

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 26, 2017

BILL NUMBER: HB 2348 STATUS AND DATE OF BILL: Enrolled Bill 5/4/17

AUTHORS: House Osborn (Leslie) & Wallace Senate David & Fields

TAX TYPE (S): Income Tax SUBJECT: Deduction

PROPOSAL: Amendatory

HB 2348 proposes to amend 68 O.S. §§ 2358 and 2368. Beginning with tax year 2017 (and all subsequent years thereafter), the amount of the Oklahoma standard deduction will be the amount of the tax year 2017 federal standard deduction. This measure also codifies individual Oklahoma income tax filing requirements to conform to the proposed changes to 68 O.S. § 2358.

EFFECTIVE DATE: January 1, 2017

REVENUE IMPACT:

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

FY 18: Projected increase in income tax collections of \$4.4 million.

FY 19: Projected increase in income tax collections of \$14.5 million.

ADMINISTRATIVE IMPACT:

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

FY 18: None

May 26, 2017
DATE

5-26-17
DATE

5/26/17
DATE

Rick Miller
DIVISION DIRECTOR

Reece Womack
REECE WOMACK, ECONOMIST

Jim Mott
FOR THE COMMISSION

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ATTACHMENT TO FISCAL IMPACT – HB 2348 [Enrolled] Prepared May 26, 2017

HB 2348 proposes to amend 68 O.S. §§ 2358 and 2368. Beginning with tax year 2017 (and subsequent years thereafter), the amount of the Oklahoma standard deduction will be the amount of the tax year 2017 federal standard deduction¹. This measure also codifies individual Oklahoma income tax filing requirements to conform to the proposed changes to 68 O.S. § 2358.

Current law provides that individuals who use the standard deduction on their Oklahoma income tax return are allowed to take a deduction equal to the amount of the standard deduction allowed by the Internal Revenue Code. The federal standard deduction is adjusted annually for inflation.² Further, under current law, a resident individual is required to file an Oklahoma income tax return if the resident has a federal income tax filing requirement.

Table 1 below shows the estimated fiscal impact of this proposal.

TABLE 1 - FY EFFECT			
FY CONVERSION		FY18	FY19
Tax year 2018	\$11,008,000	\$4,403,000	\$ 6,605,000
Tax year 2019	\$19,755,000		\$7,902,000
FY TOTAL		\$4,403,000	\$14,507,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.			

¹ Six Thousand Three Hundred Fifty Dollars (\$6,350.00) for single or married filing separately; Twelve Thousand Seven Hundred Dollars (\$12,700.00) for married filing jointly or qualifying widower with dependent child, and Nine Thousand Three Hundred Fifty Dollars (\$9,350.00) for head of household.

² The proposed Oklahoma standard deduction is not adjusted for inflation.