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119TH CONGRESS
2D SESSION

H. R. 9480

To amend the Internal Revenue Code of 1986 to allow a deduction for amounts contributed to home savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2026

Mr. PERRY introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for amounts contributed to home savings accounts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. HOME SAVINGS ACCOUNTS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 213 the following new section:

"SEC. 214. HOME SAVINGS ACCOUNTS.

"(a) DEDUCTION ALLOWED.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the aggregate amount paid in cash during such taxable year by such individual to a home savings account of such individual.

"(b) LIMITATIONS.—

"(1) IN GENERAL.—The amount allowable as a deduction under subsection (a) to an individual for the taxable year shall not exceed $10,000 ($20,000 in the case of a married individual filing a joint return).

"(2) DENIAL OF DEDUCTION TO DEPENDENTS.—No deduction shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

"(c) HOME SAVINGS ACCOUNTS.—For purposes of this section—

"(1) IN GENERAL.—The term 'home savings account' means a trust created or organized in the United States as a home savings account exclusively for the purpose of paying the qualified housing expenses of the account beneficiary, but only if the written governing instrument creating the trust meets the following requirements:

"(A) Except in the case of a rollover contribution described in subsection (e)(5), no contribution will be accepted—

"(i) unless it is in cash and made by the account beneficiary, or

"(ii) to the extent such contribution, when added to previous contributions to the trust for the calendar year, exceeds the dollar amount in effect under subsection (b)(1).

"(B) The trustee is a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

"(C) No part of the trust assets will be invested in life insurance contracts.

"(D) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(E) The interest of an individual in the balance in such individual's account is nonforfeitable.

"(2) QUALIFIED HOUSING EXPENSES.—

"(A) IN GENERAL.—The term 'qualified housing expenses' means, with respect to an account beneficiary, amounts paid by such beneficiary—

"(i) for the purchase of a principal residence for such beneficiary, or

"(ii) to make excess payments on any remaining principal of the amount of acquisition indebtedness with respect to such residence.

"(B) PRINCIPAL RESIDENCE; PURCHASE.—The terms 'principal residence' and 'purchase' have the meaning given such terms in section 36(c).

"(C) ACQUISITION INDEBTEDNESS.—The term 'acquisition indebtedness' means any indebtedness which is incurred with respect to the purchase of the principal residence of the account beneficiary and is secured by such residence. Such term also includes any indebtedness secured by such residence resulting from the refinancing of indebtedness meeting the requirements of the preceding sentence (or this sentence); but only to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

"(3) ACCOUNT BENEFICIARY.—The term 'account beneficiary' means the individual on whose behalf the home savings account was established.

"(4) CERTAIN RULES APPLY.—Rules similar to the following rules shall apply for purposes of this section:

"(A) Section 219(d)(2) (relating to no deduction for rollovers).

"(B) Section 219(f)(3) (relating to time when contributions deemed made).

"(C) Section 408(g) (relating to community property laws).

"(D) Section 408(h) (relating to custodial accounts).

"(d) TAX TREATMENT OF ACCOUNTS.—

"(1) IN GENERAL.—A home savings account is exempt from taxation under this subtitle unless such account has ceased to be a home savings account. Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc. organizations).

"(2) ACCOUNT TERMINATIONS.—Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to home savings accounts, and any amount treated as distributed under such rules shall be treated as not used to pay qualified housing expenses.

"(e) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) AMOUNTS USED FOR QUALIFIED HOUSING EXPENSES.—Any amount paid or distributed out of a home savings account which is used exclusively to pay qualified housing expenses of any account beneficiary shall not be includible in gross income.

"(2) INCLUSION OF AMOUNTS NOT USED FOR QUALIFIED HOUSING EXPENSES.—Any amount paid or distributed out of a home savings account which is not used exclusively to pay the qualified housing expenses of the account beneficiary shall be included in the gross income of such beneficiary.

"(3) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—

"(A) IN GENERAL.—If any excess contribution is contributed for a taxable year to any home savings account of an individual, paragraph (2) shall not apply to distributions from the home savings accounts of such individual (to the extent such distributions do not exceed the aggregate excess contributions to all such accounts of such individual for such year) if—

"(i) such distribution is received by the individual on or before the last day prescribed by law (including extensions of time) for filing such individual's return for such taxable year, and

"(ii) such distribution is accompanied by the amount of net income attributable to such excess contribution.

