



BILL/VERSION:	SB 2156 / INTRODUCED	ANALYST: MK
AUTHORS:	Sen. Deevers	DATE: 2/10/2026
TAX(ES):	Income Tax	
SUBJECT(S):	Eliminate Individual Income Tax	
EFFECTIVE DATE:	November 1, 2026	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: Unknown decrease in income tax collections.

FY27: Decrease in individual income tax collections of \$7.0 billion.

FY28: Decrease in individual income tax collections of \$5.3 billion.

ANALYSIS: SB 2156 proposes to amend 68 O.S. § 2355 (D), relating to the individual income tax levy by specifying there shall be no tax imposed upon the Oklahoma taxable income of any resident or nonresident individual effective for tax year 2026.ⁱ The effects of this proposal were estimated by using the tax year effects of the individual income tax revenue forecast prepared by the Oklahoma Tax Commission for the Office of Management and Enterprise Services.ⁱⁱ

FY EFFECT - ELIMINATE INDIVIDUAL INCOME TAX			
FY CONVERSION	Revenue Impact	FY27	FY28
Tax year 2026	-\$4,947,128,000	-\$4,947,128,000	
Tax year 2027	-\$5,202,185,000	-\$2,080,874,000	-\$3,121,311,000
Tax year 2028	-\$5,444,613,000		-\$2,177,845,000
	FY TOTAL	-\$7,028,002,000	-\$5,299,156,000

The repeal of the individual income tax levy takes effect for tax year 2026, but the bill's effective date is November 1, 2026. If enacted, most individuals are expected to adjust their income tax withholding and estimated tax payments before the measure takes

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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. This estimate reflects current available data as of the date of issuance and is subject to revision if additional information becomes known.



effect. Because the timing of enactment is unknown, this could cause an indeterminate decrease in individual income tax collections for FY26. Individuals would need to file tax year 2026 returns to claim refunds for any income tax withholding or estimated tax payments made before the measure's effective date. For FY27, income tax collections are estimated to decrease by more than \$7.0 billion.

ADMINISTRATIVE CONCERNS: Individual income tax is used or apportioned for variety of programs outside of the General Revenue Fund.ⁱⁱⁱ Below is a non-exhaustive list of some of the programs.^{iv}

- Individual income tax revenue is used to fund the Parental Choice Tax Credit Program under 70 O.S. § 28-100 et. seq. For FY25 this amount was \$214.3 million.
- The Oklahoma Teachers Retirement System receives 5.25%^v of individual income tax collections through FY27. In FY25 the amount was \$238.6 million.
- The Education Reform Revolving Fund (1017 Fund) received \$379.1 million in FY25
- The Rebuild Oklahoma Access & Driver Safety Fund received \$252.6 million in FY25.
- Contractually obligated Quality Jobs Rebates and Economic Development Pooled Finance obligations are funded by individual income tax withholding. For FY25 this amount was \$49.2 and \$91.7 million respectively.
- The Oklahoma Film Enhancement Rebate Program & Filmed in Oklahoma Program are funded by individual income tax. For FY25 this amount was \$8.0 and \$30.0 million respectively.

There is a general 3-year statute of limitations for income tax. The Oklahoma Tax Commission would have to continue to administer individual income tax returns through at least the end of 2030.

ⁱ 68 O.S. § 2355 (E) and (F) relating to potential individual income tax rate reductions and potential associated revenue failure determinations by the State Board of Equalization are eliminated.

ⁱⁱ Oklahoma Tax Commission Revenue Forecasts for F.Y. 2027 - Letter to Mr. Mark Wood, Director Office of Management and Enterprise Services, January 29, 2026. The individual income tax portion for the FY27 was estimated to be \$4.4 billion - this is the net apportioned estimate and accounts for off the top dollars. The projected decrease (\$7.0 billion) for FY27 accounts for FY26 collections that would have to be refunded.

ⁱⁱⁱ In December 2025 the State Board of Equalization certified \$8.12 billion of certified state revenue available for appropriation from the General Revenue Fund. [Oklahoma State Board of Equalization December 2025 Packet](#). Individual income tax was \$3.25 billion of that amount.

^{iv} For a complete list and specific dollar amount of individual income tax usage, see the Oklahoma Tax Commission's FY2025 Revenue & Apportionment Report [2025 Revenue & Apportionment Report](#)

^v For FY28 the amount is 5%.