

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

|                        |                           |
|------------------------|---------------------------|
| <b>Bill No.:</b>       | <b>HB1539</b>             |
| <b>Version:</b>        | <b>INT</b>                |
| <b>Request Number:</b> | <b>12218</b>              |
| <b>Author:</b>         | <b>Rep. Lepak</b>         |
| <b>Date:</b>           | <b>2/24/2025</b>          |
| <b>Impact:</b>         | <b>See Analysis Below</b> |

**Research Analysis**

HB1539 establishes revenue triggers to phase out the personal income tax by .25 percent increments each year that revenue conditions are met and certified by the State Board of Equalization (BOE). The rate reduction is authorized every year that the qualifying cumulative revenue growth is equal to or greater than \$300 million. The BOE is responsible for certifying the cumulative revenue growth and making the yearly determining about the possibility of a rate reduction at its annual December meeting. When a trigger is met, the rate reduction will apply to the next tax year following the December meeting.

Prepared By: Quyen Do

**Fiscal Analysis**

This measure creates a trigger for a 0.25% income tax reduction based on an increase in all revenue growth of at least \$300,000,000.00, as certified by the Board of Equalization. The first tax year where this trigger would be in place is 2026, which would be part of Fiscal Year 2026 and Fiscal Year 2027. Below is OTC's estimated impact from this triggered reduction.

**ESTIMATED REVENUE IMPACT:**

**FY26: Unknown potential decrease in income tax collections.**

**FY27: Unknown potential decrease in income tax collections.**

**ANALYSIS:** HB 1539 proposes to amend 68 O.S. § 2355 by enacting an income tax rate reduction trigger based on total revenue collections. This trigger could reduce individual income tax by 0.25% across all brackets. The initial tax year that a rate reduction could be triggered is tax year 2026.

Under this proposal, in the December 2025 meeting of the State Board of Equalization (BOE) the BOE would compare FY25 total revenue collections to FY23 total collections.<sup>i</sup> If the BOE determines the FY25 amount exceeds the FY23 amount by \$300 million, the 0.25% rate reduction across all brackets is triggered for tax year 2026, resulting in a \$108.2 million decrease in revenue in FY26, and a \$275.5 decrease in FY27.<sup>ii</sup> This process is repeated every December by comparing the most recent completed FY total revenue collections to the total collections for the 2<sup>nd</sup> prior FY.

| <b>HB 1539- Individual Income Tax - 0.25% Rate Reduction All Brackets</b> |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| FY CONVERSION   |                | FY26           | FY27           | FY28           |
| Tax year 2026   | -\$270,501,000 | -\$108,200,000 | -\$162,301,000 |                |
| Tax year 2027   | -\$282,997,000 |                | -\$113,199,000 | -\$169,798,000 |
| Tax year 2028   | -\$297,320,000 |                |                | -\$118,928,000 |
|   | Total          | -\$108,200,000 | -\$275,500,000 | -\$288,726,000 |

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

Prepared By: Mariah Searock, House Fiscal Staff

**Other Considerations**

None.