

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND EXTRAORDINARY SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 27, 2018

BILL NUMBER: HB 1011XX STATUS AND DATE OF BILL: Engrossed Bill 3/26/18

AUTHORS: House Wallace & Casey Senate David & Fields

TAX TYPE (S): Income Tax SUBJECT: Deduction

PROPOSAL: Amendatory

HB 1011 proposes to amend 68 O.S. § 2358 relating to income tax itemized deductions by capping the amount of itemized deductions that may be claimed to calculate Oklahoma taxable income at \$17,000¹ for tax year 2018 and subsequent tax years.

EFFECTIVE DATE: January 1, 2018

REVENUE IMPACT:

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

FY 18: -0-

FY 19: Projected increase in income tax collections of \$94,015,000.

ADMINISTRATIVE IMPACT:

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

FY 18: None

Mar. 27, 2018
DATE

Rick Miller
DIVISION DIRECTOR

mck

3-27-2018
DATE

Huan Gong for
REECE WOMACK, ECONOMIST

3-27-18
DATE

Jimmy M. K.
FOR THE COMMISSION

¹ Charitable contributions and medical expenses deductible for federal income tax purposes will not be subject to the \$17,000 cap.

ATTACHMENT TO FISCAL IMPACT - HB 1011 [Engrossed] Prepared March 27, 2018

HB 1011 proposes to amend 68 O.S. § 2358 relating to income tax itemized deductions by capping the amount of itemized deductions that may be claimed to calculate Oklahoma taxable income at \$17,000 for tax year 2018 and subsequent tax years.

Under current law, taxpayers that claim itemized deductions for federal income tax purposes can claim the same amount to calculate Oklahoma taxable income.²

This measure proposes to cap the amount of itemized deductions that may be claimed to calculate Oklahoma taxable income at \$17,000 for tax year 2018 and subsequent tax years. Charitable contributions and medical expenses deductible for federal income tax purposes will not be subject to the \$17,000 cap.

No change to estimated tax or withholding is anticipated. The estimated impact for this measure is an increase in income tax collections of \$94,015,000 in FY19 when the 2018 income tax returns are filed.

² Under current law, state and local income or sales taxes included in itemized deductions are required to be added back to calculate Oklahoma taxable income (by subtracting them from itemized deductions) beginning with tax year 2016.