

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: December 23, 2020

BILL NUMBER: SB 129 **STATUS AND DATE OF BILL:** Introduced 12/11/20

AUTHORS: House n/a Senate Howard

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

PROPOSAL: Amendatory

SB 129 proposes to amend 68 O.S. § 2358 relating to itemized deductions that may be claimed to calculate Oklahoma taxable income by eliminating the current \$17,000 cap effective for tax year 2022 and subsequent tax years.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

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

FY 22: None

FY 23: Estimated decrease in income tax collections of \$63,788,000

Jan. 4, 2021
DATE

Rick Miller
DIVISION DIRECTOR

mck

1/11/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/12/21
DATE

[Signature]
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.

ATTACHMENT TO REVENUE IMPACT - SB 129 [Introduced] Prepared 12/23/20

SB 129 proposes to amend 68 O.S. § 2358 relating to itemized deductions that may be claimed to calculate Oklahoma taxable income by eliminating the current \$17,000¹ cap effective for tax year 2022 and subsequent tax years.

Under current law, itemized deductions that may be claimed to calculate Oklahoma taxable income are capped at \$17,000 effective for tax year 2018 and subsequent tax years. This measure proposes to remove the \$17,000 cap effective for tax year 2022, essentially resetting the law as it was in effect prior to tax year 2018.

The revenue impact of this measure was analyzed using the Oklahoma Individual Income Tax Micro-Simulation Model. Based on this analysis, the estimated decrease in individual income tax collections for tax year 2022 is \$63,788,000; with a projected decrease in tax year 2023 of \$69,154,000.

No changes to withholding or estimated tax remittances are expected. The estimated impact for this measure is a decrease in income tax collections of \$63,788,000 in FY23 when the 2022 income tax returns are filed.

¹ The cap on itemized deductions was enacted for tax year 2018 and subsequent tax years by HB1011XX during the Second Extraordinary Session, Fifty-Sixth Oklahoma Legislature. Charitable contributions and medical expenses deductible for federal income tax purposes are not subject to the \$17,000 cap.