

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB1834
Version:	SUBPCS1
Request Number:	12844
Author:	Rep. Hefner
Date:	3/4/2025
Impact:	FY26: No Impact
	FY27: Unknown decrease in revenue

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

In its current form, HB1834 establishes an income tax deduction for contributions to a disaster savings account. Interest earned by the account and withdrawals used to cover qualified disaster expenses are exempt from state income tax.

The Oklahoma Tax Commission has provided the following analysis:

ESTIMATED REVENUE IMPACT:

FY26: \$0

FY27: Unknown decrease in income tax collections.

ANALYSIS: The Proposed Committee Substitute for HB 1834 (Req. No. 12844) provides that the amount of excess contributions withdrawn will be included in Oklahoma taxable income but will not be subject to the additional 2.5% income tax rate.

HB 1834 allows A taxpayer to establish A Disaster Savings Account (DSA) to save money for insurance deductibles and other costs related to natural disasters, beginning in tax year 2026. Contributions are deductible from Oklahoma taxable income. Interest earned and withdrawn excess contributions are exempt from Oklahoma taxable income. Contribution limits vary based on an individual's insurance situation and amount of deductible, from \$1,000 up to \$350,000.

Withdrawals from these accounts are tax-free when used for qualified disaster expenses. Distributions for other purposes are subject to Oklahoma income tax plus an additional 2.5% tax, though exceptions exist for account holders aged 70 and older or those who no longer own a residence.

Available data from similar programs in other states suggest limited participation¹. For example, Alabama's 2024 tax expenditure report² estimates the cost of its Catastrophe Savings Accounts (CSA) program at approximately \$120,000. Expenditure

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.

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