

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide for Residential  
Emergency Asset-accumulation Deferred Taxation Yield (READY) accounts.

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IN THE SENATE OF THE UNITED STATES

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Mr. SCOTT of Florida introduced the following bill; which was read twice and  
referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide  
for Residential Emergency Asset-accumulation Deferred  
Taxation Yield (READY) 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 “READY Accounts  
5 Act”.

6 **SEC. 2. READY ACCOUNTS.**

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 redesignating section 224 as section 225 and by insert-  
10 ing after section 223 the following new section:

1 **“SEC. 224. RESIDENTIAL EMERGENCY ASSET-ACCUMULA-**  
2 **TION DEFERRED TAXATION YIELD (READY)**  
3 **ACCOUNTS.**

4 “(a) DEDUCTION ALLOWED.—In the case of an indi-  
5 vidual, there shall be allowed as a deduction for the tax-  
6 able year an amount equal to the aggregate amount paid  
7 in cash during such taxable year by or on behalf of such  
8 individual to a Residential Emergency Asset-accumulation  
9 Deferred Taxation Yield (READY) account such indi-  
10 vidual.

11 “(b) LIMITATION.—

12 “(1) IN GENERAL.—The amount allowable as a  
13 deduction under subsection (a) to an individual for  
14 the taxable year shall not exceed \$4,500.

15 “(2) INFLATION ADJUSTMENT.—

16 “(A) IN GENERAL.—In the case of any  
17 taxable year beginning in a calendar year after  
18 2026, the \$4,500 dollar amount under para-  
19 graph (1) shall be increased by an amount  
20 equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-  
23 termined under section 1(f)(3) for the cal-  
24 endar year in which the taxable year be-  
25 gins, determined by substituting in sub-

1 paragraph (A)(ii) thereof ‘calendar year  
2 2025’ for ‘calendar year 2016’.

3 “(B) ROUNDING.—If any amount as ad-  
4 justed under paragraph (1) is not a multiple of  
5 \$50, such dollar amount shall be rounded to the  
6 next lowest multiple of \$50.

7 “(c) RESIDENTIAL EMERGENCY ASSET-ACCUMULA-  
8 TION DEFERRED TAXATION YIELD (READY) AC-  
9 COUNT.—For purposes of this section—

10 “(1) IN GENERAL.—The term ‘Residential  
11 Emergency Asset-accumulation Deferred Taxation  
12 Yield (READY) account’ means a trust created or  
13 organized in the United States as a Residential  
14 Emergency Asset-accumulation Deferred Taxation  
15 Yield (READY) account exclusively for the purpose  
16 of paying the qualified home disaster mitigation and  
17 recovery expenses of the account beneficiary, but  
18 only if the written governing instrument creating the  
19 trust meets the following requirements:

20 “(A) Except in the case of a rollover con-  
21 tribution described in subsection (e)(5), no con-  
22 tribution will be accepted—

23 “(i) unless it is in cash, or

24 “(ii) to the extent such contribution,  
25 when added to previous contributions to

1 the trust for the calendar year, exceeds the  
2 dollar amount in effect under subsection  
3 (b)(1).

4 “(B) The trustee is a bank (as defined in  
5 section 408(n)) or another person who dem-  
6 onstrates to the satisfaction of the Secretary  
7 that the manner in which such person will ad-  
8 minister the trust will be consistent with the re-  
9 quirements of this section.

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

12 “(D) The assets of the trust will not be  
13 commingled with other property except in a  
14 common trust fund or common investment  
15 fund.

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

18 “(2) QUALIFIED HOME DISASTER MITIGATION  
19 AND RECOVERY EXPENSES.—

20 “(A) IN GENERAL.—The term ‘qualified  
21 home disaster mitigation and recovery expenses’  
22 means, with respect to an account beneficiary,  
23 amounts paid by such beneficiary for—

24 “(i) qualified disaster mitigation  
25 measures, or

1                   “(ii) qualified disaster recovery costs,  
2                   with respect to a qualified home of the tax-  
3                   payer.

