

119TH CONGRESS  
2D SESSION

# S. 3930

To amend the Internal Revenue Code of 1986 to impose an excise tax on the acquisition of single-family residences by hedge fund taxpayers, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 2026

Mr. MERKLEY (for himself and Mr. HAWLEY) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to impose an excise tax on the acquisition of single-family residences by hedge fund taxpayers, and for other purposes.

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 “HOPE (Humans over  
5 Private Equity) for Homeownership Act”.

1 **SEC. 2. EXCISE TAX ON ACQUISITION OF SINGLE-FAMILY**  
 2 **RESIDENCES BY HEDGE FUND TAXPAYERS.**

3 (a) IN GENERAL.—Subtitle D of the Internal Rev-  
 4 enue Code of 1986 is amended by adding at the end the  
 5 following new chapter:

6 **“CHAPTER 50B—SINGLE-FAMILY**  
 7 **RESIDENCES**

“Sec. 5000E. Newly acquired single-family residences.

8 **“SEC. 5000E. NEWLY ACQUIRED SINGLE-FAMILY RESI-**  
 9 **DENCES.**

10 “(a) IN GENERAL.—There is hereby imposed the ac-  
 11 quisition of any newly acquired single-family residence by  
 12 a hedge fund taxpayer an amount equal to 15 percent of  
 13 the purchase price thereof.

14 “(b) NEWLY ACQUIRED SINGLE-FAMILY RESI-  
 15 DENCE.—For purposes of this section—

16 “(1) IN GENERAL.—The term ‘newly acquired  
 17 single-family residence’ means any residential prop-  
 18 erty which—

19 “(A) consists of 1-to-4 dwelling units, and

20 “(B) was acquired by the taxpayer in any  
 21 taxable year which begins after the date of the  
 22 enactment of this chapter.

23 “(2) EXCEPTION.—A residential property shall  
 24 not be treated as a newly acquired single-family resi-

1        dence if, immediately after acquisition and at all  
 2        times thereafter, such property is—

3                “(A) not rented or leased, and

4                “(B) used as the principal residence (with-  
 5                in the meaning of section 121) of any person  
 6                who has an ownership interest in the hedge  
 7                fund taxpayer acquiring such taxpayer.

8        “(c) HEDGE FUND TAXPAYER.—For purposes of this  
 9 chapter—

10               “(1) IN GENERAL.—The term ‘hedge fund tax-  
 11               payer’ means, with respect to any taxable year, any  
 12               applicable entity which—

13               “(A) manages funds pooled from investors,

14               “(B) has \$50,000,000 or more in net value  
 15               or assets under management on any day during  
 16               the taxable year, and

17               “(C) is a fiduciary with respect to such in-  
 18               vestors.

19               “(2) APPLICABLE ENTITY.—

20               “(A) IN GENERAL.—The term ‘applicable  
 21               entity’ means—

22               “(i) any partnership,

23               “(ii) any corporation, or

24               “(iii) any real estate investment trust.

“(B) EXCEPTIONS.—The term ‘applicable entity’ shall not include—

“(i) an organization which is described in section 501(c)(3) and exempt from tax under section 501(a), or

“(ii) an organization which is primarily engaged in the construction or rehabilitation of single-family residences and which offers such residences for sale in the ordinary course of business.

“(3) AGGREGATION RULES.—

“(A) IN GENERAL.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single person.

“(B) MODIFICATIONS.—For purposes of this subsection—

“(i) section 52(a) shall be applied by substituting ‘component members’ for ‘members’, and

“(ii) for purposes of applying section 52(b), the term ‘trade or business’ shall include any activity treated as a trade or business under paragraph (5) or (6) of section 469(c) (determined without regard to

1 the phrase ‘To the extent provided in regu-  
2 lations’ in such paragraph (6)).

3 “(C) COMPONENT MEMBER.—For pur-  
4 poses of this paragraph, the term ‘component  
5 member’ has the meaning given such term by  
6 section 1563(b), except that the determination  
7 shall be made without regard to section  
8 1563(b)(2).

9 “(d) OTHER DEFINITIONS AND RULES.—For pur-  
10 poses of this section—

11 “(1) PURCHASE PRICE.—The term ‘purchase  
12 price’ means the adjusted basis of the newly ac-  
13 quired single-family residence on the date such resi-  
14 dence is purchased.

15 “(2) ACQUISITION.—A hedge fund taxpayer  
16 shall be treated as acquiring a single-family resi-  
17 dence if the taxpayer acquires a majority ownership  
18 interest in the single-family residence, regardless of  
19 the percentage of that ownership interest.”.

20 (b) CLERICAL AMENDMENT.—The table of chapters  
21 for subtitle D of the Internal Revenue Code of 1986 is  
22 amended by adding at the end the following new item:

“CHAPTER 50B—EXCESS SINGLE-FAMILY RESIDENCES”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to taxable years beginning after  
25 the date of enactment of this Act.

