

119TH CONGRESS
2D SESSION

H. R. 7756

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2026

Mr. BARRETT 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 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
9 is amended by inserting after section 225 the following
10 new section:

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

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

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

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

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

19 “(i) unless it is in cash,

20 “(ii) to the extent such contribution,
21 when added to previous contributions to
22 the trust for the calendar year, exceeds the
23 amount in effect for the calendar year
24 under subparagraph (A) of section
25 219(b)(5) (determined without regard to
26 subparagraph (B) thereof), and

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

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

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

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

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

22 “(2) ELIGIBLE INDIVIDUAL.—The term ‘eligible
23 individual’ means an individual if such individual
24 (and, if married, such individual’s spouse) had no

1 present ownership interest in a principal residence
2 during the 3-year period ending on the present date.

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

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

12 “(B) make alterations, repairs, or improve-
13 ments which meet the requirements of section
14 143(k)(4) (determined without regard to the
15 dollar limitation provided in such section) to
16 such principal residence so purchased or con-
17 structed.

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

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

24 “(6) PUBLICATION OF NATIONAL AVERAGE SIN-
25 GLE FAMILY HOME PRICE.—The Secretary of the

1 Treasury shall, not later than December 31 of each
2 calendar year, publish the estimated national aver-
3 age price of a single family home for the following
4 calendar year.

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

9 “(A) the amount received is paid into a
10 homeowner savings account for the benefit of
11 such beneficiary not later than the 60th day
12 after the day on which the beneficiary receives
13 the payment or distribution, and

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

21 “(c) TREATMENT OF CONTRIBUTIONS.—

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

1 “(A) the amount in effect for the taxable
2 year in which such contributions are made
3 under subparagraph (A) of section 219(b)(5)
4 (determined without regard to subparagraph
5 (B) thereof),

6 “(B) an amount equal to the compensation
7 includible in the individual’s gross income for
8 such taxable year, or

9 “(C) the amount that would result in the
10 amount held in the account exceeding an
11 amount equal to 20 percent of the amount pub-
12 lished under subsection (b)(6) for the year in
13 which the contribution is made.

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

19 “(A) the excess of—

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

22 “(ii) the applicable dollar amount (as
23 defined in section 219(g)(3)(B), deter-
24 mined after the application of section
25 219(g)(8)), bears to

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

4 The rules of subparagraphs (B) and (C) of section
5 219(g)(2) shall apply to any reduction under this
6 paragraph.

7 “(3) SPOUSAL CONTRIBUTION.—

8 “(A) IN GENERAL.—In the case of an indi-
9 vidual to whom this paragraph applies for the
10 taxable year, the limitation of paragraph (1)
11 shall be equal to the lesser of—

12 “(i) the compensation includible in
13 such individual’s gross income for the tax-
14 able year, plus

15 “(ii) the compensation includible in
16 the gross income of such individual’s
17 spouse for the taxable year reduced by the
18 amount allowed as a deduction under sub-
19 section (a) to such spouse for such taxable
20 year.

21 “(B) INDIVIDUAL TO WHOM SUBPARA-
22 GRAPH (A) APPLIES.—Subparagraph (A) shall
23 apply to any individual if—

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

1 “(ii) the amount of compensation (if
2 any) includible in such individual’s gross
3 income for the taxable year is less than the
4 compensation includible in the gross in-
5 come of such individual’s spouse for the
6 taxable year.

7 “(d) TREATMENT OF DISTRIBUTIONS.—

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

13 “(2) INCLUSION OF AMOUNTS NOT USED FOR
14 QUALIFIED HOMEOWNER EXPENSES.—Any amount
15 paid or distributed out of a homeowner savings ac-
16 count which is not—

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

19 “(B) an exempted distribution, or

20 “(C) a rollover contribution,

21 shall be included in the gross income of such bene-
22 ficiary and the amount of any tax imposed by this
23 chapter shall be increased by 10 percent on any
24 amount so includible.

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

5 “(A) an emergency, including—

6 “(i) the loss of a job or major source
7 of income, or

8 “(ii) a major health event leading to
9 substantial medical expenses,

10 “(B) a life event, including—

11 “(i) acquiring a present ownership in-
12 terest in a principal residence by reason of
13 marriage,

14 “(ii) death of the account beneficiary,
15 or

16 “(iii) the account beneficiary residing
17 outside the United States, or

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

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

22 “(A) IN GENERAL.—If any excess con-
23 tribution is contributed for a taxable year to
24 any homeowner savings account of an indi-
25 vidual, paragraph (2) shall not apply to dis-

1 tributions from the homeowner savings accounts
2 of such individual (to the extent such distribu-
3 tions do not exceed the aggregate excess con-
4 tributions to all such accounts of such indi-
5 vidual for such year) if—

6 “(i) such distribution is received by
7 the individual on or before the last day
8 prescribed by law (including extensions of
9 time) for filing such individual’s return for
10 such taxable year, and

11 “(ii) such distribution is accompanied
12 by the amount of net income attributable
13 to such excess contribution.

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

17 “(B) EXCESS CONTRIBUTION DEFINED.—

18 For purposes of subparagraph (A), the term
19 ‘excess contribution’ means any contribution
20 (other than a rollover contribution) which is not
21 excludable from gross income under this sec-
22 tion.

23 “(e) TAX TREATMENT OF ACCOUNTS.—

24 “(1) IN GENERAL.—A homeowner savings ac-
25 count is exempt from taxation under this subtitle

1 unless such account has ceased to be a homeowner
2 savings account. Notwithstanding the preceding sen-
3 tence, any such account is subject to the taxes im-
4 posed by section 511 (relating to imposition of tax
5 on unrelated business income of charitable, etc. or-
6 ganizations).

7 “(2) ACCOUNT TERMINATION.—Rules similar to
8 the rules of paragraphs (2) and (4) of section 408(e)
9 shall apply to homeowner savings accounts, and any
10 amount treated as distributed under such rules shall
11 be treated as not used to pay qualified homeowner
12 expenses.

13 “(f) CUSTODIAL ACCOUNT.—For purposes of this
14 section, a custodial account shall be treated as a trust if
15 the assets of such account are held by a bank (as defined
16 in section 408(n)) or another person who demonstrates,
17 to the satisfaction of the Secretary, that the manner in
18 which he will administer the account will be consistent
19 with the requirements of this section, and if the custodial
20 account would, except for the fact that it is not a trust,
21 constitute an account described in subsection (b)(1). For
22 purposes of this title, in the case of a custodial account
23 treated as a trust by reason of the preceding sentence,
24 the custodian of such account shall be treated as the trust-
25 ee thereof.”.

1 (b) TAX ON EXCESS CONTRIBUTIONS.—

2 (1) IN GENERAL.—Section 4973(a) of such
3 Code is amended—

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

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

7 (C) by inserting after paragraph (6) the
8 following new paragraph:

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

11 (2) DEFINITION OF EXCESS CONTRIBUTION IN
12 4973.—Section 4973 of such Code is amended by
13 adding at the end the following new subsection:

14 “(i) EXCESS CONTRIBUTIONS TO HOMEOWNER SAV-
15 INGS ACCOUNT.—For purposes of this section, in the case
16 of a homeowner savings account (within the meaning of
17 section 225A(b)(1)), the term ‘excess contribution’ means
18 the amount by which the amount contributed for the tax-
19 able year to such account exceeds the contribution limit
20 under 225A(c)(1).”.

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

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

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

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