



BILL/VERSION: HB 1200 / FS for ENGR (Req. No. 2089) **ANALYST:** MK
AUTHORS: Rep. Maynard / Sen. Rader **DATE:** 5/6/2025
TAX(ES): Income Tax
SUBJECT(S): Individual Income Tax Bracket Change
EFFECTIVE DATE: November 1, 2025 **Emergency**

ESTIMATED REVENUE IMPACT:
FY26: Decrease in individual income tax collections of \$56.460 million.
FY27: Decrease in individual income tax collections of \$141.780 million.

ANALYSIS: The Floor Substitute for Engrossed HB 1200 (Req. No. 2089) proposes to amend 68 O.S. § 2355, providing for a zero percent income tax rate on the four bottom tax brackets 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.

HB 1200 FS - Individual Income Tax - 0% Rate Four Bottom Brackets				
FY CONVERSION		FY26	FY27	FY28
Tax year 2026	-\$141,151,000	-\$56,460,000	-\$84,691,000	
Tax year 2027	-\$142,723,000		-\$57,089,000	-\$85,634,000
Tax year 2028	-\$144,180,000			-\$57,672,000
Total		-\$56,460,000	-\$141,780,000	-\$143,306,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

This measure also amends 62 O.S. § 34.103. Beginning with the February 2026 Board of Equalization (BOE) meeting, income tax rates in the new bracket structure may be reduced by .25% for each bracket for tax year 2027 if the BOE certifies revenue growth

5/7/25 _____ *Huan Gong*
DATE DR. HUAN GONG, CHIEF TAX ECONOMIST

5/8/25 _____ *Marie Schuble*
DATE MARIE SCHUBLE, DIVISION DIRECTOR

5/8/25 _____ *Joseph P. Gappa*
DATE 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.



of \$400 million.¹ This is repeated every year at the February BOE meeting until the individual income tax rate is reduced to zero.

The tables below reflect the current and proposed 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

PROPOSED LAW - HB 1200				
Single & Married Separate Filers				
Taxable income	Pay	plus	over	
\$0	\$1,000	\$0.00	0.00%	\$0
\$1,001	\$2,500	\$0.00	0.00%	\$1,000
\$2,501	\$3,750	\$0.00	0.00%	\$2,500
\$3,751	\$4,900	\$0.00	0.00%	\$3,750
\$4,901	\$7,200	\$0.00	3.75%	\$4,900
\$7,201	and above	\$86.25	4.75%	\$7,200

PROPOSED LAW - HB 1200				
Married Joint, Head of Household & Surviving Spouse Filers				
Taxable income	Pay	plus	over	
\$0	\$2,000	\$0.00	0.00%	\$0
\$2,001	\$5,000	\$0.00	0.00%	\$2,000
\$5,001	\$7,500	\$0.00	0.00%	\$5,000
\$7,501	\$9,800	\$0.00	0.00%	\$7,500
\$9,801	\$14,400	\$0.00	3.75%	\$9,800
\$14,401	and above	\$172.50	4.75%	\$14,400

¹ In July 2035, the BOE must adjust the \$400 million growth target based on percentage change in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor for that period (2026-2035). This is repeated every 10 years.