

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 2667
Version:	CS
Request Number:	8139
Author:	Rep. Wallace
Date:	2/26/2019
Impact:	Tax Commission:
	Revenue Decrease
	\$8.9 Million Per Tax Year

Estimated FY-20 Impact:
\$17.8 Million (Two Tax Year Deductions)

Research Analysis

The committee substitute for HB2667 adds gambling losses deductible for federal income tax purposes to the types of deductions that are not counted towards the \$17,000 state cap on itemized deductions. Current law limits the net amount of itemized deductions allowable on an Oklahoma income tax return at \$17,000 and excludes charitable contributions and medical expenses deductible for federal income tax purposes from the cap.

Prepared By: Quyen Do

Fiscal Analysis

Preliminary analysis provided by the Tax Commission:

The Proposed Committee Substitute (57-1-7763) for HB 2667 proposes to amend 68 O.S. § 2358 (E) (3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by exempting gambling losses deductible for federal income tax purposes from the current cap of \$17,000.00, effective for tax year 2018 and subsequent tax years .

Under current law, charitable contributions deductible for federal income tax purposes and medical expenses deductible for federal income tax purposes are not subject to the \$17,000.00 cap . This measure would allow full deductibility as an itemized deduction of gambling losses deductible for federal income tax purposes.

The estimated impact for allowing full deductibility as an itemized deduction of gambling losses is expected to be a projected revenue loss of \$8.9 million per tax year. Tax year 2018 returns are affected and those that have already filed would be required to file an amended return after the effective date of this measure. A minimal negative revenue impact is expected in FY19. Most of tax year 2018 and all of tax year 2019 impact would occur in FY20 resulting in a decrease in income tax revenue of \$17.8 million.

Prepared By: Mark Tygret

Other Considerations

None.

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