

119TH CONGRESS
2D SESSION

H. R. 8709

To amend the Internal Revenue Code of 1986 to allow the establishment of homeownership savings accounts.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2026

Ms. STEVENS 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 allow the establishment of homeownership 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 “Homeownership Sav-
5 ings Act”.

6 **SEC. 2. HOMEOWNERSHIP SAVINGS ACCOUNT.**

7 (a) IN GENERAL.—Part VII of subchapter B of chap-
8 ter 1 of the Internal Revenue Code of 1986 is amended
9 by inserting after section 223 the following new section:

1 **“SEC. 223A. HOMEOWNERSHIP SAVINGS ACCOUNT.**

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

8 “(b) LIMITATIONS.—

9 “(1) ANNUAL DOLLAR LIMITATION.—The
10 amount allowable as a deduction under subsection
11 (a) to an individual for the taxable year shall not ex-
12 ceed—

13 “(A) \$3,000 in the case of a joint return,

14 “(B) \$2,500 in the case of a head of
15 household, or

16 “(C) \$2,000 in the case of any other indi-
17 vidual.

18 “(2) LIMITATION BASED ON EARNED IN-
19 COME.—

20 “(A) IN GENERAL.—The amount allowable
21 as a deduction under subsection (a) shall not
22 exceed such individual’s earned income for the
23 taxable year.

24 “(B) SPECIAL RULE FOR JOINT RE-
25 TURNS.—In the case of an individual whose
26 earned income is less than the earned income of

such individual's spouse and files a joint return for the taxable year, the amount allowable as a deduction under subsection (a) shall not exceed the excess (if any) of—

“(i) the earned income of the taxpayer for such taxable year, over

“(ii) the deduction allowable under subsection (a) to such individual's spouse for such taxable year.

“(C) EARNED INCOME.—For purposes of this paragraph, the term ‘earned income’ has the meaning given such term in section 32(c)(2).

“(3) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(A) IN GENERAL.—The maximum amount that may otherwise be allowable as a deduction under subsection (a) shall be reduced (but not below zero) by an amount which bears the same ratio to such maximum amount as—

“(i) in the case of a joint return—

“(I) the excess (if any) of the modified adjusted gross income of the account beneficiary for such taxable year over \$242,000, bears to

1 “(II) \$10,000,

2 “(ii) in the case of a head of house-
3 hold—

4 “(I) the excess (if any) of the
5 modified adjusted gross income of the
6 account beneficiary for such taxable
7 year over \$200,000, bears to

8 “(II) \$20,000, or

9 “(iii) in the case of any other indi-
10 vidual—

11 “(I) the excess (if any) of the
12 modified adjusted gross income of the
13 account beneficiary for such taxable
14 year over \$153,000, bears to

15 “(II) \$15,000.

16 “(B) MODIFIED ADJUSTED GROSS IN-
17 COME.—For purposes of this paragraph, the
18 term ‘modified adjusted gross income’ means
19 the adjusted gross income of the taxpayer for
20 the taxable year increased by any amount ex-
21 cluded from gross income under section 911,
22 931, or 933.

23 “(4) DENIAL OF DEDUCTION TO DEPEND-
24 ANTS.—No deduction shall be allowed under this
25 section to any individual with respect to whom a de-

1 duction under section 151 is allowable to another
2 taxpayer for a taxable year beginning in the cal-
3 endar year in which such individual's taxable year
4 begins.

5 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
6 poses of this section—

7 “(1) HOMEOWNERSHIP SAVINGS ACCOUNT.—

8 The term ‘homeownership savings account’ means a
9 trust created or organized in the United States ex-
10 clusively for the purpose of paying the qualified
11 homeownership expenses of the account beneficiary
12 (and designated as a homeownership savings account
13 at the time created or organized), but only if the
14 written governing instrument creating the trust
15 meets the following requirements:

16 “(A) No contribution will be accepted—

17 “(i) if such contribution would result
18 in lifetime aggregate contributions to the
19 account exceeding \$40,000,

20 “(ii) unless it is in cash, or

21 “(iii) if such account beneficiary has
22 not made the certification required under
23 subparagraph (F).

24 “(B) The trustee is a bank (as defined in
25 section 408(n)) or another person who dem-

1 onstrates to the satisfaction of the Secretary
2 that the manner in which that person will ad-
3 minister the trust will be consistent with the re-
4 quirements of this section.

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

7 “(D) The assets of the trust shall not be
8 commingled with other property except in a
9 common trust fund or common investment
10 fund.

11 “(E) The account beneficiary has attained
12 the age of 18.

