

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 1, 2023

**BILL NUMBER:** SB 319 **STATUS AND DATE OF BILL:** Introduced 1/12/2023

**AUTHORS:** House n/a Senate Kirt

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

**PROPOSAL:** Amendatory

SB 319 proposes to amend 68 O.S. § 2355 by adjusting the individual income tax rate and income tax brackets 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 23: None

FY 24: Decrease of \$952 million in income tax collections.

FY 25: Decrease of \$2.4 billion in income tax collections.

Feb 5, 2023  
DATE

Rick Miller  
DIVISION DIRECTOR

mk

2/6/2023  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/7/2023  
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 - SB 319 [Introduced] Prepared 2/1/23

SB 319 proposes to amend 68 O.S. § 2355 by adjusting the individual income tax rate and income tax brackets for tax year 2024 and subsequent tax years.

Under this proposal, the individual income tax rate levied per 68 O.S. § 2355 for all taxpayers will be calculated using modified individual income tax brackets effective for tax year 2024 and subsequent tax years. This proposal modifies the amount of taxable income in each bracket and changes the rate within each bracket. The top marginal rate is unchanged and remains at 4.75%. The current law and proposed tax brackets can be found on the final page of this revenue impact statement.

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.<sup>1</sup>

<b>FY Effect Income Tax SB 319 Change to All Brackets</b>				
	<b>Revenue Impact</b>			
Tax year 2024	-\$2,380,320,000			
Tax year 2025	-\$2,468,221,000			
Tax year 2026	-\$2,560,865,000			
<b>FY CONVERSION</b>		<b>FY24</b>	<b>FY25</b>	<b>FY26</b>
Tax year 2024	-\$2,380,320,000	-\$952,128,000	-\$1,428,192,000	
Tax year 2025	-\$2,468,221,000		-\$987,288,000	-\$1,480,933,000
Tax year 2026	-\$2,560,865,000			-\$1,024,346,000
	<b>FY TOTAL</b>	<b>-\$952,128,000</b>	<b>-\$2,415,480,000</b>	<b>-\$2,505,279,000</b>

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

<sup>1</sup>The fiscal year impacts considered changes to the withholding tables and estimated tax payments due to the income tax rate and bracket modifications.

**INDIVIDUAL INCOME TAX BRACKETS**

<b>Current Law - Married Filing Joint; Head of Household and Surviving Spouse Brackets</b>								
If Taxable Income Is:								
0	-	\$2,000	Pay	\$0	plus	0.25%	over	\$0
\$2,001	-	\$5,000	Pay	\$5.00	plus	0.75%	over	\$2,000
\$5,001	-	\$7,500	Pay	\$27.50	plus	1.75%	over	\$5,000
\$7,501	-	\$9,800	Pay	\$71.25	plus	2.75%	over	\$7,500
\$9,801	-	\$12,200	Pay	\$134.50	plus	3.75%	over	\$9,800
\$12,201	and above		Pay	\$224.50	plus	4.75%	over	\$12,200

<b>Proposed Law - Married Filing Joint; Head of Household and Surviving Spouse Brackets</b>								
If Taxable Income Is:								
0	-	\$50,000	Pay	\$0	plus	0.0%	over	\$0
\$50,001	-	\$80,000	Pay	\$0	plus	1.00%	over	\$50,000
\$80,001	-	\$110,000	Pay	\$300	plus	2.00%	over	\$80,000
\$110,001	-	\$140,000	Pay	\$900	plus	3.00%	over	\$110,000
\$140,001	-	\$170,000	Pay	\$1800	plus	4.00%	over	\$140,000
\$170,001	and above		Pay	\$3000	plus	4.75%	over	\$170,000

<b>Current Law - Single and Married Filing Separate Brackets</b>								
If Taxable Income Is:								
\$0	-	\$1,000	Pay	\$0.00	plus	0.25%	over	\$0
\$1,001	-	\$2,500	Pay	\$2.50	plus	0.75%	over	\$1,000
\$2,501	-	\$3,750	Pay	\$13.75	plus	1.75%	over	\$2,500
\$3,751	-	\$4,900	Pay	\$35.63	plus	2.75%	over	\$3,750
\$4,901	-	\$7,200	Pay	\$67.25	plus	3.75%	over	\$4,900
\$7,201	and above		Pay	\$153.50	plus	4.75%	over	\$7,200

<b>Proposed Law - Single and Married Filing Separate Brackets</b>								
If Taxable Income Is:								
\$0	-	\$25,000	Pay	\$0	plus	0.0%	over	\$0
\$25,001	-	\$40,000	Pay	\$0	plus	1.00%	over	\$25,000
\$40,001	-	\$55,000	Pay	\$150	plus	2.00%	over	\$40,000
\$55,001	-	\$70,000	Pay	\$450	plus	3.00%	over	\$55,000
\$70,001	-	\$85,000	Pay	\$900	plus	4.00%	over	\$70,000
\$85,001	and above		Pay	\$1500	plus	4.75%	4.75%	\$85,000