

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 15, 2018

BILL NUMBER: SB 1087 **STATUS AND DATE OF BILL:** Introduced 1/17/18

AUTHORS: House n/a Senate McCortney

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

PROPOSAL: Amendatory

SB 1087 proposes to amend 68 O.S. § 2358 E(9) and E(19) which relate to the calculation of Oklahoma taxable income. Specifically, this measure modifies the eligibility to claim the exemption for Social Security benefits and federal civil service retirement income in lieu of Social Security benefits effective for tax year 2019 and subsequent tax years.

EFFECTIVE DATE: November 1, 2018

REVENUE IMPACT:

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

FY 19: -0-

FY 20: Projected increase in income tax collections of \$32.02 million.

ADMINISTRATIVE IMPACT:

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

FY 19: None

Feb. 16, 2018

DATE

Rick Miller

DIVISION DIRECTOR

mck

2-16-18

DATE

Reece Womack

REECE WOMACK, ECONOMIST

2-16-18

DATE

Jimmy McInt

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 1087[Introduced] Prepared February 15, 2018

SB 1087 proposes to amend 68 O.S. § 2358 E(9) and E(19) which relate to the calculation of Oklahoma taxable income. Specifically, this measure modifies the eligibility to claim the exemption for Social Security benefits and federal civil service retirement income in lieu of Social Security benefits effective for tax year 2019 and subsequent tax years.

Under current law all Social Security benefits to the extent the Social Security benefits are included in federal adjusted gross income are exempt from Oklahoma income tax. Also, all federal civil service retirement income in lieu of Social Security benefits to the extent that income is included in federal adjusted gross income is exempt from Oklahoma income tax.

This measure would only allow the aforementioned exemptions if federal adjusted gross income does not exceed \$200,000 for those filing as married filing joint or qualifying widow and \$100,000 for those filing as single, qualifying head of household or married filing separate.

The fiscal impact of this measure was estimated using the Oklahoma Individual Income Tax Microsimulation Model. For tax year 2019 the estimated impact is an increase in income tax collections of \$32,022,000.

No changes in withholding or estimated tax payments are anticipated. An estimated revenue increase of \$32,022,000 is expected in FY20 when the 2019 income tax returns are filed.