



BILL/VERSION:	SB 101 / INTRODUCED	ANALYST: TB
AUTHORS:	Sen. Boren	DATE: 2/24/2025
TAX(ES):	Income Tax	
SUBJECT(S):	Credit	
EFFECTIVE DATE:	November 1, 2025	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: Unknown, potentially significant, decrease in income tax collections.

FY27: Unknown, potentially significant, decrease in income tax collections.

ANALYSIS: SB 101 establishes a refundable income tax credit for Oklahoma residents who pay rent or a mortgage on their primary residence. The credit applies to tax years 2026 and beyond and is based on gross household income as a percentage of the State Median Income (SMI), which is \$80,010 for Oklahoma, as determined by the U.S. Department of Housing and Urban Development¹.

The credit ranges from \$1,000 to \$7,000, depending on income levels: up to \$64,000 for taxpayers with at least two dependents, and up to \$48,000 for taxpayers with one or no dependent. (See details on page 2).

SB 101 could have a significant revenue impact due to the high number of potential qualifying taxpayers, the refundable nature of the credit, and the lack of an overall cap on the amount of credits allowed. A decrease in withholding or estimated tax payments may occur, leading to an unknown revenue decrease in FY26. The full revenue impact will be realized in FY27 when tax year 2026 returns are filed.

ADMINISTRATIVE IMPACT: This proposal may have an administrative impact on the Oklahoma Tax Commission (OTC). Programming modifications may be necessary to track credits claimed for each address. OTC is currently assessing the extent of the impact and evaluating the associated costs.

2/24/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

2/25/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/28/25

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.



ADMINISTRATIVE CONCERNS: SB 101 specifies that only one credit may be claimed per residence each tax year; however, the term "residence" is not defined which could lead to administrative challenges.

ADDITIONAL INFORMATION: According to recent dataⁱⁱ:

- Oklahoma has approximately 1.5 million occupied housing units, with 66% being homeowners and 34% renters.
- An estimated 46% of homeowners have no mortgage and would not qualify for the credit, even if they meet income requirementsⁱⁱⁱ.

TAX CREDIT AMOUNTS FOR ELIGIBLE TAXPAYERS UNDER SB 101:

Taxpayers with Two or More Dependents

<u>Household Income Bracket</u>	<u>Credit Amount</u>
Under \$16,200 (\leq 20% SMI)	\$7,000
\$16,201 - \$32,040 (\leq 40% SMI)	\$5,000
\$32,041 - \$48,060 (\leq 60% SMI)	\$3,000
\$48,061 - \$64,080 (\leq 80% SMI)	\$1,000

Taxpayers with One or No Dependents

<u>Household Income Bracket</u>	<u>Credit Amount</u>
Under \$8,010 (\leq 10% SMI)	\$7,000
\$8,011 - \$16,020 (\leq 20% SMI)	\$5,000
\$16,021 - \$32,040 (\leq 40% SMI)	\$3,000
\$32,041 - \$48,060 (\leq 60% SMI)	\$1,000

ⁱ U.S. Department of Housing and Urban Development. FY 2024 State Median Income Estimates. Accessed February 24, 2025. <https://www.huduser.gov/portal/datasets/il/il24/FY24-Median-Attachment-State-Medians.pdf>.

ⁱⁱ "Oklahoma Demographics," Point2Homes.

ⁱⁱⁱ "10 States with the Most Mortgage-Free Homeowners," Moving.com, accessed February 2025, <https://www.moving.com/tips/10-states-with-the-most-mortgage-free-homeowners/>