

The House Committee on Ways and Means offers the following substitute to HB 511:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to income tax imposition, rate, computation, exemptions, and credits, so as to
3 provide for tax advantaged catastrophe savings accounts; to establish limits for contributions
4 to and withdrawals from such accounts; to provide for tax treatment of contributions, interest,
5 and withdrawals; to provide for definitions; to provide for rules and regulations; to provide
6 for related matters; to provide for an effective date and applicability; to repeal conflicting
7 laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to
11 income tax imposition, rate, computation, exemptions, and credits, is amended by adding a
12 new Code section to read as follows:

13 "48-7-28.5.

14 (a) As used in this Code section, the term:

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

H. B. 511 (SUB)

17 (2) 'Catastrophic event' means windstorms, cyclones, earthquakes, hurricanes, ice storms,
18 tornadoes, high winds, floods, hail storms, and any other weather events or occurrences,
19 provided that such event or occurrence has been declared as a disaster or emergency by
20 the Governor.

21 (3) 'Qualified catastrophe expenses' means:

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

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

26 (4) 'Qualified deductible' means the deductible for the homeowner's insurance policy of
27 the taxpayer covering catastrophic event damage for his or her primary residence. If such
28 policy provides for more than one deductible, the deductible with the highest amount
29 shall constitute the qualified deductible.

30 (b) A taxpayer may establish one catastrophe savings account pursuant to this Code
31 section which shall be labeled as a catastrophe savings account and shall specify that the
32 purpose of the account is to cover qualified catastrophe expenses. No more than one
33 catastrophe savings account pursuant to this Code section shall be established for a primary
34 residence.

35 (c)(1) For a taxpayer whose qualified deductible is \$1,000.00 or less, the total amount
36 that may be contributed to a catastrophe savings account shall not exceed \$2,000.00.

37 (2) For a taxpayer whose qualified deductible is greater than \$1,000.00, the total amount
38 that may be contributed to a catastrophe savings account shall not exceed the lesser of
39 twice the amount of the taxpayer's qualified deductible or \$25,000.00.

40 (3) For a self-insured taxpayer who chooses not to obtain insurance on his or her primary
41 residence, the total amount that may be contributed to a catastrophe savings account shall
42 not exceed \$250,000.00; provided, however, that in no case shall the amount contributed

43 to the catastrophe savings account exceed the fair market value of the taxpayer's primary
44 residence.

45 (d)(1) An individual taxpayer shall be allowed a deduction from the tax imposed
46 pursuant to this article for amounts contributed to a catastrophe savings account in
47 accordance with this Code section.

48 (2) All interest income earned by a catastrophe savings account in compliance with this
49 Code section shall be exempt from the tax imposed pursuant this article.

50 (3) A distribution from a catastrophe savings account shall be included in the income of
51 the taxpayer unless the amount of the distribution is used to cover qualified catastrophe
52 expenses; provided, however, that no such amount shall be included in the income of the
53 taxpayer if the qualified catastrophe expenses of the taxpayer during the taxable year are
54 equal to or greater than the aggregate distributions from such account during the taxable
55 year. If the aggregate distributions during the taxable year from such account exceed the
56 qualified catastrophe expenses of the taxpayer during the taxable year, the amount
57 otherwise included in the taxpayer's income shall be reduced by the amount of the
58 distributions for qualified catastrophe expenses and the amount of interest income earned
59 by the catastrophe savings account.

60 (e)(1) If a taxpayer contributes in excess of the limits provided in this Code section and
61 claimed a deduction pursuant to subsection (d) of this Code section, the taxpayer shall
62 withdraw the amount of the excess contributions and include that amount in the income
63 of the taxpayer in the year of withdrawal.

64 (2) If a taxpayer who owns a catastrophe savings account dies, his or her account shall
65 be included in the income of the person who receives the account, unless that person is
66 the surviving spouse of the taxpayer. Upon the death of such a surviving spouse, the
67 amount in the account shall be included in the income of the person who receives the
68 account.

69 (f) The department shall promulgate any rules and regulations necessary to implement and
70 administer the provisions of this Code section."

71 **SECTION 2.**

72 This Act shall become effective on July 1, 2025, and shall be applicable to taxable years
73 beginning on or after January 1, 2026.

74 **SECTION 3.**

75 All laws and parts of laws in conflict with this Act are repealed.