

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 1802

By: Rosino

6 AS INTRODUCED

7 An Act relating to catastrophe savings accounts;
8 defining terms; authorizing the establishment of a
9 catastrophe savings account; limiting accounts that
10 may be opened; prescribing deposit amounts in order
11 to claim deduction; authorizing income tax deduction
12 for certain deposits; exempting certain interest and
13 returns from taxable income; providing exemption for
14 certain distributions; authorizing the Oklahoma Tax
15 Commission to promulgate rules; providing for
16 codification; and providing an effective date.

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

18 SECTION 1. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2358.8 of Title 68, unless there
20 is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Catastrophe savings account" means a regular savings
23 account or money market account established by a taxpayer who is a
24 resident of this state, the exclusive purpose of which is to pay for
25 qualified catastrophe expenses;

1 2. "Catastrophic event" means a windstorm, a tornado, an
2 earthquake, an ice storm, a flood, a hailstorm, and any other
3 weather event that causes damage to homes;

4 3. "Qualified catastrophe expenses" means a qualified
5 deductible paid for damage resulting from a catastrophic event and
6 expenses incurred, that are not covered by an insurance policy, in
7 repairing damage or replacing a structure damaged by a catastrophic
8 event for the primary residence of the taxpayer; and

9 4. "Qualified deductible" means the amount of money the insured
10 shall pay before the insurance provider starts paying for the
11 covered damaged expenses for the insured's primary residence caused
12 by a catastrophic event. If the policy provides for more than one
13 deductible, the deductible with the highest amount shall be the
14 qualified deductible.

15 B. A taxpayer may establish one catastrophe savings account
16 pursuant to this section which shall be labeled as a catastrophe
17 savings account and shall specify that the purpose of the account is
18 to cover qualified catastrophe expenses. No more than one
19 catastrophe savings account shall be established pursuant to this
20 section for a primary residence.

21 C. In order to claim the deduction allowed by this section:

22 1. For a taxpayer with a qualified deductible of One Thousand
23 Dollars (\$1,000.00) or less, the total amount that may be
24

1 contributed to a catastrophe savings account shall be Two Thousand
2 Dollars (\$2,000.00) or less;

3 2. For a taxpayer with a qualified deductible greater than One
4 Thousand Dollars (\$1,000.00), the total amount that may be
5 contributed to a catastrophe savings account shall be the lesser of
6 twice the amount of the qualified deductible or Twenty-five Thousand
7 Dollars (\$25,000.00); and

8 3. For a taxpayer with a self-insured primary residence or a
9 taxpayer who chooses not to obtain insurance on his or her primary
10 residence, the total amount that may be contributed to a catastrophe
11 savings account shall be Two Hundred Fifty Thousand Dollars
12 (\$250,000.00) or less. Provided, the amount contributed shall not
13 exceed the market value of the primary residence, as reported by the
14 applicable county assessor.

15 D. 1. For tax year 2027 and subsequent tax years, an
16 individual taxpayer shall be allowed a deduction from Oklahoma
17 adjusted gross income for amounts contributed to a catastrophe
18 savings account in compliance with this section.

19 2. For tax year 2027 and subsequent tax years, interest or
20 returns earned by a catastrophe savings account in compliance with
21 this section shall be exempt from taxable income.

22 3. For tax year 2027 and subsequent tax years, any distribution
23 from a catastrophe savings account in compliance with this section
24 that is used to cover qualified catastrophe expenses shall be exempt

1 from taxable income. Provided, if the aggregate distributions from
2 such account during the tax year exceed the qualified catastrophe
3 expenses of the taxpayer during the tax year, such excess
4 distributions shall be considered taxable income.

5 E. The Oklahoma Tax Commission may promulgate any rules
6 necessary to effectuate the provisions of this section.

7 SECTION 2. This act shall become effective January 1, 2027.

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