

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 1834

By: Hefner

6 AS INTRODUCED

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

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

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

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

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

1 As used in the Inhofe Disaster Savings Account Act:

2 1. "Disaster Savings Account" means a regular savings account

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

23 2. "Qualified disaster expenses" means expenses paid or

24 incurred by reason of a major disaster that has been declared by the

1 President of the United States or the Governor of the State of
2 Oklahoma to be an emergency by executive order; and

3 3. "Qualified deductible" means the deductible for the
4 individual's homeowner's policy for a taxpayer's legal residence.

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 legal residence, Two Hundred Fifty
3 Thousand Dollars (\$250,000.00), but shall not exceed the value of
4 the individual taxpayer's legal residence.

5 If a taxpayer contributes in excess of the limits as provided
6 for in this subsection, the taxpayer shall withdraw the amount of
7 excess contributions from the individual's Disaster Savings Account.

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

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

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

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

5 C. If a taxpayer receives a nontaxable distribution under this
6 section, the taxpayer must not make further contributions to any
7 Disaster Savings Account.

8 D. If a taxpayer who owns a Disaster Savings Account dies, his
9 or her account shall be included in the income of the person who
10 receives the account, unless that person is the surviving spouse of
11 the taxpayer. Upon death of the surviving spouse, the account is
12 included in the income of the person who receives the account. The
13 additional tax in subsection B of this section does not apply to
14 distribution on death of the taxpayer or the surviving spouse.

15 E. The Oklahoma Tax Commission shall promulgate rules necessary
16 to implement and administer this act. The Oklahoma Tax Commission
17 shall provide written notice to the Oklahoma Insurance Department
18 upon the promulgation of any rules or changes to rules related to
19 this act.

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