



BILL/VERSION: SB 292 / INTRODUCED **ANALYST:** MK
AUTHORS: Sen. Pugh **DATE:** 2/1/2025
TAX(ES): Income Tax
SUBJECT(S): Corporate Income Tax – Rate Reduction
EFFECTIVE DATE: November 1, 2025 **Emergency** ☐

ESTIMATED REVENUE IMPACT:

FY26: Decrease in income tax collections of \$293.7 million.

FY27: Decrease in income tax collections of \$578.7 million.

ANALYSIS: SB 292 proposes to amend 68 O.S. § 2355 and 68 O.S. § 2370 by eliminating¹ the corporate income tax and the bank privilege tax for tax year 2026 and subsequent tax years. The current corporate income tax and bank privilege rate is 4%. This proposal was estimated using the Oklahoma Tax Commission FY26-FY28 forecast for corporate income tax prepared January 29, 2025.²

FY EFFECT INCOME TAX - CORPORATE INCOME TAX RATE TO 0% - TAX YEAR 2026				
FY CONVERSION		FY26	FY27	FY28
Tax year 2026	-\$587,364,000	-\$293,682,000	-\$293,682,000	
Tax year 2027	-\$570,078,000		-\$285,039,000	-\$285,039,000
Tax year 2028	-\$569,115,000			-\$284,557,500
	FY TOTAL	-\$293,682,000	-\$578,721,000	-\$569,596,500

¹ These taxes are eliminated by imposing no income or bank privilege tax on the Oklahoma taxable income of every corporation doing business within Oklahoma. The filing and reporting requirements under 68 O.S. §2351 et seq. have not been eliminated. This poses several administrative concerns.

² This impact was estimated utilizing the forecasted numbers for the February BOE (January 29, 2025 - Oklahoma Tax Commission Letter to Rick Rose, Director Office of Management and Enterprise) and may differ from earlier estimates that used the December forecasted numbers.

2/3/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

2/3/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

2/5/25

DATE

Joseph P. Gappa

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.