

Fiscal Impact
1st Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

HB 2667
ENGR
Sen. Paxton
04/01/2019

Fiscal Analysis

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 27, 2019

BILL NUMBER: HB 2667 **STATUS AND DATE OF BILL:** Engrossed Bill 3/7/19

AUTHORS: House Wallace & Loring Senate Paxton

TAX TYPE (S): Income Tax **SUBJECT:** Deduction

PROPOSAL: Amendatory

HB 2667 proposes to amend 68 O.S. § 2358 (E) (3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by exempting gambling losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of \$17,000, effective for tax year 2018 and subsequent tax years.

EFFECTIVE DATE: Emergency - Upon Passage and Approval

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 19: Minimal decrease in state income tax revenue.

FY 20: Projected decrease in state income tax revenue of \$17.8 million.

Mar. 27, 2019 Rick Miller _____ mck
DATE DIVISION DIRECTOR

3-27-2019 Huan Gong _____
DATE HUAN GONG, ECONOMIST

3-29-19 Jimmy Whit _____
DATE FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - HB 2667[Engrossed] Prepared: March 27, 2019

HB 2667 proposes to amend 68 O.S. § 2358 (E) (3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by exempting gambling losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of \$17,000, effective for tax year 2018 and subsequent tax years¹.

Under current law, charitable contributions deductible for federal income tax purposes and medical expenses deductible for federal income tax purposes are not subject to the \$17,000 cap². This measure would allow full deductibility as an itemized deduction of gambling losses deductible for federal income tax purposes.

The estimated impact for allowing full deductibility as an itemized deduction of gambling losses is expected to be a projected revenue loss of \$8.9 million per tax year. Tax year 2018 returns are affected and those that have already filed their 2018 income tax return would be required to file an amended return (after the effective date of this measure) if the taxpayer elects to take advantage of the unlimited deduction of gambling losses. A minimal negative revenue impact is expected in FY19. Most of tax year 2018 and all of tax year 2019 impact would occur in FY20 resulting in a decrease in income tax revenue of \$17.8 million.

¹ This measure has an emergency clause and is in effect upon passage and approval.

² The cap on itemized deductions was enacted for tax year 2018 and subsequent tax years by HB1011XX during the Second Extraordinary Session, Fifty-Sixth Oklahoma Legislature.