

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2041
Version:	FA2
Request Number:	NA
Author:	Rep. Virgin
Date:	3/11/2021
Impact:	Tax Commission

**Income Tax Decrease
of the Bill Resulting from
Amendment**

FY-22: (\$40,219,000)
FY-23: (\$100,699,000)
FY-24: (\$100,933,000)

Research Analysis

The second floor amendment to HB 2041 disallows the provided income tax credit from being claimed by persons whose filing status is single or married filing separate if their federal adjusted gross income for that year is greater than \$100,000 and by persons whose filing status is married, head of household, or qualifying widow or widower if their federal adjusted gross income for that year is greater than \$200,000.

Prepared By: Emily McPherson

Fiscal Analysis

Analysis provided by the Tax Commission:

The Floor Amendment for HB 2041(FA2 VirginEm-MAH) proposes to enact a limit on the rate reduction credit proposed in the PCS (Req. No. 58-1-7902) for HB 2041.¹ The income tax credit would only be available to those single or married filing separate filers with federal adjusted gross income under \$100,000 and to those with those filing as married filing joint; head of household or qualifying widow with federal adjusted gross income under \$200,000.

The revenue impact of this floor amendment limiting the credit, but maintaining the personal exemption elimination and the EITC refundability was estimated using the Oklahoma Individual Income Tax Micro Simulation Model. The table below reflects the FY impact:

FY EFFECT				
Revenue Impact				
Tax year 2022	-\$100,548,000			
Tax year 2023	-\$100,925,000			
Tax year 2024	-\$100,945,000			
FY CONVERSION		FY22	FY23	FY24
Tax year 2022	-\$100,548,000	-\$40,219,000	-\$60,329,000	
Tax year 2023	-\$100,925,000		-\$40,370,000	-\$60,555,000
Tax year 2024	-\$100,945,000			-\$40,378,000
FY TOTAL		-\$40,219,000	-\$100,699,000	-\$100,933,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

¹ The PCS for HB 2041 (Req. No. 58-1-7902) proposes to, beginning with tax year 2022:

- Enact an income tax credit effectively reducing the individual income tax levied under 68 O.S. § 2355.
- Eliminate the current \$1,000 personal exemption for taxpayers with a filing status of single or married filing separate return filing status with federal adjusted gross income of \$50,000 or more, and taxpayers with a filing status of married filing joint return, head of household or qualifying widow or widower with federal adjusted gross income of \$100,000 or more.
- Amend the Earned Income Tax Credit (EITC) under 68 O.S. § 2357.2 to make the credit refundable.

Prepared By: Mark Tygret

Other Considerations

None.