

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB2697
Version:	Introduced
Request Number:	5397
Author:	Kendrix
Date:	2/20/2023
Impact:	OTC Analysis:
	FY24: \$5.9 million decrease
	FY25: \$14.7 million decrease

Research Analysis

HB2697, as introduced, modifies the income amount subject to the 3.75 percent personal income tax bracket for joint filers from \$2400 to \$4600.

Prepared By: Quyen Do

Fiscal Analysis

HB2697, as introduced, proposes to adjust the income levels in the top two income tax brackets for tax returns with a filing status of surviving spouse, married filing joint, or head of household. This measure is expected to produce a \$5.9 million decrease to state revenues for FY 24 and a \$14.7 million decrease for FY25.

As provided by the Oklahoma Tax Commission:

The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The chart below shows the estimated impact by fiscal year.²

FY Effect Income Tax HB 2697- Adjust income levels in top two rate brackets; MFJ; HOH and SS filing status only				
Revenue Impact				
Tax year 2024	-\$14,613,000			
Tax year 2025	-\$14,834,000			
Tax year 2026	-\$15,052,000			
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			-\$6,021,000
FY TOTAL		-\$5,845,000	-\$14,702,000	-\$14,921,000
<small>Source: Oklahoma Individual Income Tax Micro-Simulation Model.</small>				

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 \$5.9 million in income tax collections and for FY25 a decrease of \$14.7 million in income tax collections.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

