

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB1953
Version:	Floor Amendment (FA1-A1)
Request Number:	
Author:	Speaker McCall
Date:	3/23/2023
Impact:	Reductions to Income Tax Collections:
	FY-24: approx. \$167 Million
	FY-25: approx. \$426 Million

Research Analysis

Amendment 1 to the floor substitute for HB1953 increases the income amounts that serve as the starting point for the levy of the flat rate tax.

As amended, HB1953 eliminates the current standard deductions and changes the personal income taxing framework from a bracket based system to a flat rate system. For tax year 2024 and 2025, the measure sets the flat rate at 4.25 percent for income greater than \$9,750 for single filers, \$16,250 for heads of households or \$19,450 for joint filers. For tax year 2026 and subsequent years, the rate will be 4.75 percent if the 4.25 percent rate is not extended by law.

Prepared By: Quyen Do

Fiscal Analysis

[UPDATED]

Officials for the Oklahoma Tax Commission (OTC) provided the following analysis of the projected impact of HB 1953 with the incorporated amendments:

HB 1953 - FY Effect 4.25% Rate & Eliminate Oklahoma Standard Deduction				
	Revenue Impact			
Tax year 2024	-\$417,474,000			
Tax year 2025	-\$437,687,000			
Tax year 2026	-\$459,143,000			
FY CONVERSION		FY24	FY25	FY26
Tax year 2024	-\$417,474,000	-\$166,990,000	-\$250,484,000	
Tax year 2025	-\$437,687,000		-\$175,075,000	-\$262,612,000
Tax year 2026	-\$459,143,000			-\$183,657,000
	FY TOTAL	-\$166,990,000	-\$425,559,000	-\$446,269,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

Prepared By: John McPhetridge, House Fiscal Staff

Other Considerations

None.