OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 13, 2013

BILL NUMBER: HB 1551 **STATUS AND DATE OF BILL:** Introduced 1/6/13

AUTHORS: House McCullough Senate n/a

TAX TYPE (S): Income Tax **SUBJECT:** Tax Rate

PROPOSAL: Amendatory

HB 1551 proposes to amend 68 O.S.§ 2355(B), which relates to individual income tax rates, by modifying the married filing joint tax brackets effective for tax year 2014 and subsequent tax years.

EFFECTIVE DATE: January 1, 2014

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 14: Projected revenue decrease of $6,814,000.
FY 15: Projected revenue decrease of $17,211,000.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 14: No anticipated cost or savings.

Feb. 14, 2013 — Rick Miller — mck
DATE — DIVISION DIRECTOR

2-15-2013 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

2/16/13 — Dawn Cash
DATE — FOR THE COMMISSION

Under current law, the Oklahoma individual income tax brackets have a "marriage penalty"[1] due to unequal bracket structure between the single income tax brackets and the married filing joint income tax brackets. By amending the married filing joint tax brackets, this measure eliminates the inequality in the tax brackets. This measure is effective for tax year 2014 and subsequent tax years.

The estimate for this proposal was calculated using the Oklahoma Individual Income Tax Micro-Simulation model and the results are shown in Table 1 below.

Table 1

	Fiscal Impact
Tax year 2014	$ (17,034,000)
Tax year 2015	$ (17,477,000)

FY CONVERSION		FY14	FY15
Tax year 2014	$(17,034,000)	$(6,814,000)	$(10,220,000)
Tax year 2015	$(17,477,000)		$(6,991,000)
	FY TOTAL	$(6,814,000)	$(17,211,000)

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

[1] The difference between what a married couple pays in taxes and what two single persons would pay in taxes is often referred to as the marriage tax penalty.