The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Horne.

DIGEST

Proposed law permits the creation of a property and casualty savings account to be used for qualified expenses associated with a major weather-related disaster including hurricane, rising flood waters or other catastrophic windstorm event.

Proposed law provides for a state income tax deduction for contributions to the savings account. Limits contributions to the savings account to $10,000 on any residential property policy or the actual amount of the deductible limits as stated in the policy, whichever is less. Contributions cannot exceed $50,000 on any commercial property policy or the actual deductible as stated in the policy, whichever is less.

Proposed law defines a property and casualty savings account as a regular savings account or money market account in a state or national bank, savings and loan association, credit union, or savings bank. A taxpayer is only allowed one such savings account per insurance policy. The savings account is not subject to attachment, levy, garnishment or legal process.

Proposed law provides that distributions from the property and casualty savings account shall be treated as income unless the funds are withdrawn to cover qualified catastrophe expenses; otherwise, distributions are treated as income and subject to a 2 ½% tax penalty. The tax penalty will not apply if the taxpayer no longer owns the property or if the distribution is made by a taxpayer who reaches age 70.

Proposed law provides that if the account holder dies, the distribution to heirs or devisees will be considered income unless the distribution is to the surviving spouse.

Proposed law requires the commissioner of insurance and the secretary of the Department of Revenue to promulgate rules to implement the provisions of proposed law.

Effective August 15, 2009.

(Adds R.S. 47:297.13)