

BILL SUMMARY
2nd Session of the 60th Legislature

Bill No.:	HB2942
Version:	INT
Request Number:	13948
Author:	Rep. Hildebrant
Date:	2/17/2026
Impact:	See OTC Analysis Below

Research Analysis

HB2942, as introduced, permits active members of a Health Care Sharing Ministry (HCSM) to deduct the total amount of qualified health care sharing expenses paid to an HCSM when calculating their Oklahoma adjusted gross income. To claim this deduction, taxpayers must provide documentation of their membership and contributions, including any records issued by the ministry, and submit any additional forms or information required by the Oklahoma Tax Commission (OTC). Individuals who make fraudulent deductions will be required to repay the income tax attributable to any improperly claimed deductions, pay a civil fine of \$500 for each offense, and will be prohibited from claiming the deduction for three years.

The measure also specifies that funds received from an HCSM to assist with medical expenses will not be considered taxable income for state purposes.

Prepared By: Quyen Do

Fiscal Analysis

As introduced, HB2942 establishes the Health Care Sharing Ministry Tax Parity Act. The act allows a qualified individual to deduct the qualified health care sharing expenses from Oklahoma adjusted gross income.

The Oklahoma Tax Commission (OTC) has provided the following analysis:

ESTIMATED REVENUE IMPACT:**FY27: \$0****FY28: Deduction: Decrease of approximately \$477,000 in income tax collections****Exclusion: Unknown decrease in income tax collections**

ANALYSIS: HB 2942 would enact the Health Care Sharing Ministry Tax Parity Act. The measure allows a qualified individual, defined as a resident of Oklahoma who has been an active member of a Health Care Sharing Ministry (HCSM) for at least one month during the applicable tax year, to deduct from Oklahoma adjusted gross income the total amount of qualified health care sharing expenses paid during the taxable year. A HCSM generally provides a health care cost-sharing arrangement among individuals with similar beliefs and is operated by a not-for-profit religious organization that facilitates the sharing of medical expenses among its members.

For tax years beginning on or after January 1, 2027, the deduction is applicable to:

- (1) self-employed individuals, in the same manner as deductions for health insurance premiums;
- (2) employer contributions toward HCSM membership treated as nontaxable fringe benefits; and
- (3) individuals purchasing HCSM membership for themselves or their dependents.

Available information from the Alliance of Health Care Sharing Ministries indicates that approximately 11,000 Oklahoma residents participated in a HCSM in 2024, with reported average annual required sharing contributions of approximately \$1,500 to

\$1,600 per member. Based on these figures, and applying assumed participation and utilization rates consistent with prior estimates, the deduction is estimated to reduce annual income tax collections by approximately \$477,000 when fully realized¹. Although the deduction applies to tax years beginning on or after January 1, 2027, the revenue impact is not expected to be realized until FY 2028, when tax year 2027 returns are filed.

In addition to the proposed deduction, the measure excludes from Oklahoma taxable income funds received from a HCSM to assist with medical expenses, which may further reduce income tax collections. However, the magnitude of this effect cannot be reliably estimated due to limited data on the amount and frequency of such receipts and uncertainty regarding their current federal income tax treatment. Current federal law does not expressly address the income tax treatment of amounts received by individuals from a HCSM, and the Internal Revenue Code provides neither a specific exclusion nor a deduction for such receipts. As a result, the revenue impact associated with the exclusion cannot be reliably estimated.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.

