

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB3058</b>
<b>Version:</b>	<b>Introduced</b>
<b>Request Number:</b>	<b>9039</b>
<b>Author:</b>	<b>Rep. Steagall</b>
<b>Date:</b>	<b>2/26/2024</b>
<b>Impact:</b>	<b>FY25: \$177.1 million</b>
	<b>FY26: \$636.8 million</b>
	<b>FY27: \$1.143 billion</b>

**Research Analysis**

HB3058 establishes a mechanism to reduce and phase out the personal and corporate income tax in 10 years beginning tax year 2025. The rate reduction schedule is as follows:

	<b>Current PT Rate = 4.75% for tax year 2024</b>		<b>Current CIT Rate = 4.00 for tax year 2024</b>	
Tax Year	Annual Rate Reduction	New Proposed PIT Rate	Annual Rate Reduction	New Proposed CIT Rate
2025	0.00475	4.275%	0.004	3.60%
2026	0.00475	3.800%	0.004	3.20%
2027	0.00475	3.325%	0.004	2.80%
2028	0.00475	2.850%	0.004	2.40%
2029	0.00475	2.375%	0.004	2.00%
2030	0.00475	1.900%	0.004	1.60%
2031	0.00475	1.425%	0.004	1.20%
2032	0.00475	0.950%	0.004	0.80%
2033	0.00475	0.475%	0.004	0.40%
2034	0.00475	0.000%	0.004	0.00%

Prepared By: Quyen Do

**Fiscal Analysis**

As introduced, HB3058 would decrease the individual income tax rates by 1/10th beginning with tax year 2025 and for all subsequent years until the individual income tax is eliminated.

Analysis by the Oklahoma Tax Commission:

**REVENUE IMPACT:** The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. Changes in withholding and estimated tax payments are expected.

**FY 25:** Decrease in individual income tax collections of \$177.1 million.

**FY 26:** Decrease in individual income tax collections of \$636.8 million.

**FY 27:** Decrease in individual income tax collections of \$1.143 billion.

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

<b>HB 3058 - FY EFFECT</b>				
<b>1/10<sup>th</sup> INCOME TAX RATE REDUCTION ALL INCOME BRACKETS</b>				
<b>Revenue Impact</b>				
Tax year 2025	-\$442,756,000			
Tax year 2026	-\$927,958,000			
Tax year 2027	-\$1,465,589,000			
FY		FY25	FY26	FY27
Tax year 2025	-\$442,756,000	-\$177,102,000	-\$265,654,000	
Tax year 2026	-\$927,958,000		-\$371,183,000	-\$556,775,000
Tax year 2027	-\$1,465,589,000			-\$586,236,000
FY TOTAL		-\$177,102,000	-\$636,837,000	-\$1,143,011,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

<b>10 Year Bracket Reduction</b>						
Tax Year	Income Tax Brackets					
2025	0.225%	0.675%	1.575%	2.475%	3.375%	4.275%
2026	0.200%	0.600%	1.400%	2.200%	3.000%	3.800%
2027	0.175%	0.525%	1.225%	1.925%	2.625%	3.325%
2028	0.150%	0.450%	1.050%	1.650%	2.250%	2.850%
2029	0.125%	0.375%	0.875%	1.375%	1.875%	2.375%
2030	0.100%	0.300%	0.700%	1.100%	1.500%	1.900%
2031	0.075%	0.225%	0.525%	0.825%	1.125%	1.425%
2032	0.050%	0.150%	0.350%	0.550%	0.750%	0.950%
2033	0.025%	0.075%	0.175%	0.275%	0.375%	0.475%
2034	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Prepared By: Zach Penrod

**Other Considerations**

None.