13 “(F) The account beneficiary certifies,
14 under penalty of perjury, at the time that the
15 account is established that such account bene-
16 ficiary would be a first-time homebuyer with re-
17 spect to a purchase of a principal residence on
18 the date of such establishment.

19 “(2) QUALIFIED HOMEOWNERSHIP EX-
20 PENSES.—The term ‘qualified homeownership ex-
21 penses’ means a down payment or closing costs re-
22 lating to the purchase of the primary residence of
23 the account beneficiary of a homeownership savings
24 account if such account beneficiary is a first-time
25 homebuyer.

1 “(3) NO CONTRIBUTION FOR INDIVIDUAL WHO
 2 IS NOT A FIRST-TIME HOMEBUYER.—In the case of
 3 an individual who would not be a first-time home-
 4 buyer with respect to a purchase of a principal resi-
 5 dence on the date of any contribution to a homeown-
 6 ership savings account, paragraph (1)(A)(i) shall be
 7 applied by substituting ‘\$0’ for ‘\$40,000’.

8 “(4) FIRST-TIME HOMEBUYER.—The term
 9 ‘first-time homebuyer’ means an individual if—

10 “(A) such individual is a first-time home-
 11 buyer (as defined in section 36(c)(1)), and

12 “(B) such individual has never purchased
 13 a residential property using an amount which
 14 was excluded from the gross income of such in-
 15 dividual by reason of subsection (e)(1).

16 “(5) ACCOUNT BENEFICIARY.—The term ‘ac-
 17 count beneficiary’ means the individual on whose be-
 18 half the homeownership savings account is estab-
 19 lished.

20 “(6) CERTAIN RULES TO APPLY.—Rules similar
 21 to the following rules shall apply for purposes of this
 22 section:

23 “(A) Section 219(d)(2) (relating to no de-
 24 duction for rollovers).

1 “(B) Section 219(f)(3) (relating to time
2 when contributions deemed made).

3 “(C) Section 219(f)(5) (relating to em-
4 ployer payments).

5 “(D) Section 408(g) (relating to commu-
6 nity property laws).

7 “(d) TAX TREATMENT OF ACCOUNTS.—

8 “(1) IN GENERAL.—A homeownership savings
9 account is exempt from taxation under this subtitle
10 unless such account has ceased to be a homeowner-
11 ship savings account. Notwithstanding the preceding
12 sentence, any such account is subject to the taxes
13 imposed by section 511 (relating to imposition of tax
14 on unrelated business income of charitable, etc. or-
15 ganizations).

16 “(2) ACCOUNT TERMINATIONS.—

17 “(A) ACQUISITION OF PRINCIPAL RESI-
18 DENCE.—If the account beneficiary acquires an
19 ownership interest in a principal residence—

20 “(i) each homeownership savings ac-
21 count of such beneficiary shall cease to be
22 a homeownership savings account as of the
23 close of the 60-day period beginning on the
24 date of such acquisition, and

1 “(ii) the balance of such account as of
2 such date shall be treated as distributed to
3 such beneficiary.

4 “(B) PROHIBITED TRANSACTIONS, ETC.—
5 Rules similar to the rules of paragraphs (2) and
6 (4) of section 408(e) shall apply to any home-
7 ownership savings account, and any amounts
8 treated as distributed under such rules shall be
9 treated as not used to pay qualified homeowner-
10 ship expenses.

11 “(e) TAX TREATMENT OF DISTRIBUTIONS.—

12 “(1) AMOUNTS USED FOR QUALIFIED HOME-
13 OWNERSHIP EXPENSES.—Any amount paid or dis-
14 tributed out of a homeownership savings account
15 which is used exclusively to pay qualified homeown-
16 ership expenses of any account beneficiary shall not
17 be includible in gross income.

18 “(2) INCLUSION OF AMOUNTS NOT USED FOR
19 QUALIFIED HOMEOWNERSHIP EXPENSES.—Any
20 amount paid or distributed out of a homeownership
21 savings account which is not used exclusively to pay
22 the qualified homeownership expenses of the account
23 beneficiary shall be included in the gross income of
24 such beneficiary.

1 “(3) EXCESS CONTRIBUTIONS RETURNED 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 homeownership savings account of an indi-
6 vidual, paragraph (2) shall not apply to dis-
7 tributions from the homeownership savings ac-
8 counts of such individual (to the extent such
9 distributions do not exceed the aggregate excess
10 contributions 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.—For pur-
24 poses of subparagraph (A), the term ‘excess
25 contribution’ means any contribution if—

1 “(i) after such contribution, the ag-
2 gregate contribution to homeownership
3 savings accounts of the account beneficiary
4 exceeds the amount in effect under sub-
5 section (c)(1)(A)(i), or

6 “(ii) if the amount of such contribu-
7 tion is not allowable as a deduction by rea-
8 son of paragraph (2)(A) or (3)(a) of sub-
9 section (b).

