

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 1834

6 By: Hefner

7 COMMITTEE SUBSTITUTE

8 [revenue - taxation - account - definitions -
9 deduction - income - contributions - amounts -
10 limitations - tax - death - Oklahoma Tax Commission
11 - notice - codification - effective date]

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14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 2387 of Title 68, unless there
17 is created a duplication in numbering, reads as follows:

18 This act shall be known and may be cited as the "Inhofe Disaster
19 Savings Account Act".

20 SECTION 2. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 2388 of Title 68, unless there
22 is created a duplication in numbering, reads as follows:

23 As used in the Inhofe Disaster Savings Account Act:

1 1. "Disaster Savings Account" means a regular savings account
2 or money market account established by an insurance policyholder for
3 residential property in this state to cover an insurance deductible
4 under an insurance policy for the taxpayer's primary residence that
5 covers hurricanes, rising floodwaters, tornadoes, hail, or other
6 catastrophic windstorm event damage, or by an individual to cover
7 self-insured losses for the taxpayer's primary residence from
8 hurricanes, rising floodwaters, tornadoes, hail, or other
9 catastrophic windstorm event. The account may also cover costs
10 incurred in proactively protecting the taxpayer's primary residence
11 from hurricanes, rising floodwaters, tornadoes, hail, or other
12 catastrophic windstorm event damage. The account must be labeled as
13 a Disaster Savings Account to qualify as a Disaster Savings Account
14 as defined in this paragraph. A taxpayer shall establish only one
15 Disaster Savings Account and shall specify that the purpose of the
16 account is to cover the amount of insurance deductible and other
17 uninsured portions of risks of loss from hurricanes, rising
18 floodwaters, tornadoes, hail, or other catastrophic windstorm event
19 and costs incurred in proactively protecting the taxpayer's primary
20 residence from hurricanes, rising floodwaters, tornadoes, hail, or
21 other catastrophic windstorm event damage;

22 2. "Qualified deductible" means the deductible for the
23 individual's homeowner's policy for a taxpayer's primary residence;
24 and

1 3. "Qualified disaster expenses" means expenses paid or
2 incurred by reason of a major disaster that has been declared by the
3 President of the United States or the Governor of the State of
4 Oklahoma to be an emergency by executive order.

5 SECTION 3. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 2389 of Title 68, unless there
7 is created a duplication in numbering, reads as follows:

8 A. For taxable years beginning on or after January 1, 2026, an
9 individual is allowed a deduction from Oklahoma taxable income for
10 amounts contributed to a Disaster Savings Account in accordance with
11 subsection C of this section. All interest income earned by the
12 Disaster Savings Account is exempt from the tax imposed pursuant to
13 Section 2355 of Title 68 of the Oklahoma Statutes.

14 B. A Disaster Savings Account is not subject to attachment,
15 levy, garnishment, or legal process in this state.

16 C. The total amount that may be contributed to a Disaster
17 Savings Account must not exceed:

18 1. In the case of an individual whose qualified deductible is
19 less than or equal to One Thousand Dollars (\$1,000.00), Two Thousand
20 Dollars (\$2,000.00);

21 2. In the case of an individual whose qualified deductible is
22 greater than One Thousand Dollars (\$1,000.00), the amount equal to
23 the lesser of Fifteen Thousand Dollars (\$15,000.00) or twice the
24 amount of the taxpayer's qualified deductible; and

1 3. In the case of a self-insured individual who chooses not to
2 obtain insurance on his or her primary residence, Three Hundred
3 Fifty Thousand Dollars (\$350,000.00), but shall not exceed the value
4 of the individual taxpayer's primary residence. The amount
5 prescribed by this paragraph shall be adjusted annually to reflect
6 an increase of five percent (5%). Each five-percent increase shall
7 be applied to the amount as previously adjusted pursuant to the
8 provisions of this paragraph.

9 If a taxpayer contributes in excess of the limits as provided
10 for in this subsection, the taxpayer shall withdraw the amount of
11 excess contributions from the individual's Disaster Savings Account.
12 The excess amount shall be withdrawn from the Disaster Savings
13 Account not later than the due date of the income tax return for the
14 applicable income tax year, including any extension. The amount of
15 excess contributions withdrawn under this subsection shall be
16 subject to the tax imposed pursuant to Section 2355 of Title 68 of
17 the Oklahoma Statutes, but shall not be subject to the additional
18 two and one-half percent (2.5%) rate increase as prescribed by
19 subsection B of Section 4 of this act.

20 SECTION 4. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 2390 of Title 68, unless there
22 is created a duplication in numbering, reads as follows:

23 A. A distribution from a Disaster Savings Account must be
24 included in the income of the taxpayer unless the amount of the

1 distribution is used to cover qualified disaster expenses. No
2 amount is included in income if the qualified disaster expenses of
3 the taxpayer during the taxable year are equal to or greater than
4 the aggregate distributions during the taxable year. If aggregate
5 distributions exceed the qualified disaster expenses during the
6 taxable year, the amount otherwise included in income must be
7 reduced by the amount of the distributions for qualified disaster
8 expenses.

9 B. The tax paid pursuant to Section 2355 of Title 68 of the
10 Oklahoma Statutes attributable to a taxable distribution must be
11 increased by two and one-half percent (2.5%) of the amount which is
12 includable in income. This additional tax does not apply if the:

- 13 1. Taxpayer no longer owns a residence; or
- 14 2. Distribution is from an account conforming with Section 3 of
15 this act and is made on or after the date on which the taxpayer
16 attains the age of seventy (70).

17 C. If a taxpayer who owns a Disaster Savings Account dies, his
18 or her account shall be included in the income of the person who
19 receives the account, unless that person is the surviving spouse of
20 the taxpayer. Upon death of the surviving spouse, the account is
21 included in the income of the person who receives the account. The
22 additional tax in subsection B of this section does not apply to
23 distribution on death of the taxpayer or the surviving spouse.

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1 D. The Oklahoma Tax Commission shall promulgate rules necessary
2 to implement and administer this act. The Oklahoma Tax Commission
3 shall provide written notice to the Oklahoma Insurance Department
4 upon the promulgation of any rules or changes to rules related to
5 this act.

6 SECTION 5. This act shall become effective November 1, 2025.

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