



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1668/P1
ARG&KP:amn

DOA:.....Lessner, BB0371 - Catastrophe Savings Accounts

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

COMMERCE AND ECONOMIC DEVELOPMENT

BUSINESS ORGANIZATIONS AND FINANCIAL INSTITUTIONS

Catastrophe savings accounts

Under this bill, a person may establish an account at a financial institution and designate the account as a catastrophe savings account. The account may be used to hold savings for expenses related to a catastrophic event, which is defined as a tornado, hurricane, or severe storm resulting in flooding, damaging hail, extreme wind, or extremely cold temperatures. If the account owner maintains a property insurance policy covering catastrophic events, deposits in the account are limited, based on the amount of the policy deductible, to either \$2,000 or the lesser of \$15,000 or twice the amount of the policy deductible. Deposits in a catastrophe savings account may be withdrawn only to pay the following relating to property damage caused by a catastrophic event: 1) repair costs or other losses to the extent the costs or losses are not covered by a property insurance policy or are self-insured losses; and 2) any portion of a policy's deductible. A person may not be an account owner of more than one catastrophe savings account. For state income tax purposes, the owner may subtract from taxable income the amount of the deposits made to and any increase in the value of a catastrophe savings account.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (a) 30. of the statutes is created to read:

71.05 (6) (a) 30. For taxable years beginning after December 31, 2024, any

BILL**SECTION 1**

amount distributed during the taxable year from a catastrophe savings account, as described in s. 224.28, that was not used to pay an expense described in s. 224.28 (3), except that this subdivision applies only to amounts for which a subtraction was made under par. (b) 57. or 58.

SECTION 2. 71.05 (6) (b) 57. of the statutes is created to read:

71.05 (6) (b) 57. For taxable years beginning after December 31, 2024, any increase in the value of a catastrophe savings account, as described in s. 224.28, other than from a deposit into the account, except that the subtraction under this subdivision may not be claimed by an account owner who has made a withdrawal from the account that was not used to pay an expense described in s. 224.28 (3).

SECTION 3. 71.05 (6) (b) 58. of the statutes is created to read:

71.05 (6) (b) 58. For taxable years beginning after December 31, 2024, an amount equal to any deposit made during the taxable year to a catastrophe savings account, as described in s. 224.28, by the account owner. The subtraction made under this subdivision may not exceed an amount equal to the amount specified for the account owner under s. 224.28 (4).

SECTION 4. 224.28 of the statutes is created to read:

224.28 Catastrophe savings accounts. (1) In this section:

(a) “Account” has the meaning given in s. 705.01 (1).

(b) “Catastrophic event” means any of the following:

1. A tornado.

2. A hurricane.

3. A severe storm that results in flooding, damaging hail, extreme wind, or extremely cold temperatures.

BILL**SECTION 4**

(c) “Financial institution” has the meaning given in s. 705.01 (3).

(d) “Policy” means an insurance policy that includes coverage for loss or damage to property resulting from a catastrophic event.

(e) “Record” has the meaning given in s. 137.11 (12).

(2) A person may designate an account established by the person at a financial institution as a catastrophe savings account if all of the following apply:

(a) The account is identified in the financial institution’s records as a catastrophe savings account or the person, at the time the account is established, creates a record that the account is a catastrophe savings account and then retains this record.

(b) The account is established solely to hold savings to be used for the purposes under sub. (3) and no deposits are made in the account other than deposits intended to be used for the purposes under sub. (3).

(3) Deposits in a catastrophe savings account may be withdrawn from the account only for any of the following purposes:

(a) To pay for repair costs or other losses relating to damage to the account owner’s property caused by a catastrophic event to the extent the costs or losses are not covered by a policy or are self-insured losses.

(b) To pay any portion of a policy’s deductible relating to damage to the account owner’s property caused by a catastrophic event.

(4) If a person who establishes a catastrophe savings account maintains a policy providing coverage for a catastrophic event, the annual deposits in the catastrophe savings account may not exceed the following:

(a) If the policy deductible is not more than \$1,000, \$2,000.

BILL**SECTION 4**

(b) If the policy deductible exceeds \$1,000, \$15,000 or twice the amount of the policy deductible, whichever is less.

(5) A catastrophe savings account established under sub. (2) may be a joint account, as defined in s. 705.01 (4), or a marital account, as defined in s. 705.01 (4m), but no individual may be an account owner of more than one catastrophe savings account.

(END)