

1 STATE OF OKLAHOMA

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

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 1834

6 By: Hefner

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to revenue and taxation; creating the
9 Inhofe Disaster Savings Account Act; providing
10 definitions; providing for income tax deduction when
11 contributing to disaster savings account; providing
12 exemption for interest income earned; providing
13 limitations for contributions to disaster savings
14 account; providing requirement for withdrawal in
15 certain amounts; providing limitations on
16 distributions made; providing for certain increase in
17 tax paid attributable to a taxable distribution;
18 providing for who receives the account upon death;
19 requiring Oklahoma Tax Commission to promulgate rules
20 and provide notice; providing for codification; and
21 providing an effective date.

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

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

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

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

4 As used in the Inhofe Disaster Savings Account Act:

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

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

7 3. "Qualified deductible" means the deductible for the
8 individual's homeowner's policy for a taxpayer's primary residence.

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

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

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

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

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

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

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

13 If a taxpayer contributes in excess of the limits as provided
14 for in this subsection, the taxpayer shall withdraw the amount of
15 excess contributions from the individual's Disaster Savings Account.
16 The excess amount shall be withdrawn from the Disaster Savings
17 Account not later than the due date of the income tax return for the
18 applicable income tax year, including any extension.

19 The amount of excess contributions withdrawn under this
20 subsection shall be exempt from the tax imposed pursuant to Section
21 2355 of Title 68 of the Oklahoma Statutes.

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

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

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

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

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

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

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

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