



BILL/VERSION: SB 45 / INTRODUCED **ANALYST:** TB
AUTHORS: Sen. Rader **DATE:** 2/11/2025
TAX(ES): Income Tax
SUBJECT(S): Property Tax Relief Credit
EFFECTIVE DATE: January 1, 2026 **Emergency**

ESTIMATED REVENUE IMPACT:

FY26: None.

FY27: Estimated decrease in income tax collections of \$6.5 million.

ANALYSIS: Senate Bill 45 proposes to amend 68 O.S. §§ 2906 and 2907, relating to low-income property tax relief credit¹, by increasing the household income eligibility requirement from \$12,000 to \$38,000 and increasing the maximum amount of credit from \$200 to \$2,000.

In tax year 2022, 1,787 taxpayers claimed the low-income property tax relief credit, totaling \$333,000, with an average credit of \$186. Oklahoma Tax Commission data indicates an additional 3,254 taxpayers may qualify due to the higher income threshold. Applying the \$2,000 cap to newly eligible taxpayers, an estimated \$6.5 million decrease in revenue is expected beginning in tax year 2026. No changes in withholding or estimated tax payments are anticipated; therefore, an estimated revenue decrease of \$6.5 million is expected in FY27 when the 2026 returns are filed.

This estimate does not take into account that taxpayers with a gross household income of less than \$38,000 typically own lower-valued properties with lower property taxes; their claims will likely fall below the maximum credit amount. Further, many taxpayers eligible for the low-income property tax relief credit are also eligible 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 their low-income property tax relief credit.

¹ This refundable income tax credit is allowed for an Oklahoma taxpayer, head of household, at least 65 years of age or totally disabled, with a gross household income that does not exceed \$12,000. The credit is based on the amount of property tax that exceeds 1% of the household income, limited to a maximum credit of \$200.

2/11/25
DATE

Huan Gong
DR. HUAN GONG, CHIEF TAX ECONOMIST

2/12/25
DATE

Marie Schuble
MARIE SCHUBLE, DIVISION DIRECTOR

2/12/25
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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.