



MEMO

Tax Policy & Research Division

DATE: May 8, 2025

TO: FISCAL STAFF

FROM: MARIE SCHUBLE, DIRECTOR (MK)
TAX POLICY & RESEARCH *MS*

SUBJECT: REVENUE IMPACT HB 1200 FLOOR AMENDMENT 1 (SEN. DEEVERS)

This memo is in response to the Floor Amendment 1 (Deevers) for HB 1200.¹ This amendment proposes to amend 68 O.S. § 2355 by providing for a single income tax rate of 3.75% of Oklahoma taxable income effective for tax year 2026 and subsequent tax years.

ESTIMATED REVENUE IMPACT:

FY26: Decrease in individual income tax collections of \$283.2 million.

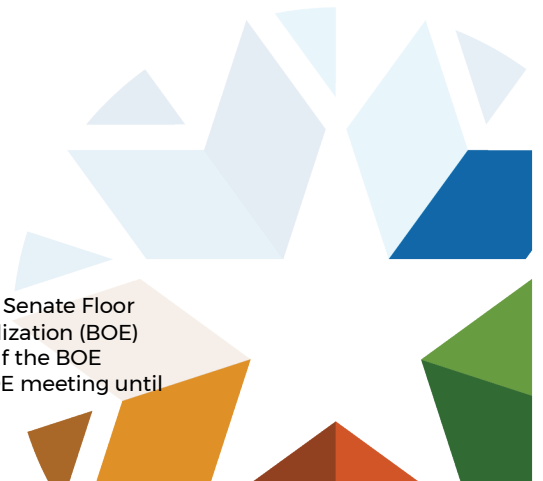
FY27: Decrease in individual income tax collections of \$731.8 million.

ANALYSIS: 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.

HB 1200 FA 1 (Deevers) - Individual Income Tax - 3.75% Flat Rate				
FY CONVERSION		FY26	FY27	FY28
Tax year 2026	-\$707,885,000	-\$283,154,000	-\$424,731,000	
Tax year 2027	-\$767,712,000		-\$307,085,000	-\$460,627,000
Tax year 2028	-\$828,911,000			-\$331,564,000
Total		-\$283,154,000	-\$731,816,000	-\$792,191,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

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

¹ The Senate Floor Version of HB 1200 is being amended by this floor amendment. The Senate Floor version also amends 62 O.S. § 34.103. Beginning with the February 2026 Board of Equalization (BOE) meeting, income tax rates may be reduced by .25% for each bracket for tax year 2027 if the BOE certifies revenue growth of \$400 million. This is repeated every year at the February BOE meeting until the individual income tax rate is reduced to zero.



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