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

"(B) EXCESS CONTRIBUTION.—For purposes of subparagraph (A), the term 'excess contribution' means any contribution (other than a rollover contribution described in paragraph (5)) which is not deductible under this section.

"(4) ADDITIONAL TAX ON DISTRIBUTIONS NOT USED FOR QUALIFIED HOUSING EXPENSES.—

"(A) IN GENERAL.—The tax imposed by this chapter on the account beneficiary for any taxable year in which there is a payment or distribution from a home savings account of such beneficiary which is includible in gross income under paragraph (2) shall be increased by 20 percent of the amount which is so includible.

"(B) EXCEPTION FOR DISABILITY OR DEATH.—Subparagraph (A) shall not apply if the payment or distribution is made after the account beneficiary becomes disabled within the meaning of section 72(m)(7) or dies.

"(5) ROLLOVER CONTRIBUTION.—An amount is described in this paragraph as a rollover contribution if it meets the requirements of subparagraphs (A) and (B).

"(A) IN GENERAL.—Paragraph (2) shall not apply to any amount paid or distributed from a home savings account to the account beneficiary to the extent the amount received is paid into a home savings account for the benefit of such beneficiary not later than the 60th day after the day on which the beneficiary receives the payment or distribution.

"(B) LIMITATION.—This paragraph shall not apply to any amount described in subparagraph (A) received by an individual from a home savings account if, at any time during the 1-year period ending on the day of such receipt, such individual received any other amount described in subparagraph (A) from a home savings account which was not includible in the individual's gross income because of the application of this paragraph.

"(6) TRANSFER OF ACCOUNT INCIDENT TO DIVORCE.—The transfer of an individual's interest in a home savings account to an individual's spouse or former spouse under a divorce or separation instrument described in clause (i) of section 121(d)(3)(C) shall not be considered a taxable transfer made by such individual notwithstanding any other provision of this subtitle, and such interest shall, after such transfer, be treated as a home savings account with respect to which such spouse is the account beneficiary.

"(7) TREATMENT AFTER DEATH OF ACCOUNT BENEFICIARY.—

"(A) TREATMENT IF DESIGNATED BENEFICIARY IS SPOUSE.—If the account beneficiary's surviving spouse acquires such beneficiary's interest in a home savings account by reason of being the designated beneficiary of such account at the death of the account beneficiary, such home savings account shall be treated as if the spouse were the account beneficiary.

"(B) OTHER CASES.—

"(i) IN GENERAL.—If, by reason of the death of the account beneficiary, any person acquires the account beneficiary's interest in a home savings account in a case to which subparagraph (A) does not apply—

"(I) such account shall cease to be a home savings account as of the date of death, and

"(II) an amount equal to the fair market value of the assets in such account on such date shall be includible, if such person is not the estate of such beneficiary, in such person's gross income for the taxable year which includes such date, or if such person is the estate of such beneficiary, in such beneficiary's gross income for the last taxable year of such beneficiary.

"(ii) SPECIAL RULES.—

"(I) REDUCTION OF INCLUSION FOR PREDEATH EXPENSES.—The amount includible in gross income under clause (i) by any person (other than the estate) shall be reduced by the amount of qualified housing expenses which were incurred by the decedent before the date of the decedent's death and paid by such person within 1 year after such date.

"(II) DEDUCTION FOR ESTATE TAXES.—An appropriate deduction shall be allowed under section 691(c) to any person (other than the decedent or the decedent's spouse) with respect to amounts included in gross income under clause (i) by such person.

"(f) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—In the case of any taxable year beginning after December 31, 2027, each dollar amount in subsection (b)(1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(2) ROUNDING.—If any increase under paragraph (1) is not a multiple of $100, such increase shall be rounded to the nearest multiple of $100.

