

119TH CONGRESS
2D SESSION

H. R. 7138

To amend the Internal Revenue Code of 1986 to disallow the deduction of certain expenses relating to ownership of single-family homes by specified large investors, to impose an excise tax on the sale of such homes by such investors, and to prohibit Federal mortgage assistance relating to certain large investors.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2026

Mr. KHANNA (for himself, Mrs. WATSON COLEMAN, Mr. DELUZIO, Mr. GARCÍA of Illinois, Mr. JACKSON of Illinois, Ms. SIMON, Mr. TAKANO, Mr. FROST, Ms. TLAIB, Ms. TOKUDA, Ms. LEE of Pennsylvania, Ms. KELLY of Illinois, Mrs. CHERFILUS-McCORMICK, and Mr. THANEDAR) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to disallow the deduction of certain expenses relating to ownership of single-family homes by specified large investors, to impose an excise tax on the sale of such homes by such investors, and to prohibit Federal mortgage assistance relating to certain large investors.

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 “Stop Wall Street Land-
3 lords Act of 2026”.

4 **SEC. 2. DISALLOWANCE OF DEDUCTION OF CERTAIN EX-**
5 **PENSES RELATED TO SINGLE-FAMILY HOMES**
6 **HELD BY SPECIFIED LARGE INVESTORS.**

7 (a) IN GENERAL.—Part IX of subchapter B of Chap-
8 ter 1 of subtitle A of the Internal Revenue Code of 1986
9 is amended by adding at the end the following new section:
10 **“SEC. 280I. CERTAIN EXPENSES RELATED TO SINGLE-FAM-**
11 **ILY HOMES HELD BY SPECIFIED LARGE IN-**
12 **VESTORS.**

13 “(a) IN GENERAL.—In the case of a specified large
14 investor, no deduction shall be allowed under this chapter
15 for the following expenses relating to the ownership of a
16 single-family home:

17 “(1) Amounts paid or incurred for the interest
18 on a mortgage relating to such single-family home or
19 to insure such single-family home.

20 “(2) Depreciation of such single-family home.

21 “(b) SPECIFIED LARGE INVESTOR.—For purposes of
22 this section—

23 “(1) IN GENERAL.—The term ‘specified large
24 investor’ means any person for any taxable year if
25 the aggregate fair market value of all assets of such
26 person (reduced by the aggregate debts of the tax-

1 payer) exceeds \$100,000,000 at any time during
2 such taxable year.

3 “(2) TREATMENT OF CONTROLLED GROUPS.—

4 For purposes of this subsection—

5 “(A) IN GENERAL.—All persons which are
6 part of a controlled group (within the meaning
7 of section 1563(a) applied by substituting ‘more
8 than 50 percent’ for ‘at least 80 percent’ each
9 place it appears) shall be treated as 1 person.

10 “(B) NONINCORPORATED PERSONS UNDER
11 COMMON CONTROL.—Under regulations or
12 other guidance provided by the Secretary, prin-
13 ciples similar to the principles of subparagraph
14 (A) shall apply to a group of persons under
15 common control where 1 or more of such per-
16 sons is not a corporation.

17 “(3) GOVERNMENT ENTITIES AND CERTAIN
18 TAX-EXEMPT ENTITIES.—Such term shall not in-
19 clude either of the following:

20 “(A) Any governmental entity.

21 “(B) Any organization which is described
22 in section 501(c)(3) and exempt from tax under
23 section 501(a).

24 “(c) SINGLE-FAMILY HOME.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the term ‘single-family home’ means any real
3 property located in the United States if such prop-
4 erty includes at least 1 dwelling unit and not more
5 than 4 dwelling units.

6 “(2) EXCEPTION FOR FEDERALLY-ASSISTED
7 BUILDINGS.—For purposes of this section—

8 “(A) IN GENERAL.—Such term shall not
9 include any federally-assisted building.

10 “(B) FEDERALLY-ASSISTED BUILDING.—
11 The term ‘federally-assisted building’ means
12 any building—

13 “(i) which is substantially assisted, fi-
14 nanced, or operated under section 8 of the
15 United States Housing Act of 1937, sec-
16 tion 221(d)(3), 221(d)(4), or 236 of the
17 National Housing Act, section 515 of the
18 Housing Act of 1949, or any other housing
19 program administered by the Department
20 of Housing and Urban Development or by
21 the Rural Housing Service of the Depart-
22 ment of Agriculture,

23 “(ii) with respect to which a credit is
24 allowed to the taxpayer under section 42,
25 or

1 “(iii) for which financing is provided
2 by a qualified bond (within the meaning of
3 section 141).

