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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

AN ACT

RELATING TO TAXATION -- CATASTROPHE SAVINGS ACCOUNTS ACT

Introduced By: Representatives Kennedy, Azzinaro, Fogarty, Tanzi, Carson, Cortvriend, Speakman, Craven, McEntee, and Edwards
Date Introduced: February 04, 2026

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
2 adding thereto the following chapter:

CHAPTER 73

CATASTROPHE SAVINGS ACCOUNTS ACT

44-73-1. Short title.

This chapter shall be known and may be cited as the "Catastrophe Savings Account Act."

44-73-2. Definitions.

As used in this chapter:

(1) “Catastrophe savings account” means a regular savings account or money market account established by a resident taxpayer to pay for qualified catastrophe expenses.

(2) “Catastrophic event” means windstorms, cyclones, earthquakes, hurricanes, ice storms, tornadoes, high winds, floods, hail storms, and any other weather events or occurrences; provided that, such event or occurrence has been declared as a disaster or emergency by the governor.

14 (3) “Qualified catastrophe expenses” means:

15 (i) A qualified deductible paid for damage resulting from a catastrophic event; and

16 (ii) Expenses incurred in repairing or replacing damage to a taxpayer's primary residence
17 as a result of a catastrophic event that are not covered by a homeowner's insurance policy.

18 (4) “Qualified deductible” means the deductible for the homeowner's insurance policy of
19 the taxpayer covering catastrophic event damage for his or her primary residence. If such policy

1 provides for more than one deductible, the deductible with the highest amount shall constitute the
2 qualified deductible.

3 **44-73-3. Establishment of account.**

4 A taxpayer may establish one catastrophe savings account pursuant to this chapter which
5 shall be labeled as a catastrophe savings account and shall specify that the purpose of the account
6 is to cover qualified catastrophe expenses. No more than one catastrophe savings account pursuant
7 to this chapter shall be established for a primary residence.

8 **44-73-4. Limitations on contributions.**

9 (a) For a taxpayer whose qualified deductible is one thousand dollars (\$1,000) or less, the
10 total amount that may be contributed to a catastrophe savings account shall not exceed two thousand
11 dollars (\$2,000).

12 (b) For a taxpayer whose qualified deductible is greater than one thousand dollars (\$1,000),
13 the total amount that may be contributed to a catastrophe savings account shall not exceed the lesser
14 of twice the amount of the taxpayer's qualified deductible or twenty-five thousand dollars
15 (\$25,000).

16 (c) For a self-insured taxpayer who chooses not to obtain insurance on his or her primary
17 residence, the total amount that may be contributed to a catastrophe savings account shall not
18 exceed two hundred fifty thousand dollars (\$250,000); provided, however, that in no case shall the
19 amount contributed to the catastrophe savings account exceed the fair market value of the taxpayer's
20 primary residence.

21 **44-73-5. Deduction for contributions.**

22 (a) An individual taxpayer shall be allowed a deduction from the tax imposed pursuant to
23 this title 44 for amounts contributed to a catastrophe savings account in accordance with this
24 chapter.

25 (b) All interest income earned by a catastrophe savings account in compliance with this
26 chapter shall be exempt from the tax imposed pursuant this title 44.

27 **44-73-6. Distributions.\b**

28 A distribution from a catastrophe savings account shall be included in the income of the
29 taxpayer unless the amount of the distribution is used to cover qualified catastrophe expenses;
30 provided, however, that no such amount shall be included in the income of the taxpayer if the
31 qualified catastrophe expenses of the taxpayer during the taxable year are equal to or greater than
32 the aggregate distributions from such account during the taxable year. If the aggregate distributions
33 during the taxable year from such account exceed the qualified catastrophe expenses of the taxpayer
34 during the taxable year, the amount otherwise included in the taxpayer's income shall be reduced

1 by the amount of the distributions for qualified catastrophe expenses and the amount of interest
2 income earned by the catastrophe savings account.

3 **44-73-7. Excess contributions.**

4 If a taxpayer contributes in excess of the limits provided in this chapter and claimed a
5 deduction pursuant to § 44-73-5, the taxpayer shall withdraw the amount of the excess contributions
6 and include that amount in the income of the taxpayer in the year of withdrawal.

7 **44-73-8. Death of taxpayer.**

8 If a taxpayer who owns a catastrophe savings account dies, the taxpayer's account shall be
9 included in the income of the person who receives the account, unless that person is the surviving
10 spouse of the taxpayer. Upon the death of such a surviving spouse, the amount in the account shall
11 be included in the income of the person who receives the account.

12 **44-73-9. Rules and regulations.**

13 The division of taxation shall promulgate any rules and regulations necessary to implement
14 and administer the provisions of this chapter.

15 SECTION 2. This act shall take effect on July 1, 2026, and shall be applicable to taxable
16 years beginning on or after January 1, 2027.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- CATASTROPHE SAVINGS ACCOUNTS ACT

- 1 This act would establish the catastrophe savings account act.
- 2 This act would take effect on July 1, 2026, and would be applicable to taxable years
- 3 beginning on or after January 1, 2027.

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