

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 60<sup>th</sup> Legislature

|                        |                           |
|------------------------|---------------------------|
| <b>Bill No.:</b>       | <b>HB4432</b>             |
| <b>Version:</b>        | <b>FULLPCS1</b>           |
| <b>Request Number:</b> | <b>16006</b>              |
| <b>Author:</b>         | <b>Speaker Hilbert</b>    |
| <b>Date:</b>           | <b>2/16/2026</b>          |
| <b>Impact:</b>         | <b>FY27: \$12,816,000</b> |
|                        | <b>FY28: \$26,393,000</b> |
|                        | <b>FY29: \$27,922,500</b> |

**Research Analysis**

The proposed committee substitute for HB4432 allows taxpayers to fully itemize gambling losses beginning tax year 2027 by removing the current requirement that such losses count towards the \$17,000 cap on itemized deductions.

Prepared By: Quyen Do

**Fiscal Analysis**

Officials for the Oklahoma Tax Commission, estimate the fiscal impact of the measure as follows:

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**ESTIMATED REVENUE IMPACT:**  
**FY28: \$25.6 million decrease in income tax collections.**

**ANALYSIS:** The PCS<sup>1</sup> for HB 4432 (Req. No. 16006) 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<sup>2</sup> from the current Oklahoma itemized deduction cap of \$17,000<sup>3</sup>, effective for tax year 2027 and subsequent tax years. The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model.

| Tax Year | Change in Collections |
|----------|-----------------------|
| 2027     | -\$25,632,000         |
| 2028     | -\$27,154,000         |
| 2029     | -\$28,691,000         |

No changes to withholding or estimated tax payments are expected; the full impact for tax year 2027 should occur in FY28 when the 2027 individual income tax returns are filed.

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<sup>1</sup> The Introduced version of this measure had no substantive language.

<sup>2</sup> HR. 1, enacted in July 2025, limits the wagering loss deduction for federal income tax purposes to 90% of the wagering winnings.

<sup>3</sup> Charitable contributions and medical expenses deductible for federal income tax purposes are not subject to the \$17,000 cap on Oklahoma itemized deductions.

When converting to State Fiscal Years, the impact becomes: FY27 – (\$12,816,000), FY28 – (\$26,393,000), FY29 – (\$27,922,500).

Prepared By: John McPhetridge, House Fiscal Staff

**Other Considerations**

None.

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