4                   “(B) QUALIFIED DISASTER MITIGATION  
5                   MEASURES.—For purposes of subparagraph  
6                   (A)—

7                   “(i) IN GENERAL.—The term ‘quali-  
8                   fied disaster mitigation measures’ means  
9                   any measure described in clause (ii) with  
10                  respect to a qualified home of the taxpayer  
11                  if—

12                  “(I) such measure meets such  
13                  criteria as the Secretary, in consulta-  
14                  tion with the Administrator of the  
15                  Federal Emergency Management  
16                  Agency, considers appropriate to miti-  
17                  gate damage from a natural or other  
18                  disaster, and

19                  “(II) is certified by a qualified  
20                  industry professional as meeting such  
21                  criteria.

22                  “(ii) MITIGATION MEASURES.—The  
23                  following measures are measures described  
24                  in this clause:

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1                   “(I) Installing a roofing  
2 underlayment to sheathing.

3                   “(II) Replacing a roof covering.

4                   “(III) Applying a foam adhesive  
5 to reinforce the roof structure.

6                   “(IV) Strengthening connection  
7 of roof deck to roof framing.

8                   “(V) Strengthening roof-to-wall  
9 connections.

10                  “(VI) Strengthening soffits.

11                  “(VII) Strengthening attic ven-  
12 tilation openings.

13                  “(VIII) Installing impact-resist-  
14 ant windows.

15                  “(IX) Installing impact-resistant  
16 entry doors.

17                  “(X) Elevating the residential  
18 home.

19                  “(XI) Installing ground anchors.

20                  “(XII) If the qualified home was  
21 built according to a building code  
22 from a prior year, achieving the cur-  
23 rent building code standard in the ap-  
24 plicable State or locality.

1                   “(XIII) Such other measures de-  
2                   termined by the Secretary, in con-  
3                   sultation with the Administrator of  
4                   the Federal Emergency Management  
5                   Agency, to be consistent with the pur-  
6                   poses of this section.

7                   “(iii) QUALIFIED INDUSTRY PROFES-  
8                   SIONAL.—The term ‘qualified industry pro-  
9                   fessional’ means an individual who meets  
10                  such rules and standards as determined  
11                  appropriate by the Secretary, in consulta-  
12                  tion with the Administrator of the Federal  
13                  Emergency Management Agency.

14                  “(C) QUALIFIED DISASTER RECOVERY  
15                  COSTS.—For purposes of subparagraph (A), the  
16                  term ‘qualified disaster recovery costs’ means  
17                  costs for repairing damage to the qualified  
18                  home of the taxpayer if such damage arises  
19                  from fire, storm, or other casualty and such  
20                  costs are not compensated for by insurance or  
21                  otherwise.

22                  “(D) QUALIFIED HOME.—For purposes of  
23                  this section, the term ‘qualified home’ means,  
24                  with respect to any taxable year, any structure  
25                  which is—

1 “(i) owned by the taxpayer, and

2 “(ii) used by the taxpayer as the tax-  
3 payer’s principal residence (within the  
4 meaning of section 121) for the taxable  
5 year.

6 “(3) ACCOUNT BENEFICIARY.—The term ‘ac-  
7 count beneficiary’ means the individual on whose be-  
8 half the Residential Emergency Asset-accumulation  
9 Deferred Taxation Yield (READY) account was es-  
10 tablished.

11 “(4) CERTAIN RULES TO APPLY.—Rules similar  
12 to the following rules shall apply for purposes of this  
13 section:

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

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

18 “(C) Section 219(f)(5) (relating to em-  
19 ployer payments).

20 “(D) Section 408(g) (relating to commu-  
21 nity property laws).

22 “(E) Section 408(h) (relating to custodial  
23 accounts).

24 “(d) TAX TREATMENT OF ACCOUNTS.—



1           “(1) IN GENERAL.—A Residential Emergency  
2     Asset-accumulation     Deferred     Taxation     Yield  
3     (READY) account is exempt from taxation under  
4     this subtitle unless such account has ceased to be a  
5     Residential Emergency Asset-accumulation Deferred  
6     Taxation Yield (READY) account. Notwithstanding  
7     the preceding sentence, any such account is subject  
8     to the taxes imposed by section 511 (relating to im-  
9     position of tax on unrelated business income of char-  
10    itable, etc. organizations).

