



BILL/VERSION:	SB 305 / INTRODUCED	ANALYST: MK
AUTHORS:	Sen. Deevers	DATE: 1/22/2025
TAX(ES):	Income Tax	
SUBJECT(S):	0% Individual Income Tax Rate	
EFFECTIVE DATE:	November 1, 2025	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: Decrease in individual income tax collections of \$6.5 billion.
FY27: Decrease in individual income tax collections of \$4.9 billion.

Note: A Nov. 1, 2025, effective date shifts the impact of this proposal to FY26; withholding and estimated tax remittances reflecting the proposed rate reduction should not change until after November 1, 2025.

ANALYSIS: SB 305 proposes to amend 68 O.S. § 2355 by specifying that there shall be no tax imposed upon the Oklahoma taxable income of any resident or nonresident individual for tax year 2025 and subsequent tax years.

ADMINISTRATIVE CONCERNS: Tax year 2025 income tax withholding tables would require a midyear adjustment and would result in a significant amount of tax year 2025 refunds in 2026 when the returns are filed. Additionally, SB 305 does not amend any other sections of the Oklahoma Income Tax Act (68 O.S. § 2351 et seq.). Under 68 O.S. § 2368, taxpayers must still file income tax returns even though no tax is due. Professional license holders must remain income tax compliant to renew their licenses. Additionally:

- Refundable tax credits - including Parental Choice Tax Credits, Oklahoma Earned Income Tax Credit, Low Income Property Tax Relief, and Sales Tax Relief - must still be refunded to eligible taxpayers.
- In addition to apportionment to the General Revenue Fund, income tax collections fund a variety of other funds, including but not limited to the Education Reform Revolving Fund, Teachers Retirement, Ad Valorem Reimbursement Fund, Quality Jobs Program, and the Rebuild Oklahoma Access & Driver Safety Fund.
- Income tax returns can be amended up to 3 years from the original due date. Tax year 2024 returns can generally be amended until April 2028.

1/22/25
DATE

Huan Gong
DR. HUAN GONG, CHIEF TAX ECONOMIST

1/27/25
DATE

Marie Schuble
MARIE SCHUBLE, DIVISION DIRECTOR

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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.



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.

FY EFFECT: INDIVIDUAL INCOME TAX RATE OF 0%				
FY CONVERSION		FY25	FY26	FY27
Tax year 2025	-\$4,540,997,000	\$0	-\$4,540,997,000	
Tax year 2026	-\$4,782,469,000		-\$1,912,988,000	-\$2,869,481,000
Tax year 2027	-\$5,076,656,000			-\$2,030,662,000
FY TOTAL		\$0	-\$6,453,985,000	-\$4,900,143,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

The tables below reflect the current individual income tax brackets for tax year 2025 and subsequent tax years.

Current Law				
Single & Married Separate Filers				
Taxable income	Pay	plus	over	
\$0	\$1,000	\$0.00	0.25%	\$0
\$1,001	\$2,500	\$2.50	0.75%	\$1,000
\$2,501	\$3,750	\$13.75	1.75%	\$2,500
\$3,751	\$4,900	\$35.63	2.75%	\$3,750
\$4,901	\$7,200	\$67.25	3.75%	\$4,900
\$7,201	and above	\$153.50	4.75%	\$7,200

Current Law				
Married Joint, Head of Household & Surviving Spouse Filers				
Taxable income	Pay	plus	over	
\$0	\$2,000	\$0.00	0.25%	\$0
\$2,001	\$5,000	\$5.00	0.75%	\$2,000
\$5,001	\$7,500	\$27.50	1.75%	\$5,000
\$7,501	\$9,800	\$71.25	2.75%	\$7,500
\$9,801	\$14,400	\$134.50	3.75%	\$9,800
\$14,401	and above	\$307.00	4.75%	\$14,400