

BILL SUMMARY
2nd Session of the 60th Legislature

Bill No.:	HB2968
Version:	INT
Request Number:	13983
Author:	Rep. Grego
Date:	2/17/2026
Impact:	FY27: \$30.8 million decrease
	FY28: \$78.1 million decrease

Research Analysis

HB2968, as introduced, doubles the amount of retirement benefits that can be excluded from state taxable income from \$10,000 to \$20,000 beginning tax year 2027.

Prepared By: Quyen Do

Fiscal Analysis

As introduced, HB2968 increases the income tax exemption allowed for certain retirement plans from \$10,000 to \$20,000 for tax year 2027 and subsequent years.

The Oklahoma Tax Commission has provided the following information:

ESTIMATED REVENUE IMPACT:

FY27: \$30.8 million decrease in income tax collections.

FY28: \$78.1 million decrease in income tax collections.

ANALYSIS: The Introduced version of HB 2968 proposes to amend 68 O.S. § 2358 by increasing the income tax exemption allowed for most Oklahoma and federal government retirement benefits and a variety of non-government retirement plans that are included in federal adjusted gross income from \$10,000 to \$20,000 effective for tax year 2027 and subsequent tax years. The revenue impact of this proposal was estimated using the Oklahoma Individual Income Tax Micro-Simulation Model.

FY EFFECT INCOME TAX - Increased Retirement Exemptions				
FY CONVERSION		FY27	FY28	FY29
Tax year 2027	-\$77,103,000	-\$30,841,000	-\$46,262,000	
Tax year 2028	-\$79,485,000		-\$31,794,000	-\$47,691,000
Tax year 2029	-\$81,849,000			-\$32,740,000
	Total	-\$30,841,000	-\$78,056,000	-\$80,431,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.

© 2026 Oklahoma House of Representatives, see Copyright Notice at www.okhouse.gov