11           “(2) ACCOUNT TERMINATIONS.—Rules similar  
12    to the rules of paragraphs (2) and (4) of section  
13    408(e) shall apply to Residential Emergency Asset-  
14    accumulation Deferred Taxation Yield (READY) ac-  
15    counts, and any amount treated as distributed under  
16    such rules shall be treated as not used to pay quali-  
17    fied home disaster mitigation and recovery expenses.

18           “(e) TAX TREATMENT OF DISTRIBUTIONS.—

19           “(1) AMOUNTS USED FOR QUALIFIED HOME  
20    DISASTER MITIGATION AND RECOVERY EXPENSES.—  
21    Any amount paid or distributed out of a Residential  
22    Emergency Asset-accumulation Deferred Taxation  
23    Yield (READY) account which is used exclusively to  
24    pay qualified home disaster mitigation and recovery

1 expenses of the account beneficiary shall not be in-  
2 cludible in gross income.

3 “(2) INCLUSION OF AMOUNTS NOT USED FOR  
4 QUALIFIED HOME DISASTER MITIGATION AND RE-  
5 COVERY EXPENSES.—Any amount paid or distrib-  
6 uted out of a Residential Emergency Asset-accumu-  
7 lation Deferred Taxation Yield (READY) account  
8 which is not used exclusively to pay the qualified  
9 home disaster mitigation and recovery expenses of  
10 the account beneficiary shall be included in the gross  
11 income of such beneficiary.

12 “(3) EXCESS CONTRIBUTIONS RETURNED BE-  
13 FORE DUE DATE OF RETURN.—

14 “(A) IN GENERAL.—If any excess con-  
15 tribution is contributed for a taxable year to  
16 any Residential Emergency Asset-accumulation  
17 Deferred Taxation Yield (READY) account of  
18 an individual, paragraph (2) shall not apply to  
19 distributions from the Residential Emergency  
20 Asset-accumulation Deferred Taxation Yield  
21 (READY) accounts of such individual (to the  
22 extent such distributions do not exceed the ag-  
23 gregate excess contributions to all such ac-  
24 counts of such individual for such year) if—

1                   “(i) such distribution is received by  
2                   the individual on or before the last day  
3                   prescribed by law (including extensions of  
4                   time) for filing such individual’s return for  
5                   such taxable year, and

6                   “(ii) such distribution is accompanied  
7                   by the amount of net income attributable  
8                   to such excess contribution.

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

12                  “(B) EXCESS CONTRIBUTION.—For pur-  
13                  poses of subparagraph (A), the term ‘excess  
14                  contribution’ means any contribution (other  
15                  than a rollover contribution described in para-  
16                  graph (5)) which is not deductible under this  
17                  section.

18                  “(4) ADDITIONAL TAX ON DISTRIBUTIONS NOT  
19                  USED FOR QUALIFIED HOME DISASTER MITIGATION  
20                  AND RECOVERY EXPENSES.—The tax imposed by  
21                  this chapter on the account beneficiary for any tax-  
22                  able year in which there is a payment or distribution  
23                  from a Residential Emergency Asset-accumulation  
24                  Deferred Taxation Yield (READY) account of such  
25                  beneficiary which is includible in gross income under

1 paragraph (2) shall be increased by 20 percent of  
2 the amount which is so includible.

3 “(5) ROLLOVER CONTRIBUTION.—An amount is  
4 described in this paragraph as a rollover contribu-  
5 tion if it meets the requirements of subparagraphs  
6 (A) and (B).

7 “(A) IN GENERAL.—Paragraph (2) shall  
8 not apply to any amount paid or distributed  
9 from a Residential Emergency Asset-accumula-  
10 tion Deferred Taxation Yield (READY) account  
11 to the account beneficiary to the extent the  
12 amount received is paid into a Residential  
13 Emergency Asset-accumulation Deferred Tax-  
14 ation Yield (READY) account for the benefit of  
15 such beneficiary not later than the 60th day  
16 after the day on which the beneficiary receives  
17 the payment or distribution.

18 “(B) LIMITATION.—This paragraph shall  
19 not apply to any amount described in subpara-  
20 graph (A) received by an individual from a Res-  
21 idential Emergency Asset-accumulation De-  
22 ferred Taxation Yield (READY) account if, at  
23 any time during the 1-year period ending on the  
24 day of such receipt, such individual received any  
25 other amount described in subparagraph (A)

1 from a Residential Emergency Asset-accumula-  
2 tion Deferred Taxation Yield (READY) account  
3 which was not includible in the individual's  
4 gross income because of the application of this  
5 paragraph.

