

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** January 8, 2024

**BILL NUMBER:** SB 1249 **STATUS AND DATE OF BILL:** Introduced 12/7/2023

**AUTHORS:** House: n/a Senate: Paxton

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

**PROPOSAL:** Amendatory

SB 1249 proposes to amend 68 O.S. § 2358 (E) (3)(b) relating to itemized deductions allowable on an Oklahoma income tax return by removing the current Oklahoma itemized deduction cap of \$17,000, effective for tax year 2024 and subsequent tax years. Under current law, Oklahoma itemized deductions are limited to \$17,000 of federal itemized deductions.<sup>1</sup>

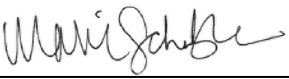
**EFFECTIVE DATE:** November 1, 2024

### REVENUE IMPACT:

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

**FY 25: Decrease in income tax collections of \$108.7 million.<sup>2</sup>**

**FY 26: Decrease in income tax collections of \$114.8 million.**

<u>1/8/24</u>		<u>mk</u>
DATE	MARIE SCHUBLE, DIVISION DIRECTOR	
<u>1/8/24</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>1/9/2024</u>	<u>Joseph P. Gappa</u>	
DATE	JOSEPH 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.***

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

<sup>2</sup>No change to estimated tax payments or withholding is anticipated. All of the impact from tax year 2024 should occur in April 2025 when the 2024 income tax returns are due; likewise, all of the impact from tax year 2025 should occur in April 2026 when the 2025 income tax returns are due.