

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 21, 2023

BILL NUMBER: HB 2098 **STATUS AND DATE OF BILL:** Engrossed 3/14/2023

AUTHORS: House: Bennett, Pae, & Menz Senate: Montgomery

TAX TYPE (S): Income Tax **SUBJECT:** Deduction

PROPOSAL: Amendatory

HB 2098 proposes to amend 68 O.S. § 2358 relating to adjustments to Oklahoma individual income tax by creating a new income tax deduction for the amount donated to the Oklahoma Housing Finance Agency from the proceeds from a sale of residential real property effective for tax year 2024 and subsequent tax years.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 24: None.

FY 25: Unknown decrease in income tax collections.

March 22, 2023

DATE

Rick Miller

DIVISION DIRECTOR

mk

3/22/2023

DATE

Huan Gong
HUAN GONG, ECONOMIST

3/22/2023

DATE

Joseph P Gappa
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT STATEMENT - HB 2098 [Engrossed]
Prepared 3/21/2023

HB 2098 proposes to amend 68 O.S. § 2358 relating to adjustments to Oklahoma individual income tax by creating a new income tax deduction for the amount donated to the Oklahoma Housing Finance Agency (OHFA) from the proceeds from a sale of residential real property effective for tax year 2024 and subsequent tax years.

The amount of the deduction may not exceed 1% of the sale price of residential real property and the maximum sale price eligible to claim the proposed deduction is \$5 million. The donation must be paid directly to OHFA to be used by the agency to promote affordable housing in the state in order to qualify for the deduction.

Under current law, there is no specific deduction allowed for donations to OHFA.¹

The amount of qualifying donations which may be made to OHFA is unknown. A decrease in income tax collections is expected as a result of this measure. No changes to estimated tax payments is expected; therefore, an unknown decrease in income tax collections is expected in FY25 when tax year 2024 income tax returns are filed.

¹Contributions to governmental entities may qualify as an itemized deduction. [2022 Publication 526 \(irs.gov\)](https://www.irs.gov/publications/p526)