

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2429
Version:	INT
Request Number:	6366
Author:	Rep. Nichols
Date:	2/22/2021
Impact:	Tax Commission

Income Tax Revenue Decrease

FY-22: \$0
FY-23: (\$24,401,000)

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Analysis provided by the Tax Commission:

HB 2429 proposes to amend 68 O.S. § 2357.43 which relates to the Oklahoma earned income tax credit which proposes to reinstate the refundable aspect of the credit. Beginning with tax year 2022¹, if the earned income tax credit exceeds the tax imposed by 68 O.S. § 2355, the excess amount shall be refunded.

Under current law, the Oklahoma earned income tax credit is equal to 5% of the federal earned income credit allowed on a taxpayer's federal income tax return. This is a non-refundable tax credit with no carryover provisions.

The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The estimated decrease in income tax revenue for tax year 2022 is \$24,401,000. No changes in withholding or estimated tax payments are anticipated; therefore, an estimated revenue decrease of \$24,401,000 in income tax collections is expected in FY23 when the 2022 income tax returns are filed.

¹ Although this measure does not specify the tax year, the effective date is January 1, 2022 – therefore it is assumed this tax credit is refundable beginning with tax year 2022.

Prepared By: Mark Tygret

Other Considerations

None.