10 “(4) ADDITIONAL TAX FOR DISTRIBUTIONS NOT
11 USED FOR HOMEOWNERSHIP EXPENSES.—

12 “(A) IN GENERAL.—The tax imposed by
13 this chapter for any taxable year on any tax-
14 payer who receives a payment or distribution
15 from a homeownership savings account which is
16 includible in gross income shall be increased by
17 20 percent of the amount which is so includible.

18 “(B) EXCEPTIONS.—Subparagraph (A)
19 shall not apply if the payment or distribution
20 is—

21 “(i) made to the account beneficiary
22 (or to the estate of such account bene-
23 ficiary) on or after the death of such ac-
24 count beneficiary, or

1 “(ii) attributable to such account
2 beneficiary’s being disabled (within the
3 meaning of section 72(m)(7)).

4 “(5) ROLLOVER CONTRIBUTION.—An amount is
5 described in this paragraph as a rollover contribu-
6 tion if it meets the following requirements:

7 “(A) IN GENERAL.—Paragraph (2) shall
8 not apply to any amount paid or distributed
9 from a homeownership savings account to the
10 account beneficiary to the extent the amount
11 received is paid into a homeownership savings
12 account for the benefit of such beneficiary not
13 later than the 60th day after the day on which
14 the beneficiary receives the payment or distribu-
15 tion.

16 “(B) LIMITATION.—This paragraph shall
17 not apply to any amount described in subpara-
18 graph (A) received by an individual from a
19 homeownership savings account if, at any time
20 during the 1-year period ending on the day of
21 such receipt, such individual received any other
22 amount described in subparagraph (A) from a
23 homeownership savings account which was not
24 includible in the individual’s gross income be-
25 cause of the application of this paragraph.

1 “(6) SPECIAL RULES FOR DEATH AND DI-
2 VORCE.—Rules similar to the rules of paragraphs
3 (7) and (8) of section 223(f) shall apply for pur-
4 poses of this section.

5 “(7) DISALLOWANCE OF EXCLUDED AMOUNTS
6 AS DEDUCTION, CREDIT, OR EXCLUSION.—No deduc-
7 tion, credit, or exclusion shall be allowed to the tax-
8 payer under any other section of this chapter for any
9 qualified homeownership expenses to the extent
10 taken into account in determining the amount of the
11 exclusion under paragraph (1).

12 “(f) SALARY REDUCTION PROHIBITED.—No em-
13 ployer shall directly reduce the wages or salary of an em-
14 ployee by reason of a contribution made by such employer
15 to a homeownership savings account on behalf of such em-
16 ployee.

17 “(g) INFLATION ADJUSTMENT.—

18 “(1) IN GENERAL.—In the case of any taxable
19 year beginning after 2026, the dollar amounts in
20 subsection (b) shall be increased by an amount equal
21 to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost of living adjustment deter-
24 mined under section 1(f)(3) for the calendar
25 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 2024’ for
2 ‘calendar year 2016’ in subparagraph (ii) there-
3 of.

4 “(2) ROUNDING.—If any increase under para-
5 graph (1) is not a multiple of \$100, such increase
6 shall be rounded to the nearest multiple of \$100.

7 “(h) REPORTS.—

8 “(1) IN GENERAL.—The trustee of a homeown-
9 ership savings account shall make such reports re-
10 garding such account to the Secretary and to the ac-
11 count beneficiary with respect to contributions, dis-
12 tributions, and such other matters as the Secretary
13 may require.

14 “(2) ROLLOVER DISTRIBUTIONS.—In the case
15 of any distribution described in subsection (e)(5),
16 the officer or employee having control of the home-
17 ownership savings account (or their designee) shall
18 provide a report to the trustee of the homeownership
19 savings account to which the distribution is made.
20 Such report shall include information with respect to
21 the contributions, distributions, and earnings of the
22 homeownership savings account as of the date of the
23 distribution described in such subsection, together
24 with such other matters as the Secretary may re-
25 quire.

1 “(3) TIME AND MANNER.—The reports required
 2 by this subsection shall be filed at such time and in
 3 such manner and furnished to such individuals at
 4 such time and in such manner as the Secretary de-
 5 termines appropriate.”.

