

BILL SUMMARY
2nd Session of the 59th Legislature

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| Bill No.: | HB1131 |
| Version: | CS |
| Request Number: | 10630 |
| Author: | Speaker McCall |
| Date: | 3/6/2024 |
| Impact: | Income Tax Collections decrease: approx.. \$3.8-4.8M /year |

Research Analysis

The committee substitute for HB1131 exempts gambling losses deductible for federal income tax purposes from the \$17,000 cap on itemized deductions. The exemption may be retroactively applied to tax year 2023 and subsequent years.

Prepared By: Quyen Do

Fiscal Analysis

Officials for the Oklahoma Tax Commission anticipate the following fiscal impact as a result of this measure:

PROPOSAL: The Proposed Committee Substitute for HB 1131 (Req. No. 10572) proposes to amend 68 O.S. § 2358(E)(3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by exempting wagering losses deductible for federal income tax purposes from the current Oklahoma itemized deduction cap of \$17,000,¹ effective for tax year 2023 and subsequent tax years.

REVENUE IMPACT: The estimated impact of this proposal is a projected revenue loss as outlined in the chart below for tax years 2023 through 2027.

| Tax Year | Change in Collections |
|----------|-----------------------|
| 2023 | -\$3,810,000 |
| 2024 | -\$4,066,000 |
| 2025 | -\$4,269,000 |
| 2026 | -\$4,482,000 |
| 2027 | -\$4,722,000 |

This measure is effective November 1, 2024; amended returns will be required to claim full deductibility of wagering losses as an itemized deduction for tax year 2023. No changes to withholding or estimated tax payments are expected. The expected revenue decrease for FY25 is \$7.9 million (all of tax year 2023 and 2024).

Prepared By: John McPhetridge, House Fiscal Director

Other Considerations

None.

