

**OKLAHOMA TAX COMMISSION**

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** January 24, 2011

**BILL NUMBER:** SB 133 **STATUS AND DATE OF BILL:** Introduced 1/5/2011

**AUTHORS:** House n/a Senate Lerblance

**TAX TYPE (S):** Income Tax **SUBJECT:** Tax Rate

**PROPOSAL:** Amendatory

SB 133 proposes to eliminate individual income tax on a phased in basis. The reduction will begin in tax year 2012 with the tax being fully eliminated in tax year 2016.

**EFFECTIVE DATE:** November 1, 2011

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: Projected revenue decrease of \$142.95 million.

FY 13: Projected revenue decrease of \$580.6 million.

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

_____	_____	<u>mck</u>
DATE	DIVISION DIRECTOR	
_____	_____	
DATE	REECE WOMACK, ECONOMIST	
_____	_____	
DATE	FOR THE COMMISSION	

**ATTACHMENT TO FISCAL IMPACT – SB 133[Introduced] Prepared January 24, 2011**

SB 133 proposes to eliminate individual income tax on a phased in basis. The reduction will begin in tax year 2012 with the tax being fully eliminated in tax year 2016.

Table 1 below illustrates the proposed top income tax rate for tax years 2012 through 2015, along with the corresponding fiscal impact.<sup>1</sup> In this proposal, all current brackets above the highest top tax rate are eliminated.

	<b>Proposed top tax rate</b>	<b>Fiscal Impact</b>			
Tax year 2012	4.50%	-\$357,366,000			
Tax year 2013	3.50%	-\$915,449,000			
Tax year 2014	2.50%	-\$1,570,221,000			
Tax year 2015	1.50%	-\$2,326,244,000			
FY CONVERSION (assuming 40%/60%)		FY12	FY13	FY14	FY15
Tax year 2012	-\$357,366,000	-\$142,946,400	-\$214,419,600		
Tax year 2013	-\$915,449,000		-\$366,179,600	-\$549,269,400	
Tax year 2014	-\$1,570,221,000			-\$628,088,400	-\$942,132,600
Tax year 2015	-\$2,326,244,000				-\$930,497,600
<b>FY TOTAL</b>		-\$142,946,400	-\$580,599,200	-\$1,177,357,800	-\$1,872,630,200

<sup>1</sup>The Oklahoma Individual Income Tax Microsimulation model cannot estimate beyond tax year 2015.