6 (b) DEDUCTION ALLOWED ABOVE THE LINE.—Sec-
 7 tion 62(a) of such Code is amended by inserting after
 8 paragraph (21) the following new paragraph:

9 “(22) HOMEOWNERSHIP SAVINGS ACCOUNTS.—
 10 The deduction allowed by section 223A.”.

11 (c) EXCLUSIONS FOR EMPLOYER CONTRIBUTIONS TO
 12 HOMEOWNERSHIP SAVINGS ACCOUNTS.—

13 (1) EXCLUSION FROM INCOME TAX.—

14 (A) IN GENERAL.—Part III of subchapter
 15 B of chapter 1 of such Code is amended by in-
 16 serting after section 139I the following new sec-
 17 tion:

18 **“SEC. 139J. HOMEOWNERSHIP SAVINGS ACCOUNT CON-**
 19 **TRIBUTIONS.**

20 “In the case of an account beneficiary (as defined in
 21 section 223A(c)(5)), gross income does not include
 22 amounts contributed by such account beneficiary’s em-
 23 ployer to any homeownership savings account (as defined
 24 in section 223A(c)(1)) of such account beneficiary if such
 25 contribution, taken in aggregate with all other contribu-

1 tions in all taxable years to homeownership savings ac-
 2 counts (as so defined) of such beneficiary, does not exceed
 3 the amount in effect under section 223A(c)(1)(A)(i).”.

4 (B) CLERICAL AMENDMENT.—The table of
 5 sections for part III of subchapter B of chapter
 6 1 of such Code is amended by inserting after
 7 the item relating to section 139I the following
 8 new item:

“Sec. 139J. Homeownership savings account contributions.”.

9 (2) EXCLUSION FROM EMPLOYMENT TAXES.—

10 (A) SOCIAL SECURITY TAXES.—

11 (i) IN GENERAL.—Section 3121(a) of
 12 such Code is amended by striking “or” at
 13 the end of paragraph (22)(B), by striking
 14 the period at the end of paragraph (23)
 15 and inserting “, or” , and by inserting
 16 after paragraph (23) the following new
 17 paragraph:

18 “(24) any payment made to or for the benefit
 19 of an employee if at the time of such payment it is
 20 reasonable to believe that the employee will be able
 21 to exclude such payment from income under section
 22 139J.”.

23 (ii) CONFORMING AMENDMENT TO SO-
 24 CIAL SECURITY ACT.— Section 209(a) of
 25 the Social Security Act is amended by

1 striking “or” at the end of paragraph (19),
2 by striking “).” at the end of paragraph
3 (20) and inserting “; or”, and by inserting
4 after paragraph (20) the following new
5 paragraph:

6 “(21) any reimbursement which is excludable
7 from gross income under section 139J of the Inter-
8 nal Revenue Code of 1986.”.

9 (B) RAILROAD RETIREMENT TAX.—Section
10 3231(e) of such Code is amended by adding at
11 the end the following new paragraph:

12 “(13) HOMEOWNERSHIP SAVINGS ACCOUNT
13 CONTRIBUTIONS.—The term ‘compensation’ shall
14 not include any payment made to or for the benefit
15 of an employee if at the time of such payment it is
16 reasonable to believe that the employee will be able
17 to exclude such payment from income under section
18 139J.”.

19 (C) UNEMPLOYMENT TAX.—Section
20 3306(b) of such Code is amended by striking
21 “or” at the end of paragraph (19)(B), by strik-
22 ing the period at the end of paragraph (20) and
23 inserting “; or”, and by inserting after para-
24 graph (20) the following new paragraph:

1 “(21) any payment made to or for the benefit
2 of an employee if at the time of such payment it is
3 reasonable to believe that the employee will be able
4 to exclude such payment from income under section
5 139J.”.

6 (D) WITHHOLDING TAX.—Section 3401(a)
7 of such Code is amended by striking “or” at
8 the end of paragraph (22), by striking the pe-
9 riod at the end of paragraph (23) and inserting
10 “; or”, and by inserting after paragraph (23)
11 the following new paragraph:

12 “(24) any payment made to or for the benefit
13 of an employee if at the time of such payment it is
14 reasonable to believe that the employee will be able
15 to exclude such payment from income under section
16 139J.”.

17 (3) EMPLOYER CONTRIBUTIONS REQUIRED TO
18 BE SHOWN ON W-2.—Section 6051(a) of such Code
19 is amended by striking “and” at the end of para-
20 graph (16), by striking the period at the end of
21 paragraph (17) and inserting “, and”, and by insert-
22 ing after paragraph (17) the following new para-
23 graph:

1 “(18) the amount contributed to any homeown-
 2 ership savings account (as defined in section
 3 223A(e)(1)) of such employee.”.

