

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:

Version:

Author:

Date:

SB 1247

INT

Sen. Bergstrom

02/06/2020

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 15, 2020

BILL NUMBER: SB 1247 **STATUS AND DATE OF BILL:** Introduced 1/9/20

AUTHORS: House n/a Senate Bergstrom

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

PROPOSAL: Amendatory

SB 1247 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 Oklahoma itemized deduction cap of \$17,000, effective for tax year 2021 and subsequent tax years.

EFFECTIVE DATE: November 1, 2020

REVENUE IMPACT:

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

FY 21: -0-

FY 22: Estimated decrease in state income tax collections of \$9,483,000.

Jan. 16, 2020
DATE

Rick Miller
DIVISION DIRECTOR mck

1/17/2020
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/24/2020
DATE

[Signature]
FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - SB 1247 [Introduced] Prepared 1/10/19

SB 1247 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 Oklahoma itemized deduction cap of \$17,000, effective for tax year 2021 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 cap¹. This measure would allow full deductibility as an itemized deduction of gambling losses deductible for federal income tax purposes.

The estimated impact² for allowing full deductibility as an itemized deduction of gambling losses is expected to be a projected revenue loss of \$9,483,000 for tax year 2021. No changes to withholding our estimated tax is expected so the full impact should occur in FY22 when the 2021 income tax returns are due to be filed.

¹ The cap on itemized deductions was enacted for tax year 2018 and subsequent tax years by HB1011XX during the Second Extraordinary Session, Fifty-Sixth Oklahoma Legislature.

² The estimate of this measure was derived using the Oklahoma Individual Income Tax Micro Simulation Model.