

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB2194
Version:	INT
Request Number:	11066
Author:	Rep. Wolfley
Date:	2/20/2025
Impact:	FY26: \$31,194,000 decrease in revenue
	FY27: \$78,945,000 decrease in revenue

Research Analysis

HB2194 doubles the income tax exemption for retirement income from \$10,000 to \$20,000 beginning tax year 2026.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, HB2194 doubles the income tax exemption for retirement income.

The Oklahoma Tax Commission has provided the following analysis:

ESTIMATED REVENUE IMPACT:

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

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

ANALYSIS: 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.

FY EFFECT INCOME TAX Increased Retirement Exemptions				
FY CONVERSION		FY26	FY27	FY28
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.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.

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