

119TH CONGRESS
2^D SESSION

H. R. 7222

To amend the Internal Revenue Code of 1986 to include watercraft as applicable passenger vehicles for purpose of deducting personal loan interest.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 22, 2026

Ms. MACE 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 include watercraft as applicable passenger vehicles for purpose of deducting personal loan interest.

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 Tax on Boat Loan
5 Interest Act of 2026”.

6 **SEC. 2. NO TAX ON BOAT INTEREST.**

7 (a) IN GENERAL.—Section 163(h)(4)(D) of the In-
8 ternal Revenue Code of 1986 is amended to read as fol-
9 lows:

10 “(D) APPLICABLE PASSENGER VEHICLE.—

1 “(i) IN GENERAL.—For purposes of
2 this paragraph, the term ‘applicable pas-
3 senger vehicle’ means an applicable motor
4 vehicle or an applicable watercraft.

5 “(ii) APPLICABLE MOTOR VEHICLE.—
6 For purposes of this subparagraph, the
7 term ‘applicable motor vehicle’ means any
8 vehicle—

9 “(I) the original use of which
10 commences with the taxpayer,

11 “(II) which is manufactured pri-
12 marily for use on public streets, roads,
13 and highways (not including a vehicle
14 operated exclusively on a rail or rails),

15 “(III) which has at least 2
16 wheels,

17 “(IV) which is a car, minivan,
18 van, sport utility vehicle, pickup
19 truck, or motorcycle,

20 “(V) which is treated as a motor
21 vehicle for purposes of title II of the
22 Clean Air Act, and

23 “(VI) which has a gross vehicle
24 weight rating of less than 14,000
25 pounds.

1 Such term shall not include any vehicle the
2 final assembly of which did not occur with-
3 in the United States.

4 “(iii) APPLICABLE WATERCRAFT.—
5 For purposes of this subparagraph, the
6 term ‘applicable watercraft’ means a
7 watercraft—

8 “(I) the original use of which
9 commences with the taxpayer,

10 “(II) which is a recreational ves-
11 sel (as defined in section 2101 of title
12 46, United States Code), and

13 “(III) which is a motorboat, as
14 such term is defined in section 90.10–
15 23 of title 46, Code of Federal Regu-
16 lations (as in effect on the date of the
17 enactment of this subparagraph).

18 Such term shall not include any vessel the
19 final assembly of which did not occur in
20 the United States.”.

21 (b) HULL IDENTIFICATION NUMBER REQUIRED.—
22 Section 163(h)(4)(iii) of such Code is amended by striking
23 “the vehicle” and all that follows through the end of the
24 sentence and inserting “on the return of tax for the tax-
25 able year the vehicle identification number (in the case of

1 an applicable motor vehicle) or the hull identification num-
2 ber (in the case of an applicable watercraft).”.

3 (c) CONFORMING AMENDMENT.—Section
4 6050AA(b)(2)(E) of such Code is amended by inserting
5 “or hull” after vehicle.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to indebtedness incurred after De-
8 cember 31, 2024.

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