

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 deductible" means the deductible for the
4 individual's homeowner's policy for a taxpayer's primary residence;
5 and

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

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

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

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

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

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

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

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

16 If a taxpayer contributes in excess of the limits as provided
17 for in this subsection, the taxpayer shall withdraw the amount of
18 excess contributions from the individual's Disaster Savings Account.
19 The excess amount shall be withdrawn from the Disaster Savings
20 Account not later than the due date of the income tax return for the
21 applicable income tax year, including any extension. The amount of
22 excess contributions withdrawn under this subsection shall be
23 subject to the tax imposed pursuant to Section 2355 of Title 68 of
24 the Oklahoma Statutes, but shall not be subject to the additional

1 two and one-half percent (2.5%) rate increase as prescribed by
2 subsection B of Section 4 of this act.

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

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

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

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

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

8 D. The Oklahoma Tax Commission shall promulgate rules necessary
9 to implement and administer this act. The Oklahoma Tax Commission
10 shall provide written notice to the Oklahoma Insurance Department
11 upon the promulgation of any rules or changes to rules related to
12 this act.

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

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15 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
16 03/05/2025 - DO PASS, As Amended and Coauthored.

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