6 “(6) TRANSFER OF ACCOUNT INCIDENT TO DI-  
7 VORCE.—The transfer of an individual's interest in  
8 a Residential Emergency Asset-accumulation De-  
9 ferred Taxation Yield (READY) account to an indi-  
10 vidual's spouse or former spouse under a divorce or  
11 separation instrument described in clause (i) of sec-  
12 tion 121(d)(3)(C) shall not be considered a taxable  
13 transfer made by such individual notwithstanding  
14 any other provision of this subtitle, and such interest  
15 shall, after such transfer, be treated as a Residential  
16 Emergency Asset-accumulation Deferred Taxation  
17 Yield (READY) account with respect to which such  
18 spouse is the account beneficiary.

19 “(7) TREATMENT AFTER DEATH OF ACCOUNT  
20 BENEFICIARY.—

21 “(A) TREATMENT IF DESIGNATED BENE-  
22 FICIARY IS SPOUSE.—If the account bene-  
23 ficiary's surviving spouse acquires such bene-  
24 ficiary's interest in a Residential Emergency  
25 Asset-accumulation Deferred Taxation Yield

1 (READY) account by reason of being the des-  
2 ignated beneficiary of such account at the death  
3 of the account beneficiary, such Residential  
4 Emergency Asset-accumulation Deferred Tax-  
5 ation Yield (READY) account shall be treated  
6 as if the spouse were the account beneficiary.

7 “(B) OTHER CASES.—If, by reason of the  
8 death of the account beneficiary, any person ac-  
9 quires the account beneficiary’s interest in a  
10 Residential Emergency Asset-accumulation De-  
11 ferred Taxation Yield (READY) account in a  
12 case to which subparagraph (A) does not  
13 apply—

14 “(i) such account shall cease to be a  
15 Residential Emergency Asset-accumulation  
16 Deferred Taxation Yield (READY) ac-  
17 count as of the date of death, and

18 “(ii) an amount equal to the fair mar-  
19 ket value of the assets in such account on  
20 such date shall be includible if such person  
21 is not the estate of such beneficiary, in  
22 such person’s gross income for the taxable  
23 year which includes such date, or if such  
24 person is the estate of such beneficiary, in

1                   such beneficiary’s gross income for the last  
2                   taxable year of such beneficiary.

3           “(f) REPORTS.—

4                   “(1) IN GENERAL.—The Secretary may require  
5                   the trustee of a Residential Emergency Asset-accu-  
6                   mulation Deferred Taxation Yield (READY) account  
7                   to make such reports regarding such account to the  
8                   Secretary and to the account beneficiary with re-  
9                   spect to contributions, distributions, the return of  
10                  excess contributions, and such other matters as the  
11                  Secretary determines appropriate.

12                  “(2) TIME AND MANNER OF REPORTS.—The re-  
13                  ports required by this subsection shall be filed at  
14                  such time and in such manner and furnished to such  
15                  individuals at such time and in such manner as may  
16                  be required by the Secretary.

17                  “(g) REGULATIONS.— The Secretary shall prescribe  
18                  such regulations as may be necessary or appropriate to  
19                  carry out the purposes of this section and to prevent the  
20                  abuse of such purposes.”.

21           (b) EXCESS CONTRIBUTIONS.—

22                   (1) IN GENERAL.—Section 4973(a) of the In-  
23                   ternal Revenue Code of 1986 is amended by striking  
24                   “or” at the end of paragraph (5), by inserting “or”

1 at the end of paragraph (6), and by inserting after  
2 paragraph (6) the following new paragraph:

3 “(7) a Residential Emergency Asset-accumula-  
4 tion Deferred Taxation Yield (READY) account  
5 (within the meaning of section 224),”.

