

119TH CONGRESS
2^D SESSION

H. R. 7468

To amend the Internal Revenue Code of 1986 to allow certain distributions from long-term qualified tuition programs for first home purchases, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2026

Mr. MANN (for himself, Mr. CORREA, Mr. ALFORD, Mr. BARRETT, Mr. MOYLAN, Mr. MCGUIRE, Mr. FULCHER, Ms. DAVIDS of Kansas, Ms. MACE, and Mr. BOST) 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 certain distributions from long-term qualified tuition programs for first home purchases, 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 “First-Time Home
5 Buyer Empowerment Act”.

1 **SEC. 2. SPECIAL RULE FOR CERTAIN DISTRIBUTIONS FROM**
2 **LONG-TERM QUALIFIED TUITION PROGRAMS**
3 **FOR FIRST HOME PURCHASES.**

4 (a) IN GENERAL.—Section 529(c)(3) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new subparagraph:

7 “(F) SPECIAL RULE FOR CERTAIN DIS-
8 TRIBUTIONS FROM LONG-TERM QUALIFIED TUI-
9 TION PROGRAMS FOR FIRST HOME PUR-
10 CHASES.—

11 “(i) IN GENERAL.—In the case of a
12 distribution from a qualified tuition pro-
13 gram of a designated beneficiary which has
14 been maintained for the 15-year period
15 ending on the date of such distribution,
16 subparagraph (A) shall not apply to so
17 much of the portion of such distribution
18 which—

19 “(I) does not exceed the aggre-
20 gate amount contributed to the pro-
21 gram (and earnings attributable
22 thereto) before the 5-year period end-
23 ing on the date of the distribution,
24 and

25 “(II) is used, within 60 days of
26 such distribution, for the purchase of

1 a principal residence of a first-time
2 homebuyer who is such designated
3 beneficiary.

4 “(ii) AGGREGATE LIMITATION.—This
5 subparagraph shall not apply to any dis-
6 tribution described in clause (i) to the ex-
7 tent that the aggregate amount of such
8 distributions with respect to the designated
9 beneficiary for the taxable year and all
10 prior taxable years exceeds an amount
11 equal to \$35,000, reduced by the aggregate
12 amount of distributions to which subpara-
13 graph (E) applies with respect to such des-
14 ignated beneficiary for such taxable year
15 and all prior taxable years.

16 “(iii) SPECIAL RULE WHERE DELAY
17 IN ACQUISITION.—If any distribution from
18 a qualified tuition program of a designated
19 beneficiary fails to meet the requirements
20 of subparagraph (A) solely be reason of a
21 delay or cancellation of the purchase or
22 construction of the residence, the amount
23 of the distribution may be contributed to a
24 qualified tuition program or ABLE ac-
25 count of such beneficiary, as provided in

1 subclauses (I) and (III), respectively, of
2 subparagraph (C)(i), determined by sub-
3 stituting ‘120 days’ for ‘60 days’ in such
4 subparagraph, except that—

5 “(I) subparagraph (C)(iii) shall
6 not be applied to such contribution,
7 and

8 “(II) such amount shall not be
9 taken into account in determining
10 whether subparagraph (C)(iii) applies
11 to any other amount.

12 “(iv) RECAPTURE OF TAX BENEFIT.—

13 “(I) IN GENERAL.—If subpara-
14 graph (A) does not apply to a dis-
15 tribution by reason of this subpara-
16 graph and a qualifying event occurs
17 before the close of the 5-year period
18 beginning on the date of the purchase
19 of the principal residence with respect
20 to which such distribution was used,
21 the designated beneficiary’s tax for
22 the taxable year in which such quali-
23 fying event occurs shall be increased
24 by an amount, determined under reg-
25 ulations, equal to the tax which (but

1 for this subparagraph) would have
2 been imposed, plus interest for the de-
3 ferral period. The amount of any in-
4 crease determined under the preceding
5 sentence shall be reduced (but not
6 below zero) by 20 percent for each full
7 year occurring during the period be-
8 ginning on the date of such purchase
9 and ending on the date of such quali-
10 fying event.

11 “(II) QUALIFYING EVENT.—For
12 purposes of this clause, the term
13 ‘qualifying event’ means, with respect
14 to a distribution to which subpara-
15 graph (A) does not apply by reason of
16 this subparagraph, the disposition of
17 the principal residence which the des-
18 ignated beneficiary purchased using
19 such distribution, or the cessation of
20 such residence as the principal resi-
21 dence of the designated beneficiary
22 (and, if married, such designated
23 beneficiary’s spouse).

24 “(III) DEFERRAL PERIOD.—For
25 purposes of this clause, the term ‘de-

1 ferral period’ means, with respect to a
2 distribution to which subparagraph
3 (A) does not apply by reason of this
4 subparagraph, the period beginning
5 with the taxable year in which (with-
6 out regard to this subparagraph) the
7 distribution would have been includ-
8 ible in gross income and ending with
9 the taxable year in which the quali-
10 fying event described in subclause (I)
11 occurs.

12 “(IV) EXCEPTIONS.—Rules simi-
13 lar to the rules of subparagraphs (A),
14 (B), (C), and (E) of section 36(f)(4)
15 shall apply for purposes of this sub-
16 paragraph.

17 “(v) DEFINITIONS.—For purposes of
18 this subparagraph, the terms ‘purchase’,
19 ‘principal residence’, and ‘first-time home-
20 buyer’ have the meaning given such terms
21 in section 36(c).”.

22 (b) COORDINATION WITH AGGREGATE LIMITATION
23 ON SPECIAL ROLLOVERS TO ROTH IRAS.—Section
24 529(c)(3)(E)(ii)(II) of such Code is amended to read as
25 follows:

1 “(II) AGGREGATE LIMITATION.—
2 This subparagraph shall not apply to
3 any distribution described in clause (i)
4 to the extent that the aggregate
5 amount of such distributions with re-
6 spect to the designated beneficiary for
7 the taxable year and all prior taxable
8 years exceeds an amount equal to
9 \$35,000, reduced by the aggregate
10 amount of distributions to which sub-
11 paragraph (F) applies with respect to
12 such designated beneficiary for such
13 taxable year and all prior taxable
14 years.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to distributions made in taxable
17 years beginning after the date of the enactment of this
18 Act.

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