4 “(d) EXCEPTIONS.—

5 “(1) PRINCIPAL RESIDENCE.—In the case of a
6 specified large investor who is an individual, sub-
7 section (a) shall not apply to any single-family home
8 if such home is used as the principal residence of
9 such investor.

10 “(2) ORIGINAL CONSTRUCTION OR SUBSTAN-
11 TIAL REHABILITATION.—Subsection (a) shall not
12 apply with respect to a single-family home originally
13 constructed or substantially rehabilitated (as defined
14 in section 47(c)) by the taxpayer.”.

15 (b) CLERICAL AMENDMENT.—The table of sections
16 for part IX of subchapter B of chapter 1 of such Code
17 is amended by inserting after the item relating to section
18 280H the following new item:

“Sec. 280I. Certain expenses related to single-family homes held by specified
large investors.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to amounts paid or incurred and
21 depreciation that occurs after the date that is 18 months
22 after the date of the enactment of this Act.

1 **SEC. 3. EXCISE TAX ON TRANSFERS OF SINGLE-FAMILY**
 2 **HOMES BY SPECIFIED LARGE INVESTORS.**

3 (a) IN GENERAL.—Chapter 36 of subtitle D of the
 4 Internal Revenue Code of 1986 is amended by inserting
 5 after subchapter D the following new subchapter:

6 **“Subchapter E—Tax on Transfers of Single-**
 7 **Family Homes by Specified Large Investors**

“Sec. 4491. Tax on transfers of single-family homes by specified large investors.

8 **“SEC. 4491. TAX ON TRANSFERS OF SINGLE-FAMILY HOMES**
 9 **BY SPECIFIED LARGE INVESTORS.**

10 “(a) IN GENERAL.—There is hereby imposed a tax
 11 on the sale or transfer of a single-family home by a speci-
 12 fied large investor in an amount equal to the sale price
 13 of the single-family home.

14 “(b) SPECIFIED LARGE INVESTOR; SINGLE-FAMILY
 15 HOME.—For purposes of this section, the terms ‘specified
 16 large investor’ and ‘single-family home’ shall have the re-
 17 spective meanings given such terms in section 280I.

18 “(c) SPECIAL RULES.—Rules similar to the rules of
 19 subsections (b)(2), (d)(1), and (d)(2) of section 280I shall
 20 apply for purposes of this section.”.

21 (b) CLERICAL AMENDMENT.—The table of sub-
 22 chapters for chapter 36 of subtitle D of such Code is
 23 amended by adding after the item relating to subchapter
 24 D the following new item:

5 SEC. 4. LOW-INCOME HOUSING ASSISTANCE.

(b) USE OF FUNDS.—To the extent provided for in advance in appropriations Acts, the amounts deposited in the Fund shall be used to increase and preserve the supply of rental housing affordable to extremely low- and very low-income families, including homeless families, in accordance with such section 1338.

(a) FANNIE MAE AND FREDDIE MAC.—Subpart A of
part 2 of subtitle A of title XIII of the Housing and Com-
munity Development Act of 1992 (12 U.S.C. 4541 et seq.)
is amended by adding at the end the following new section:

1 **“SEC. 1329. PROHIBITION RELATING TO SPECIFIED LARGE**
2 **INVESTORS.**

3 “The Director shall, by regulation, prohibit the enter-
4 prises from newly purchasing any mortgage on a single-
5 family housing or any portion thereof (or any interest in
6 such a mortgage), and from newly lending on the security
7 of or securitizing any such mortgage under which the
8 mortgagee is a specified large investor (as such term is
9 defined in of the Internal Revenue Code of 1986).”.

10 (b) GINNIE MAE.—Section 302(c) of the National
11 Housing Act (12 U.S.C. 1717(c)) is amended by adding
12 at the end the following new paragraph:

13 “(6) The Association may not newly guarantee
14 the payment of principal of or interest on any trust
15 certificate or other security based or backed by a
16 trust or pool that contains, or purchase or acquire,
17 any mortgage under which the mortgagee is a speci-
18 fied large investor (as such term is defined in section
19 280I(b) of the Internal Revenue Code of 1986).”.

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