6 (2) EXCESS CONTRIBUTIONS.—Section 4973 of  
7 such Code is amended by adding at the end the fol-  
8 lowing new subsection:

9 “(i) EXCESS CONTRIBUTIONS TO READY AC-  
10 COUNTS.—

11 “(1) IN GENERAL.—For purposes of this sec-  
12 tion, in the case of a Residential Emergency Asset-  
13 accumulation Deferred Taxation Yield (READY) ac-  
14 count (within the meaning of section 224), the term  
15 ‘excess contributions’ means the sum of—

16 “(A) the aggregate amount contributed for  
17 the taxable year to such accounts (other than  
18 rollover contributions described in section  
19 224(e)(5)) which is not allowed as a deduction  
20 under section 224 fo such year, and, and

21 “(B) the amount determined under this  
22 subsection for the preceding taxable year, re-  
23 duced by the sum of—





1           (2) SPECIAL RULE.—Section 4975(e) of such  
2 Code is amended by adding at the end the following  
3 new paragraph:

4           “(8) SPECIAL RULE FOR RESIDENTIAL EMER-  
5 GENCY ASSET-ACCUMULATION DEFERRED TAXATION  
6 YIELD (READY) ACCOUNTS.—An individual for whose  
7 benefit a Residential Emergency Asset-accumulation  
8 Deferred Taxation Yield (READY) account (within  
9 the meaning of section 224) is established shall be  
10 exempt from the tax imposed by this section with re-  
11 spect to any transaction concerning such account  
12 (which would otherwise be taxable under this sec-  
13 tion) if, with respect to such transaction, the ac-  
14 count ceases to be a Residential Emergency Asset-  
15 accumulation Deferred Taxation Yield (READY) ac-  
16 count by reason of the application of section  
17 224(d)(2) to such account.”.

18           (d) CONFORMING AMENDMENTS.—

19           (1) Section 26(b)(2) of the Internal Revenue  
20 Code of 1986 is amended by striking “and” at the  
21 end of subparagraph (Y), by striking the period at  
22 the end of subparagraph (Z) and inserting “, and”,  
23 and by inserting after subparagraph (Y) the fol-  
24 lowing:

25           “(AA) section 224(e)(4).”.

1           (2) Section 62(a) of such Code is amended by  
2 inserting after paragraph (21) the following new  
3 paragraph:

4           “(22) RESIDENTIAL EMERGENCY ASSET-ACCU-  
5 MULATION DEFERRED TAXATION YIELD (READY) AC-  
6 COUNT.—The deduction allowed by section 224.”.

7           (3) Section 165(h) of such Code is amended by  
8 adding at the end the following new paragraph:

9           “(6) COORDINATION WITH EXPENDITURES  
10 FROM READY ACCOUNTS.—No deduction shall be al-  
11 lowed with respect to any loss described in sub-  
12 section (a)(3) to the extent the taxpayer has made  
13 an expenditure from a Residential Emergency Asset-  
14 accumulation Deferred Taxation Yield (READY) ac-  
15 count (as defined in section 224) which is taken into  
16 account under section 224(c)(2)(C) as a cost with  
17 respect to such loss.”.

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

19           (A) in subsection (e)(2) by inserting “a  
20 Residential Emergency Asset-accumulation De-  
21 ferred Taxation Yield (READY) account (as de-  
22 fined in section 224),” after “a health savings  
23 account (as defined in section 223),”, and

24           (B) in subsection (g)(6) by inserting  
25 “224(e)(4),” after “223(f)(4),”.

1           (5) Section 6693(a)(2) of such Code is amended  
2           by striking “and” at the end of subparagraph (E),  
3           by striking the period at the end of subparagraph  
4           (F) and inserting “, and”, and by inserting after  
5           subparagraph (F) the following new subparagraph:

6                     “(G) section 224(f) (relating to Residential  
7           Emergency Asset-accumulation Deferred Tax-  
8           ation Yield (READY) accounts).”.

9           (6) The table of sections for part VII of sub-  
10          chapter B of chapter 1 of such Code is amended re-  
11          designating the item relating to section 224 as relat-  
12          ing to section 225 and by inserting after the item  
13          relating to section 223 the following new item:

                   “Sec. 224. Residential Emergency Asset-accumulation Deferred Taxation Yield  
                   (READY) accounts.”.

14          (e) EFFECTIVE DATE.—The amendments made by  
15          this section shall apply to taxable years beginning after  
16          the date of the enactment of this Act.