

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	HB3674
Version:	Introduced
Request Number:	9861
Author:	Rep. Lepak
Date:	2/26/2024
Impact:	See Analysis Below

Research Analysis

HB3674 provides a one-quarter percent personal income tax cut for all brackets, lowering the top marginal rate from 4.75 percent to 4.50 percent effective tax year 2024.

The measure also establishes revenue triggers to allow the personal income tax rate to be lowered and phased out in future years. The tax rate may decrease by 0.25 every year that the cumulative revenue growth is equal to or greater than \$300 million. When the sixth rate reduction has taken place and the tax rate is 3.0 percent, the rate may be reduced further by 0.3 each year until the rate is zero and personal income tax is completely phased out after 10 years.

Prepared By: Quyen Do

Fiscal Analysis

As introduced, HB3674 proposes to decrease the individual income tax rate by 0.25% for all income brackets for tax year 2024. In the event of "qualifying cumulative revenue growth", defined as a \$300 million increase compared to the base year amount, a further 0.25% reduction would be triggered. The State Board of Equalization is tasked with determining whether or not the revenue target has been reached. Rate reductions continue in 0.25% increments until the top rate reaches 3%. Rate reductions then continue in 0.3% increments yearly until the individual income tax is eliminated.

Analysis by the Oklahoma Tax Commission:

REVENUE IMPACT: Withholding and estimated tax payments will change because of the enactment of this measure; however, it is unknown how much of the tax year 2024 impact will occur in FY 24 versus FY 25 due to the uncertainty of when this measure will be enacted.

FY 24: Unknown decrease in income tax collections expected to be between \$0 and \$60.8 million.

FY 25: Unknown decrease in income tax collections expected to be between \$284.1 million and \$345 million.

Prepared By: Zach Penrod

Other Considerations

None.

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