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## DIGEST

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HB 127 Original

2025 Regular Session

Tarver

**Abstract:** Authorizes an individual income tax deduction for amounts deposited into a deductible savings account to pay for expenses to retrofit a roof to the fortified roof building standards or for a homeowner's insurance policy deductible for his primary residence.

Proposed law authorizes an income tax deduction for contributions an account holder makes during a taxable year to a deductible savings account to pay for qualified expenses and qualified deductibles. Proposed law defines an "account holder" as a resident taxpayer who is an insurance policyholder for residential property located in this state that is owned by the taxpayer and which is the taxpayer's primary residence for which the taxpayer claims a homestead exemption. An account holder is limited to one deduction regardless of the number of deductible savings accounts an account holder may own.

Proposed law defines "qualified expenses" to mean both expenses necessary to retrofit the roof of the account holder's primary residence to the fortified roof building standards and expenses to supplement additional living expense coverage. Proposed law defines "qualified deductible" as the insurance policy deductible covering damage to the account holder's primary residence. If the homeowner's insurance policy on the primary residence includes more than one deductible, each deductible shall constitute a qualified deductible.

Proposed law requires an account holder to specify that the purpose of the account is to pay qualified expenses and qualified deductibles and prohibits a deductible savings account from being subject to attachment, levy, garnishment, or legal process in this state, unless otherwise allowed under federal law or regulation.

Proposed law provides that the amount of the deduction shall be as follows:

- (1) For a qualified deductible of \$1,000 or less, the total amount that may be contributed to a deductible savings account shall not exceed \$2,000.
- (2) For a qualified deductible greater than \$1,000, the total amount that may be contributed to a deductible savings account shall not exceed twice the amount of the qualified deductible or \$25,000, whichever is less.

Proposed law requires amounts deposited into a deductible savings account in excess of amounts eligible for the deduction to be included in the calculation of the account holder's taxable income for the tax year in which excess amounts were deposited. Further provides for the taxability of

distributions from deductible savings accounts during a taxable year and the status of deposits into a deductible savings account in the event of the death of an account holder.

Proposed law prohibits an account holder from making additional contributions into a deductible savings account in a year in which the account holder receives a nontaxable distribution from the deductible savings account.

Proposed law requires an account holder to maintain documentation relating to contributions made into, and expenses paid from, a deductible savings account and, if requested, to provide documentation to the Dept. of Revenue (DOR) when filing his income tax return. Proposed law provides that a federally insured depository institution that opens a deductible savings account shall not be required to provide documentation to DOR or have responsibility to ensure taxpayer compliance with the provisions of proposed law.

Proposed law authorizes the secretary of DOR to promulgate rules in accordance with the Administrative Procedure Act to implement the provisions of proposed law, including rules regarding documentation required to claim the deduction.

Proposed law is applicable to deposits made into deductible savings accounts made on or after Jan. 1, 2026.

Effective Jan. 1, 2026.

(Adds R.S. 47:293(9)(a)(xxvii) and 297.2)