




---

|                        |                            |   |
|------------------------|----------------------------|---|
| <b>BILL/VERSION:</b>   | <b>SB 303 / INTRODUCED</b> | <b>ANALYST:</b> BS                        |
| <b>AUTHORS:</b>        | Sen. Stanley               | <b>DATE:</b> 12/31/2024                   |
| <b>TAX(ES):</b>        | Income Tax                 |   |
| <b>SUBJECT(S):</b>     | Property Tax Relief        |   |
| <b>EFFECTIVE DATE:</b> | January 1, 2026            | <b>Emergency</b> <input type="checkbox"/> |

---

**ESTIMATED REVENUE IMPACT:**  
**FY27: \$7.9 million decrease in income tax revenue.** (See attached for details.)

**ANALYSIS:** SB 303 proposes to amend 68 O.S. §§ 2905, 2906 & 2907, relating to the low-income property tax relief, by increasing the household income requirement from \$12,000 to 75% of the claimant’s county median income for persons who are 65 or older or are totally disabled heads of household. It expands the property tax relief to include veterans who have an honorable discharge and a 75% disability rating from the VA due to military service, and persons who are granted a disability retirement benefit by the Oklahoma Police Pension, Oklahoma Firefighters Pension, Oklahoma Law Enforcement or Oklahoma Wildlife Conservation Retirement Systems for a disability incurred in the line of duty. This relief also extends to surviving spouses who are heads of household. SB 303 also increases the maximum property tax relief claim from \$200 to \$1,000 as a direct credit against income taxes owed to the State of Oklahoma and filed on income tax return by such claimant.

**ADMINISTRATIVE IMPACT:** This proposal may have an administrative impact on the Oklahoma Tax Commission. We are currently assessing the extent of the impact and evaluating the associated costs.

|               |                                     |
|---------------|-------------------------------------|
| <u>2/7/25</u> | <u>Huan Gong</u>                    |
| DATE          | DR. HUAN GONG, CHIEF TAX ECONOMIST  |
| <u>2/7/25</u> | <u>Marie Schuble</u>                |
| DATE          | MARIE SCHUBLE, DIVISION DIRECTOR    |
| <u>2/9/25</u> | <u>Joseph P. Gappa</u>              |
| 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.*

**ADDITIONAL INFORMATION:**

***Estimate for 65+ and totally disabled:*** SB 303 increases the income threshold and maximum claim amount for taxpayers who are 65 years or older or totally disabled. According to the most recent data from the Oklahoma Tax Commission, 1,787 taxpayers claimed the property tax relief credit, totaling \$333,000 in claims (with an average claim of \$186).

Using this information, it is expected an additional 5,423 taxpayers may qualify due to the higher income threshold. Applying the \$1,000 per claim cap to newly eligible taxpayers<sup>1</sup> is estimated to reduce income tax revenue by up to \$5.4 million starting in tax year 2026. Since no changes in withholding or estimated tax payments are expected, the revenue decrease will likely occur in FY27 when 2026 returns are filed.

The estimate provided does not take into account that taxpayers under the eligible income threshold may own lower-valued properties with lower property taxes; their actual claims will likely fall below the maximum credit amount. Further, many of the eligible taxpayers for the property tax relief credit meet the eligibility requirements for other exemptions—such as the Senior Freeze or the Additional Homestead Exemption—which help reduce their property tax burden. These exemptions directly lower the taxable value of the property, which in turn reduces the amount of the claim.

***Estimate for new eligibility categories:***

SB 303 expands the property tax relief to include veterans who have an honorable discharge and a 75% disability rating from the VA due to military service. An information request is pending to determine the number of eligible taxpayers under this provision.

SB 303 expands the property tax relief to persons who are residents of Oklahoma and are granted a disability retirement benefit by the Oklahoma Police Pension, Oklahoma Firefighters Pension, Oklahoma Law Enforcement or Oklahoma Wildlife Conservation Retirement Systems for a disability incurred in the line of duty. This relief also extends to surviving spouses who are heads of household.

The retirement systems affected identified 2,495 individuals who meet the proposal's requirements. Applying the new \$1,000 per claim cap to eligible persons could result in an estimated decrease up to \$2.5 million in income tax revenue.

---

<sup>1</sup> Eligible taxpayers currently claim less than the \$200/claim cap, indicating that their property tax values fall below this threshold. Raising the cap is unlikely to have any impact on the existing taxpayers if they are already not reaching the current limit.