



BILL/VERSION:	HB 1200 / Committee Sub (Req. No. 2024)	ANALYST: MK
AUTHORS:	Rep. Maynard & Sen. Rader	DATE: 4/14/2025
TAX(ES):	Income Tax	
SUBJECT(S):	IIT Rate Change, Personal Exemption & Standard Deduction	
EFFECTIVE DATE:	January 1, 2026	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: Decrease in individual income tax collections of \$59.8 million.

FY27: Decrease in individual income tax collections of \$151.3 million.

ANALYSIS: The Committee Substitute for HB 1200 (Req. No. 2024)¹ proposes to amend 68 O.S. § 2355 by replacing the graduated income tax rate structure with a single rate of 4.70% of Oklahoma taxable income. Additionally, this measure amends 68 O.S. § 2358, eliminating the personal exemption of \$1,000, the additional personal exemption for taxpayers 65 years of age or older in the amount of \$1,000, and the additional personal exemption for blind taxpayers in the amount of \$1,000. Also, the amount of standard deduction that is allowed to compute Oklahoma taxable income is increased. Charts on the following page show the current income tax brackets and current standard deduction amounts by income tax filing status, as well as the proposed standard deduction. All the proposals are effective for tax year 2026 and subsequent tax years.

The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The chart below shows the estimated impact by tax and fiscal year.

¹ The Engrossed version of HB 1200 proposed to amend 68 O.S. § 2358, relating to Oklahoma's corporate income tax apportionment method, by amending the three-factor apportionment formula for certain corporations and eliminating the throwback rule, beginning in tax year 2026.

4/14/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

4/14/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

4/14/25

DATE

Joseph P. Gappa

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.



FY EFFECT INCOME TAX 4.70% Flat Rate; Eliminate Personal Exemptions; & Increase Standard Deduction				
FY CONVERSION		FY26	FY27	FY28
Tax year 2026	-\$149,438,000	-\$59,775,000	-\$89,663,000	\$0
Tax year 2027	-\$154,059,000		-\$61,624,000	-\$92,435,000
Tax year 2028	-\$158,568,000			-\$63,427,000
FY TOTAL		-\$59,775,000	-\$151,287,000	-\$155,862,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

The table below reflects the current and proposed standard deduction amounts for tax year 2026 and subsequent tax years.

Filing Status	Standard Deduction Amount	
	Current	Proposed
Married Filing Joint/Surviving Spouse	\$12,700	\$27,100
Single & Married Filing Separate	\$6,350	\$13,550
Head of Household	\$9,350	\$20,325

The tables below reflect the current individual income tax brackets for tax year 2026 and subsequent tax years.

Current Law				
Single & Married Separate Filers				
Taxable income	Pay	plus	over	
\$0	\$1,000	\$0.00	0.25%	\$0
\$1,001	\$2,500	\$2.50	0.75%	\$1,000
\$2,501	\$3,750	\$13.75	1.75%	\$2,500
\$3,751	\$4,900	\$35.63	2.75%	\$3,750
\$4,901	\$7,200	\$67.25	3.75%	\$4,900
\$7,201	and above	\$153.50	4.75%	\$7,200

Current Law				
Married Joint, Head of Household & Surviving Spouse Filers				
Taxable income	Pay	plus	over	
\$0	\$2,000	\$0.00	0.25%	\$0
\$2,001	\$5,000	\$5.00	0.75%	\$2,000
\$5,001	\$7,500	\$27.50	1.75%	\$5,000
\$7,501	\$9,800	\$71.25	2.75%	\$7,500
\$9,801	\$14,400	\$134.50	3.75%	\$9,800
\$14,401	and above	\$307.00	4.75%	\$14,400