



BILL/VERSION:	SB 308 / INTRODUCED	ANALYST: MK
AUTHORS:	Sen. Deevers	DATE: 1/10/2025
TAX(ES):	Income Tax	
SUBJECT(S):	Individual Income Tax Rate Change	
EFFECTIVE DATE:	November 1, 2025	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: Decrease in individual income tax collections of \$1.88 billion.

FY27: Decrease in individual income tax collections of \$2.60 billion.

Note: A Nov. 1, 2025 effective date of SB 308 shifts the impact of this proposal to FY26; withholding and estimated tax remittances reflecting the proposed rate reduction should not change until after November 1, 2025.

ANALYSIS: SB 308 proposes to amend 68 O.S. § 2355 by decreasing individual income tax rates across all brackets by 1.0% beginning with tax year 2025, with subsequent 1.0% rate reductions across all brackets every tax year until individual income tax is eliminated beginning with tax year 2029.

ADMINISTRATIVE CONCERNS: Tax year 2025 income tax withholding tables would require a midyear adjustment.

1/10/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

1/16/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

1/16/2025

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.



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.

FY EFFECT INCOME TAX Reduce Rates for All Brackets 1% Each Year				
Fiscal Impact				
Tax year 2025	-\$1,028,036,000			
Tax year 2026	-\$2,117,305,000			
Tax year 2027	-\$3,310,684,000			
FY CONVERSION		FY25	FY26	FY27
Tax year 2025	-\$1,028,036,000	\$0	-\$1,028,036,000	
Tax year 2026	-\$2,117,305,000		-\$846,922,000	-\$1,270,383,000
Tax year 2027	-\$3,310,684,000			-\$1,324,274,000
FY TOTAL		\$0	-\$1,874,958,000	-\$2,594,657,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

The tables below reflect the current individual income tax brackets for tax year 2025 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