



BILL/VERSION: HB 1927 / INTRODUCED **ANALYST:** MK
AUTHORS: Rep. Wilk **DATE:** 4/3/2025
TAX(ES): Income Tax
SUBJECT(S): Individual Income Tax Retirement Exclusion
EFFECTIVE DATE: November 1, 2025 **Emergency** ☐

ESTIMATED REVENUE IMPACT:

FY26: Decrease in individual income tax collections of \$59.118 million.

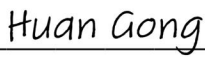
FY27: Decrease in individual income tax collections of \$154.272 million.

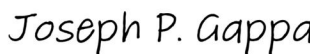
ANALYSIS: HB 1927 proposes to amend 68 O.S. § 2358, relating to retirement benefits that are included in federal adjusted gross income.¹ Under this proposal, 100% of retirement benefits that are included in federal adjusted gross income would be exempt from Oklahoma income tax, beginning tax year 2026. The chart below shows the estimated effect on income tax collections:

FY Effect - Individual Income Tax Exclude All Retirement Benefits				
FY CONVERSION		FY26	FY27	FY28
Tax year 2026	-\$147,795,000	-\$59,118,000	-\$88,677,000	
Tax year 2027	-\$163,987,000		-\$65,595,000	-\$98,392,000
Tax year 2028	-\$180,286,000			-\$72,114,000
Total		-\$59,118,000	-\$154,272,000	-\$170,506,000
Oklahoma Income Tax Micro-Simulation Model				

Withholding and estimated payments would be changed so the FY26 impact would be a decrease of \$59.118 million and the FY27 decrease would be \$154.272 million.

¹ Under current law, an income tax exemption is allowed for the first \$10,000 of Oklahoma and federal government retirement benefits. that are included in federal adjusted gross income. Certain private sector retirement benefits from specific type of retirement accounts to the extent included in federal adjusted gross income are also afforded a \$10,000 Oklahoma income tax exemption

4/4/25
DATE

 DR. HUAN GONG, CHIEF TAX ECONOMIST
 4/4/25
DATE

 MARIE SCHUBLE, DIVISION DIRECTOR
 4/4/25
DATE

 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.