

BILL SUMMARY
1st Session of the 56th Legislature

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|------------------------|---------------------------|
| Bill No.: | HB 2348 |
| Version: | CS |
| Request Number: | 7774 |
| Author: | Rep. Leslie Osborn |
| Date: | 5/2/2017 |
| Impact: | Tax Commission: |

Net Revenue Positive
FY-18 \$4.4 Million

Research Analysis

HB2348 unties the state standard deduction limits from the limits established and adjusted annually by the IRS. For tax year 2017 and all future tax years, the following standard deduction amounts would apply:

- \$6,350 for single or married filing separately;
- \$12,700 for married filing jointly or qualifying widower with dependent child;
- \$9,350 for head of household.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

HB 2348 proposes to amend 68 O.S. §§ 2358 and 2368. Beginning with tax year 2017 (and subsequent years thereafter), the amount of the Oklahoma standard deduction will be the amount of the tax year 2017 federal standard deduction¹. This measure also codifies individual Oklahoma income tax filing requirements to conform to the proposed changes to 68 O.S. § 2358.

Current law provides that individuals who use the standard deduction on their Oklahoma income tax return are allowed to take a deduction equal to the amount of the standard deduction allowed by the Internal Revenue Code. The federal standard deduction is adjusted annually for inflation.² Further, under current law, a resident individual is required to file an Oklahoma income tax return if the resident has a federal income tax filing requirement.

Table 1 below shows the estimated fiscal impact of this proposal.

| TABLE 1 - FY EFFECT | | | |
|--|--------------|-------------|--------------|
| FY CONVERSION | | FY18 | FY19 |
| Tax year 2018 | \$11,008,000 | \$4,403,000 | \$ 6,605,000 |
| Tax year 2019 | \$19,755,000 | | \$7,902,000 |
| FY TOTAL | | \$4,403,000 | \$14,507,000 |
| Source: Oklahoma Individual Income Tax Micro-Simulation Model. | | | |

Prepared By: Mark Tygret

Other Considerations

None.

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