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118TH CONGRESS
2D SESSION

H. R. 7693

To amend the Internal Revenue Code of 1986 to treat distributions from health savings accounts for funeral expenses of the account beneficiary as qualified distributions.

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 2024

Mr. HERN introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to treat distributions from health savings accounts for funeral expenses of the account beneficiary as qualified distributions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DISTRIBUTIONS FROM HEALTH SAVINGS ACCOUNTS FOR FUNERAL EXPENSES OF THE ACCOUNT BENEFICIARY TREATED AS QUALIFIED DISTRIBUTIONS.

(a) IN GENERAL.—Section 223(d)(2)(A) of the Internal Revenue Code of 1986 (26 U.S.C. 223(d)(2)(A)) is amended by striking ‘‘menstrual care products’’ and inserting ‘‘menstrual care products, or funeral expenses of the account beneficiary,’’.

(b) FUNERAL EXPENSES.—Section 223(d)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 223(d)(2)) is amended by adding at the end the following:

‘‘(E) FUNERAL EXPENSES.—

‘‘(i) IN GENERAL.—For purposes of this paragraph, the term ‘funeral expenses’ means the amounts paid incident to the care and disposition of the remains of an account beneficiary following the death of such beneficiary, including the amounts paid for burial, cremation, embalming, interment, or inurnment of the remains, preparation of the remains for such burial, cremation, embalming, interment, or inurnment, furnishing of clothing for the remains, furnishing of a casket or urn, a hearse service, a funeral director’s services, a funeral venue fee, transportation of the remains to the place designated for the disposition of the remains, grave digging, furnishing of a grave liner, and furnishing of a grave plot.

"(ii) LIMITATION.—The aggregate amount treated as funeral expenses under this section with respect to any account beneficiary shall not exceed $5,000.".

(c) COORDINATION WITH RULES FOR TREATMENT OF ACCOUNT INCIDENT TO DEATH OF BENEFICIARY.—Section 223(f)(8)(B)(ii) of the Internal Revenue Code of 1986 (26 U.S.C. 223(f)(8)(B)(ii)) is amended by adding at the end the following:

"(III) PERIOD FOR TREATMENT OF FUNERAL EXPENSES AS INCURRED BEFORE DEATH.—For the 90-day period beginning on the date of the death of an account beneficiary, the funeral expenses (as that term is defined in subsection (d)(2)(E)) of such beneficiary shall be treated as if incurred immediately before the death of such beneficiary.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid after the date of the enactment of this Act, in taxable years ending after such date.

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