



**BILL/VERSION:** HB 2194 / Engrossed **ANALYST:** MK  
**AUTHORS:** Rep. Wolfley & Sen. Bullard **DATE:** 3/18/2025  
**TAX(ES):** Income Tax  
**SUBJECT(S):** Individual Income Retirement Exemptions  
**EFFECTIVE DATE:** November 1, 2025 **Emergency**

**ESTIMATED REVENUE IMPACT:**

**FY26: \$31.194 million decrease in income tax collections.**  
**FY27: \$78.945 million decrease in income tax collections.**

**ANALYSIS:** The Engrossed<sup>1</sup> version of HB 2194 proposes to amend 68 O.S. § 2358 by increasing the income tax exemption allowed for most Oklahoma and federal government retirement benefits and a variety of non-government retirement plans that are included in federal adjusted gross income from \$10,000 to \$20,000 effective for tax year 2026 and subsequent tax years. The revenue impact of this proposal was estimated using the Oklahoma Individual Income Tax Micro-Simulation Model.

<b>FY EFFECT INCOME TAX Increased Retirement Exemptions</b>				
<b>FY CONVERSION</b>		<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Tax year 2026	-\$77,986,000	-\$31,194,000	-\$46,792,000	
Tax year 2027	-\$80,382,000		-\$32,153,000	-\$48,229,000
Tax year 2028	-\$82,766,000			-\$33,106,000
	Total	-\$31,194,000	-\$78,945,000	-\$81,335,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

<sup>1</sup> The Engrossed version of HB 2194 has no changes from the Introduced version, other than the title has been struck.

3/18/25  
DATE

*Huan Gong*  
DR. HUAN GONG, CHIEF TAX ECONOMIST

3/25/25  
DATE

*Marie Schuble*  
MARIE SCHUBLE, DIVISION DIRECTOR

3/25/25  
DATE

*Joseph P. Gappa*  
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.*