

**BILL SUMMARY**  
1<sup>st</sup> Session of the 60<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1267</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>NA</b>
<b>Author:</b>	<b>Rep. Eaves</b>
<b>Date:</b>	<b>2/5/2025</b>
<b>Impact:</b>	<b>FY26: \$11.98 million revenue decrease</b>
	<b>FY27: \$30.06 million revenue decrease</b>

**Research Analysis**

HB1267, as introduced, sets the personal income tax rate at 0 percent for the first two tax brackets for all filers beginning tax year 2026. As a result, the first \$1500 of income will not tax be for single filers compared to the first \$3000 for joint filers and heads of households.

Prepared By: Quyen Do

**Fiscal Analysis**

In its current form, HB1267 proposes to establish a zero percent income tax rate for the two lowest income tax brackets.

The Oklahoma Tax Commission has provided the following analysis:

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**ESTIMATED REVENUE IMPACT:**

**FY26: Decrease in individual income tax collections of \$11.98 million.**

**FY27: Decrease in individual income tax collections of \$30.06 million.**

**ANALYSIS:** HB 1267 proposes to amend 68 O.S. § 2355, providing for a zero percent income tax rate on the two lowest income tax brackets effective for tax year 2026 and subsequent tax years. The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The chart below shows the estimated impact by tax and fiscal year.

<b>HB 1267 - Ind Income Tax - 0% Rate Two Lowest Brackets</b>				
<b>FY CONVERSION</b>		<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Tax year 2026	-\$29,957,000	-\$11,983,000	-\$17,974,000	
Tax year 2027	-\$30,224,000		-\$12,090,000	-\$18,134,000
Tax year 2028	-\$30,468,000			-\$12,187,000
	<b>FY TOTAL</b>	<b>-\$11,983,000</b>	<b>-\$30,064,000</b>	<b>-\$30,321,000</b>

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.

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