

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1802

By: Rosino

AS INTRODUCED

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

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

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

A. As used in this section:

1. "Catastrophe savings account" means a regular savings account or money market account established by a taxpayer who is a resident of this state, the exclusive purpose of which is to pay for 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.

8  
9 60-2-2477 QD 1/14/2026 8:57:37 PM  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25