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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R.

To amend the Internal Revenue Code of 1986 to allow a deduction for loan interest payments made with respect to certain watercraft.

IN THE HOUSE OF REPRESENTATIVES

Mr. YAKYM introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for loan interest payments made with respect to certain watercraft.

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 “Boat Loan Interest
5 Deduction Act of 2026”.

1 **SEC. 2. QUALIFIED PASSENGER VEHICLES INCLUDE CER-**
2 **TAIN WATERCRAFT FOR PURPOSES OF DE-**
3 **DUCTION FOR INTEREST PAID OR ACCRUED.**

4 (a) IN GENERAL.—Section 163(h)(4)(D) of the In-
5 ternal Revenue Code of 1986 is amended to read as fol-
6 lows:

7 “(D) APPLICABLE PASSENGER VEHICLE.—
8 For purposes of this paragraph—

9 “(i) IN GENERAL.—The term ‘applica-
10 ble passenger vehicle’ means an applicable
11 motor vehicle or an applicable watercraft.

12 “(ii) APPLICABLE MOTOR VEHICLE.—
13 The term ‘applicable motor vehicle’ means
14 any vehicle—

15 “(I) the original use of which
16 commences with the taxpayer,

17 “(II) which is manufactured pri-
18 marily for use on public streets, roads,
19 and highways (not including a vehicle
20 operated exclusively on a rail or rails),

21 “(III) which has at least 2
22 wheels,

23 “(IV) which is a car, minivan,
24 van, sport utility vehicle, pickup
25 truck, or motorcycle,

1 “(V) which is treated as a motor
2 vehicle for purposes of title II of the
3 Clean Air Act, and

4 “(VI) which has a gross vehicle
5 weight rating of less than 14,000
6 pounds.

7 Such term shall not include any vehicle the
8 final assembly of which did not occur with-
9 in the United States.

10 “(iii) APPLICABLE WATERCRAFT.—
11 The term ‘applicable watercraft’ means a
12 watercraft—

13 “(I) the original use of which
14 commences with the taxpayer,

15 “(II) which is a recreational ves-
16 sel (as defined in section 2101 of title
17 46, United States Code), and

18 “(III) which is a motorboat (as
19 defined in section 90.10-23 of title 46,
20 Code of Federal Regulations, as in ef-
21 fect on the date of the enactment of
22 this subparagraph).

23 Such term shall not include any watercraft the
24 final assembly of which did not occur in the
25 United States.”.

1 (b) CONFORMING AMENDMENTS.—Such Code is fur-
2 ther amended—

3 (1) in section 163(h)(4)(B)(iii)—

4 (A) by striking “VIN” in the heading and
5 inserting “IDENTIFICATION NUMBER”, and

6 (B) by striking “the vehicle identification
7 number of the applicable passenger vehicle de-
8 scribed in clause (i) on the return of tax for the
9 taxable year.” and inserting “on the return of
10 tax for the taxable year—

11 “(I) the vehicle identification number
12 in the case of an applicable motor vehicle,
13 or

14 “(J) the hull identification number in
15 the case of an applicable watercraft.”, and

16 (2) in section 6050AA(b)(2)(E), by striking
17 “vehicle identification number” and inserting “vehi-
18 cle or hull identification number”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to indebtedness incurred after De-
21 cember 31, 2025.