

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.: HB 2416
Version: INT
Request Number: 6367
Author: Rep. Nichols
Date: 2/8/2021
Impact: Tax Commission:

Income Tax Revenue Increase:
FY-22: \$77,097,000
FY-23: \$200,121,000

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

From the Tax Commission:

<i>Current Law</i> - Married Filing Joint; Head of Household and Surviving Spouse Brackets								
If Taxable Income Is:								
0	-	\$2,000	pay	\$0	plus	0.5%	over	\$0
\$2,001	-	\$5,000	pay	\$10.00	plus	1.0%	over	\$2,000
\$5,001	-	\$7,500	pay	\$40.00	plus	2.0%	over	\$5,000
\$7,501	-	\$9,800	pay	\$90.00	plus	3.0%	over	\$7,500
\$9,801	-	\$12,200	pay	\$159.00	plus	4.0%	over	\$9,800
\$12,201	and above		pay	\$255.00	plus	5.0%	over	\$12,200

<i>Proposed Law</i> - Married Filing Joint; Head of Household and Surviving Spouse Brackets								
If Taxable Income Is:								
0	-	\$2,000	pay	\$0	plus	0.5%	over	\$0
\$2,001	-	\$5,000	pay	\$10.00	plus	1.0%	over	\$2,000
\$5,001	-	\$7,500	pay	\$40.00	plus	2.0%	over	\$5,000
\$7,501	-	\$9,800	pay	\$90.00	plus	3.0%	over	\$7,500
\$9,801	-	\$12,200	pay	\$159.00	plus	4.0%	over	\$9,800
\$12,201	-	\$250,000	pay	\$255.00	plus	5.0%	over	\$12,200
\$250,001	-	\$500,000	pay	\$12,145.00	plus	5.75%	over	\$250,000
\$500,001	and above		pay	\$26,250.00	plus	6.75%	over	\$500,000

Current Law – Single and Married Filing Separate Brackets								
If Taxable Income Is:								
\$0	-	\$1,000	pay	\$0.00	plus	0.5%	over	\$0
\$1,001	-	\$2,500	pay	\$5.00	plus	1.0%	over	\$2,000
\$2,501	-	\$3,750	pay	\$20.00	plus	2.0%	over	\$5,000
\$3,751	-	\$4,900	pay	\$45.00	plus	3.0%	over	\$7,500
\$4,901	-	\$7,200	pay	\$79.50	plus	4.0%	over	\$9,800
\$7,201	and above		pay	\$171.50	plus	5.0%	over	\$12,200

Proposed Law - Single and Married Filing Separate Brackets								
If Taxable Income Is:								
0	-	\$1,000	pay	\$0.00	plus	0.5%	over	\$0
\$1,001	-	\$2,500	pay	\$5.00	plus	1.0%	over	\$1,000
\$2,501	-	\$3,750	pay	\$20.00	plus	2.0%	over	\$2,500
\$3,751	-	\$4,900	pay	\$45.00	plus	3.0%	over	\$3,750
\$4,901	-	\$7,200	pay	\$79.50	plus	4.0%	over	\$4,900
\$7,201	-	\$100,000	pay	\$171.50	plus	5.0%	over	\$7,200
\$100,001	-	\$200,000	pay	\$4811.50	plus	5.75%	over	\$100,000
\$200,001	and above		pay	\$10561.50	plus	6.75%	over	\$200,000

The estimated revenue impact of this proposal was calculated using the Oklahoma Individual Income Tax Microsimulation Model. Oklahoma income tax withholding tables would be changed to reflect the new brackets beginning with tax year 2022. The projected increase in revenue by tax year and FY is shown in the table below:

FY EFFECT INCOME TAX – HB 2416				
Revenue Impact				
Tax year 2022	\$192,742,000			
Tax year 2023	\$211,189,000			
Tax year 2024	\$231,305,000			
FY CONVERSION		FY22	FY23	FY24
Tax year 2021	\$192,742,000	\$77,097,000	\$115,645,000	
Tax year 2022	\$211,189,000		\$84,476,000	\$126,713,000
Tax year 2023	\$231,305,000			\$92,522,000
	FY TOTAL	\$77,097,000	\$200,121,000	\$219,235,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

Prepared By: Mark Tygret

Other Considerations

None.