for such year) if—

12 “(i) such distribution is received by
13 the individual on or before the last day
14 prescribed by law (including extensions of
15 time) for filing such individual’s return for
16 such taxable year, and

17 “(ii) such distribution is accompanied
18 by the amount of net income attributable
19 to such excess contribution.

20 Any net income described in clause (ii) shall be
21 included in the gross income of the individual
22 for the taxable year in which it is received.

23 “(B) EXCESS CONTRIBUTION DEFINED.—
24 For purposes of subparagraph (A), the term
25 ‘excess contribution’ means any contribution

1 (other than a rollover contribution) which is not
2 excludable from gross income under this sec-
3 tion.

4 “(e) TAX TREATMENT OF ACCOUNTS.—

5 “(1) IN GENERAL.—A homeowner savings ac-
6 count is exempt from taxation under this subtitle
7 unless such account has ceased to be a homeowner
8 savings account. Notwithstanding the preceding sen-
9 tence, any such account is subject to the taxes im-
10 posed by section 511 (relating to imposition of tax
11 on unrelated business income of charitable, etc. or-
12 ganizations).

13 “(2) ACCOUNT TERMINATION.—Rules similar to
14 the rules of paragraphs (2) and (4) of section 408(e)
15 shall apply to homeowner savings accounts, and any
16 amount treated as distributed under such rules shall
17 be treated as not used to pay qualified homeowner
18 expenses.

19 “(f) CUSTODIAL ACCOUNT.—For purposes of this
20 section, a custodial account shall be treated as a trust if
21 the assets of such account are held by a bank (as defined
22 in section 408(n)) or another person who demonstrates,
23 to the satisfaction of the Secretary, that the manner in
24 which he will administer the account will be consistent
25 with the requirements of this section, and if the custodial

1 account would, except for the fact that it is not a trust,
2 constitute an account described in subsection (b)(1). For
3 purposes of this title, in the case of a custodial account
4 treated as a trust by reason of the preceding sentence,
5 the custodian of such account shall be treated as the trust-
6 ee thereof.”.

7 (b) TAX ON EXCESS CONTRIBUTIONS.—

8 (1) IN GENERAL.—Section 4973(a) of such
9 Code is amended—

10 (A) in paragraph (5), by striking “or”,

11 (B) in paragraph (6), by inserting “or”
12 after the comma, and

13 (C) by inserting after paragraph (6) the
14 following new paragraph:

15 “(7) a homeowner savings account (within the
16 meaning of section 225A(b)(1)),”.

17 (2) DEFINITION OF EXCESS CONTRIBUTION IN
18 4973.—Section 4973 of such Code is amended by
19 adding at the end the following new subsection:

20 “(i) EXCESS CONTRIBUTIONS TO HOMEOWNER SAV-
21 INGS ACCOUNT.—For purposes of this section, in the case
22 of a homeowner savings account (within the meaning of
23 section 225A(b)(1)), the term ‘excess contribution’ means
24 the amount by which the amount contributed for the tax-

1 able year to such account exceeds the contribution limit
2 under 225A(c)(1).”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for part VII of subchapter B of chapter 1 of subtitle A
5 of such Code is amended by inserting after the item relat-
6 ing to section 225 the following new item:

“Sec. 225A. Homeowner savings account.”.

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