1 **SEC. 3. CORPORATE SURTAX ON HEDGE FUND TAXPAYERS.**

2 (a) IN GENERAL.—Section 11 of the Internal Rev-  
 3 enue Code of 1986 is amended by adding at the end the  
 4 following new subsection:

5 “(e) HEDGE FUND TAXPAYERS.—In the case of a  
 6 corporation which is described in section 5000E(c), the  
 7 percentage under subsection (b) shall be increased by 5  
 8 percentage points.”.

9 (b) EFFECTIVE DATE.—The amendment made by  
 10 this section shall apply to taxable years beginning after  
 11 December 31, 2035.

12 **SEC. 4. DISALLOWANCE OF CERTAIN DEDUCTIONS TAKEN**  
 13 **IN CONNECTION WITH SINGLE-FAMILY RESI-**  
 14 **DENCES OF HEDGE FUND TAXPAYERS.**

15 (a) MORTGAGE INTEREST.—

16 (1) IN GENERAL.—Section 163 of the Internal  
 17 Revenue Code of 1986 is amended by redesignating  
 18 subsection (n) as subsection (o) and by inserting  
 19 after subsection (m) the following new subsection:

20 “(n) NO DEDUCTION FOR INTEREST ON ACQUI-  
 21 SITION INDEBTEDNESS OF SINGLE-FAMILY RESIDENCES OF  
 22 CERTAIN TAXPAYERS.—

23 “(1) IN GENERAL.—In the case of a hedge fund  
 24 taxpayer, no deduction shall be allowed under this  
 25 chapter with respect to interest paid or accrued on

1 acquisition indebtedness with respect to any single-  
 2 family residence.

3 “(2) DEFINITIONS.—For purposes of this sub-  
 4 section—

5 “(A) HEDGE FUND TAXPAYER.—The term  
 6 ‘hedge fund taxpayer’ means, for any taxable  
 7 year, any taxpayer—

8 “(i) who is described in section  
 9 5000E(c), and

10 “(ii) who is in the trade or business of  
 11 renting or leasing single-family residences.

12 “(B) ACQUISITION INDEBTEDNESS.—The  
 13 term ‘acquisition indebtedness’ has the meaning  
 14 given such term under subsection (h)(3)(B), de-  
 15 termined—

16 “(i) by substituting ‘single-family resi-  
 17 dence (as defined in subsection (n))’ for  
 18 ‘qualified residence’, and

19 “(ii) without regard to clause (ii)  
 20 thereof.

21 “(C) SINGLE-FAMILY RESIDENCE.—The  
 22 term ‘single-family residence’ means any resi-  
 23 dential property which consists of 1-to-4 dwell-  
 24 ing units.”.

1           (2) EFFECTIVE DATE.—The amendments made  
2       by this subsection shall apply to taxable years begin-  
3       ning after December 31, 2030.

4       (b) DEPRECIATION.—

5           (1) IN GENERAL.—Section 167 of the Internal  
6       Revenue Code of 1986 is amended by redesignating  
7       subsection (i) as subsection (j) and by inserting after  
8       subsection (h) the following new subsection:

9       “(i) DEDUCTION DISALLOWED FOR SINGLE-FAMILY  
10      RESIDENCES OF CERTAIN TAXPAYERS.—

11           “(1) IN GENERAL.—In the case of a hedge fund  
12      taxpayer, no deduction shall be allowed under this  
13      section for any single-family residence.

14           “(2) DEFINITIONS.—For purposes of this sub-  
15      section—

16           “(A) HEDGE FUND TAXPAYER.—The term  
17      ‘hedge fund taxpayer’ means, for any taxable  
18      year, any taxpayer—

19           “(i) who is described in section  
20      5000E(c), and

21           “(ii) who is in the trade or business of  
22      renting or leasing single-family residences.

23           “(B) SINGLE-FAMILY RESIDENCE.—The  
24      term ‘single-family residence’ means any resi-



1           dential property which consists of 1-to-4 dwell-  
 2           ing units.”.

3           (2) EFFECTIVE DATE.—The amendments made  
 4           by this subsection shall apply to taxable years begin-  
 5           ning after December 31, 2030.

6           (c) QUALIFIED BUSINESS INCOME.—

7           (1) IN GENERAL.—Section 199A(d)(1) of the  
 8           Internal Revenue Code of 1986 is amended by strik-  
 9           ing “or” at the end of subparagraph (A), by striking  
 10          the period at the end of subparagraph (B) and in-  
 11          serting “, or”, and by adding at the end the fol-  
 12          lowing new subparagraph:

13                   “(C) any trade or business of hedge fund  
 14           taxpayer (as defined in section 163(n)(2)(A)).”.

15          (2) EFFECTIVE DATE.—The amendments made  
 16          by this subsection shall apply to taxable years begin-  
 17          ning after December 31, 2035.

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