

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** March 19, 2024

**BILL NUMBER:** HB 1131 **STATUS AND DATE OF BILL:** Engrossed 3/13/2024

**AUTHORS:** House: McCall Senate: Daniels

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

**PROPOSAL:** Amendatory

Engrossed HB 1131 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, effective for tax year 2023 and subsequent tax years.


**EFFECTIVE DATE:** November 1, 2024

**REVENUE IMPACT:** The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. 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.

**FY 24:** -0-

**FY 25:** Decrease in income tax collections of \$7.9 million.

**FY 26:** Decrease in income tax collections of \$4.3 million.

<u>3/27/24</u>	<u></u>	<u>mk</u>
DATE	MARIE SCHUBLE, DIVISION DIRECTOR	
<u>3/20/24</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>3/27/2024</u>	<u>Joseph P. Gappa</u>	
DATE	JOSEPH P. GAPPA, FOR THE COMMISSION	

*The 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 - HB 1131 [Engrossed] Prepared: 3/19/24

Engrossed HB 1131 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,<sup>1</sup> 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 years 2023 and 2024).

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<sup>1</sup> Under current law, only charitable contributions and medical expenses deductible for federal income tax purposes are not subject to the \$17,000 cap on Oklahoma itemized deductions.