

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.: HB1040X
Version: FULLPCS1
Request Number: 50091
Author: Rep. Wallace/Rep. Martinez
Date: 5/23/2023
Impact: OTC Analysis:
FY24: \$5,845,000 revenue decrease
FY25: \$14,702,000 revenue decrease
FY26: \$14,921,000 revenue decrease

Research Analysis

The committee substitute for HB1040X modifies the income amount subject to the 3.75 percent personal income tax bracket for joint filers from \$2400 to \$4600. The bill would fix what is commonly referred to as the income tax marriage penalty.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, HB1040X proposes to adjust the income levels in the top two income tax rate brackets for tax returns with a filing status of married filing joint, head of household, or surviving spouse. The Oklahoma Tax Commission (OTC) provides the following information regarding the fiscal impact of the bill:

FY Effect Income Tax HB 1040X- Adjust income levels in top two rate brackets: MFJ, HOH and SS filing status only				
Revenue Impact				
FY CONVERSION		FY24	FY25	FY26
Tax year 2024	-\$14,613,000	-\$5,845,000	-\$8,768,000	
Tax year 2025	-\$14,834,000		-\$5,934,000	-\$8,900,000
Tax year 2026	-\$15,052,000			-\$8,021,000
FY TOTAL		-\$5,845,000	-\$14,702,000	-\$14,921,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

Withholding and estimated tax payments would change as a result of the enactment of this measure which would occur in part in FY24.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.