

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 12, 2024

BILL NUMBER: SB 1348 **STATUS AND DATE OF BILL:** Introduced 12/14/2023

AUTHORS: House: n/a Senate: Murdock

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

PROPOSAL: Amendatory

SB 1348 proposes to amend 68 O.S. § 2358 (E)(3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by exempting wagering losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of \$17,000, effective for tax year 2024 and subsequent tax years.

EFFECTIVE DATE: November 1, 2024

REVENUE IMPACT:

The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model:

FY 25: \$4.1 million decrease in income tax collections.

FY 26: \$4.3 million decrease in income tax collections.

1/13/24

DATE



MARIE SCHUBLE, DIVISION DIRECTOR

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1/14/24

DATE

Huan Gong

HUAN GONG, ECONOMIST

1/15/2024

DATE

Joseph P. Gappa

JOSEPH 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 – SB 1348 [Introduced] Prepared: January 12, 2024

SB 1348 proposes to amend 68 O.S. § 2358(E)(3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by exempting wagering losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of \$17,000, effective for tax year 2024 and subsequent tax years.

CURRENT LAW:

Under current law, Oklahoma itemized deductions are limited to \$17,000 of federal itemized deductions.¹

PROPOSED AMENDMENT:

This measure would allow full deductibility as an itemized deduction of wagering losses deductible for federal income tax purposes. This measure as proposed would be effective for tax year 2024 and subsequent tax years.

ANTICIPATED IMPACT:

The estimated impact for allowing full deductibility of wagering losses as an itemized deduction is a projected revenue loss as outlined in the chart below for tax years 2024 through 2027.

Tax Year	Change in Collections
2024	-\$4,066,000
2025	-\$4,269,000
2026	-\$4,482,000
2027	-\$4,722,000

The decline in income tax collections for tax years 2024 is expected to be \$4.1 million. No changes to withholding or estimated tax payments is expected so the impact for tax year 2024 should occur in FY25 when tax year 2024 income tax returns are filed.

¹Charitable contributions and medical expenses deductible for federal income tax purposes are not subject to the \$17,000 cap on Oklahoma itemized deductions.