

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB2020
Version:	Introduced
Request Number:	5682
Author:	Wolfley
Date:	2/17/2023
Impact:	OTC Analysis:
	FY24: \$28 million revenue decrease
	FY25: \$70.7 million revenue decrease

Research Analysis

HB2020, as introduced, increases the income tax exemption for retirement benefits from \$10,000 to \$20,000 beginning tax year 2024.

Prepared By: Quyen Do

Fiscal Analysis

HB2020, as introduced, proposes to modify the taxability of certain retirement benefits such that the amount not subject to Oklahoma Individual income tax is increased to \$20,000. This measure is expected to decrease state revenues by \$28 million for FY24 and by \$70.7 million for FY25.

As provided by the Oklahoma Tax Commission:

The revenue impact of this measure was estimated using the Oklahoma individual income tax micro-simulation model. The table below shows the revenue impact for this proposal:

HB 2020 - FY EFFECT INCOME TAX INCREASE RETIREMENT EXCLUSION				
Revenue Impact				
Tax year 2024	-\$70,000,000			
Tax year 2025	-\$71,800,000			
Tax year 2026	-\$73,676,000			
FY CONVERSION		FY24	FY25	FY26
Tax year 2024	-\$70,000,000	-\$28,000,000	-\$42,000,000	
Tax year 2025	-\$71,800,000		-\$28,720,000	-\$43,080,000
Tax year 2026	-\$73,676,000			-\$29,470,000
	FY TOTAL	-\$28,000,000	-\$70,720,000	-\$72,550,000

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. It is expected the revenue impact for FY24 would be a decrease of \$28.0 million in income tax collections and for FY25 a decrease of \$70.7 million in income tax collections.

Prepared By: House Fiscal Staff

Other Considerations

None.