"(g) REPORTS.—The Secretary may require the trustee of a home savings account to make such reports regarding such account to the Secretary and to the account beneficiary with respect to contributions, distributions, the return of excess contributions, and such other matters as the Secretary determines appropriate. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by the Secretary.".

(b) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Section 62(a) of such Code is amended by inserting after paragraph (21) the following new paragraph:

"(22) HOME SAVINGS ACCOUNTS.—The deduction allowed by section 214.".

(c) FUNDING DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS.—Section 408(d) of such Code is amended by adding at the end the following new paragraph:

"(10) DISTRIBUTIONS FOR HOME SAVINGS ACCOUNT FUNDING.—

"(A) IN GENERAL.—In the case of an individual who elects the application of this paragraph for a taxable year, gross income of the individual for the taxable year does not include a qualified home savings account funding distribution to the extent such distribution is otherwise includible in gross income.

"(B) QUALIFIED HOME SAVINGS ACCOUNT FUNDING DISTRIBUTION.—For purposes of this paragraph, the term 'qualified home savings account funding distribution' means a distribution from an individual retirement plan (other than a plan described in subsection (k) or (p)) of the employee to the extent that such distribution is contributed to the home savings account of the individual in a direct trustee-to-trustee transfer.

"(C) LIMITATIONS.—

"(i) MAXIMUM DOLLAR AMOUNT.—The amount excluded from gross income by subparagraph (A) shall not exceed the dollar limitation under section 214(b)(1) which is applicable at the time of the qualified home savings account funding distribution.

"(ii) ONE-TIME TRANSFER.—An individual may make an election under subparagraph (A) only for one qualified home savings account funding distribution during the lifetime of the individual. Such an election, once made, shall be irrevocable.

"(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which an amount is treated as otherwise includible in gross income for purposes of subparagraph (A), the aggregate amount distributed from an individual retirement plan shall be treated as includible in gross income to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts from all individual retirement plans were distributed. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

(d) TAX ON EXCESS CONTRIBUTIONS.—Section 4973 of such Code is amended—

(1) by striking ''or'' at the end of subsection (a)(5), by inserting ''or'' at the end of subsection (a)(6), and by inserting after subsection (a)(6) the following new paragraph:

''(7) a home savings account (within the meaning of section 214(c)),'', and

(2) by adding at the end the following new subsection:

''(i) EXCESS CONTRIBUTIONS TO HOME SAVINGS ACCOUNTS.—For purposes of this section, in the case of home savings accounts (within the meaning of section 214(c)), the term 'excess contributions' means the sum of—

''(1) the aggregate amount contributed for the taxable year to the accounts (other than a rollover contribution described in section 214(e)(5)) which is not allowable as a deduction under section 214 for such year, and

"(2) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

"(A) the distributions out of the accounts which were included in gross income under section 214(e)(2), and

"(B) the excess (if any) of—

"(i) the maximum amount allowable as a deduction under section 214(b)(1) for the taxable year, over

"(ii) the amount contributed to the accounts for the taxable year.

For purposes of this subsection, any contribution which is distributed out of the home savings account in a distribution to which section 214(e)(3) applies shall be treated as an amount not contributed.".

(e) TAX ON PROHIBITED TRANSACTIONS.—

(1) Section 4975(c) of such Code is amended by adding at the end the following new paragraph:

"(8) SPECIAL RULE FOR HOME SAVINGS ACCOUNTS.—An individual for whose benefit a home savings account (within the meaning of section

214(c)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a home savings account by reason of the application of section 214(d)(2) to such account.''.

(2) Section 4975(e)(1) of such Code is amended by redesignating subparagraphs (D) through (G) as subparagraphs (E) through (H), respectively, and by inserting after subparagraph (C) the following new subparagraph:

''(D) a home savings account described in section 214(c),''.

(f) FAILURE TO PROVIDE REPORTS ON HOME SAVINGS ACCOUNTS.—Section 6693(a)(2) of such Code is amended by redesignating subparagraphs (B) through (G) as subparagraphs (C) through (H), respectively, and by inserting after subparagraph (A) the following new subparagraph:

''(B) section 214(g) (relating to home savings accounts),''.

(g) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 213 the following new item:

"Sec. 214. Home savings accounts.".

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2026.

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