4 (d) TAX ON EXCESS CONTRIBUTIONS.—

5 (1) IN GENERAL.—Section 4973(a) of such
 6 Code is amended by striking “or” at the end of
 7 paragraph (5), by inserting “or” at the end of para-
 8 graph (6), and by inserting after paragraph (6) the
 9 following new paragraph:

10 “(7) a homeownership savings account (within
 11 the meaning of section 223A).”.

12 (2) EXCESS CONTRIBUTION.—Section 4973 of
 13 such Code is amended by adding at the end the fol-
 14 lowing new subsection:

15 “(i) EXCESS CONTRIBUTIONS TO HOMEOWNERSHIP
 16 SAVINGS ACCOUNT.—

17 “(1) IN GENERAL.—For purposes of this sec-
 18 tion, in the case of homeownership savings accounts
 19 (as defined in section 223A), the term ‘excess con-
 20 tributions’ means the sum of—

21 “(A) the amount of any excess contribution
 22 (as defined in section 223A(e)(3)(B) for the
 23 taxable year, plus

24 “(B) the excess (if any) of—

1 “(i) the amount determined under this
 2 subsection for the preceding taxable year,
 3 over

4 “(ii) the distribution out of the home-
 5 ownership savings accounts which were in-
 6 cluded in gross income under section
 7 223A(e)(1) during the taxable year.

8 “(2) TREATMENT OF RETURNED EXCESS CON-
 9 TRIBUTIONS.—For purposes of this subsection, any
 10 contribution which is distributed out of the home-
 11 ownership savings account in a distribution to which
 12 section 223A(e)(3)(A) applies shall be treated as an
 13 amount not contributed.”.

14 (e) TAX ON PROHIBITED TRANSACTIONS.—

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

17 “(8) SPECIAL RULE FOR HOMEOWNERSHIP SAV-
 18 INGS ACCOUNTS.—An individual for whose benefit a
 19 homeownership savings account (within the meaning
 20 of section 223A(c)(1)) is established shall be exempt
 21 from the tax imposed by this section with respect to
 22 any transaction concerning such account (which
 23 would otherwise be taxable under this section) if,
 24 with respect to such transaction, the account ceases

1 to be a homeownership savings account by reason of
2 the application of section 223A(d)(2) to such ac-
3 count.”.

4 (2) Section 4975(e)(1) of such Code is amended
5 by striking “or” at the end of subparagraph (F), by
6 redesignating subparagraph (G) as subparagraph
7 (H), and by inserting after subparagraph (F) the
8 following new subparagraph:

9 “(G) a homeownership savings account de-
10 scribed in section 223A(c).”.

11 (f) PENALTY FOR FAILURE TO FILE REPORTS.—Sec-
12 tion 6693(a)(2) of such Code is amended by striking
13 “and” at the end of subparagraph (E), by striking the
14 period at the end of subparagraph (F) and inserting “,
15 and”, and by inserting after subparagraph (F) the fol-
16 lowing new subparagraph:

17 “(G) Section 223A(h) (relating to home-
18 ownership savings accounts).”.

19 (g) CONFORMING AMENDMENTS.—

20 (1) Section 26(b)(2) of such Code is amended
21 by striking “and” at the end of subparagraph (Y),
22 by striking the period at the end of subparagraph
23 (Z) and inserting “, and”, and by inserting after
24 subparagraph (Z) the following new subparagraph:

1 “(AA) section 223A(e)(2) (relating to addi-
 2 tional tax on homeownership savings account
 3 not used for qualified homeownership ex-
 4 penses).”.

5 (2) Section 408(e)(2)(ii) of such Code is
 6 amended by inserting “or to a homeownership sav-
 7 ings account under section 223A(e)(7)” before the
 8 period.

9 (3) Section 530(d)(9)(A)(ii) of such Code is
 10 amended by inserting “, to a homeownership savings
 11 account under section 223A(e)(7),” after “section
 12 408(e)(2)”.

13 (4) Section 877A of such Code is amended—

14 (A) in subsection (e)(2) by inserting “a
 15 homeownership savings account (as defined in
 16 section 223A),” after “section 223),”, and

17 (B) in subsection (g)(6) by inserting
 18 “223A(e)(4),”, after “529A(c)(3),”.

19 (5) The table of sections for part VII of sub-
 20 chapter B of chapter 1 of such Code is amended by
 21 inserting after the item relating to section 223 the
 22 following new item:

“Sec. 223A. Homeownership savings account.”.

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

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