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<b>BILL/VERSION:</b>	<b>SB 367</b> / Introduced	<b>ANALYST:</b> MK
<b>AUTHORS:</b>	Sen. Boren	<b>DATE:</b> 2/12/2025
<b>TAX(ES):</b>	Income Tax	
<b>SUBJECT(S):</b>	Oklahoma Earned Income Tax Credit	
<b>EFFECTIVE DATE:</b>	November 1, 2025	<b>Emergency</b> <input type="checkbox"/>

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**ESTIMATED REVENUE IMPACT:**

**FY26: \$0**

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

**ANALYSIS:** SB 367 proposes to amend 68 O.S. § 2357.43 relating to the Oklahoma Earned Income Tax Credit (EIC). The proposed language simplifies the Oklahoma EIC calculation to 5% of the Federal EIC, and eliminates the calculation methodology based on federal tax year 2020 requirements, beginning with tax year 2026.<sup>1</sup>

For tax year 2022, the tax expenditure for this credit was \$40.3 million.<sup>2</sup> No changes to withholding or estimated tax payment are expected so the impact should occur in FY27 when the 2026 income tax returns are filed.

<sup>1</sup> Language related to the refundable nature of the tax credit was clarified. This clarification has no effect on income tax collections.

<sup>2</sup> Oklahoma Tax Commission Tax Expenditure Report 2023-2024. This proposal has not been estimated using the Oklahoma Individual Income Tax Micro Simulation Model (Model) and should be considered preliminary. When the results of the Model are available, this impact will be updated as necessary.

2/12/25  
DATE

Huan Gong  
DR. HUAN GONG, CHIEF TAX ECONOMIST

2/17/25  
DATE

Marie Schuble  
MARIE SCHUBLE, DIVISION DIRECTOR

2/17/25  
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.*