



BILL/VERSION:	SB 327 / INTRODUCED	ANALYST: MK
AUTHORS:	Sen. Kirt	DATE: 1/22/2025
TAX(ES):	Income Tax	
SUBJECT(S):	Individual Income Tax Bracket Change	
EFFECTIVE DATE:	November 1, 2025	Emergency ☐

ESTIMATED REVENUE IMPACT:

FY25: \$0

FY26: Decrease in individual income tax collections of \$3.7 billion

FY27: Decrease in individual income tax collections of \$2.7 billion.

Note: The November 1, 2025, effective date shifts the TY25 impact to FY26, causing a larger impact in FY26 than FY27. See below for detail.

ANALYSIS: SB 327 proposes to amend 68 O.S. § 2355 by changing the income bands within the current graduated income tax rate structure effective for tax year 2025 and subsequent tax years. The current and proposed tax rate structures are on the next page of this revenue impact statement.

ADMINISTRATIVE CONCERNS: The November 1, 2025, effective date necessitates a midyear adjustment to the 2025 withholding tables. This adjustment may cause confusion for both employers and taxpayers. Additionally, most wage earners will have over-withheld taxes in 2025, which will result in the Oklahoma Tax Commission issuing larger refunds in FY26 when the 2025 tax returns are filed.

1/23/25

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

1/27/25

DATE

Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

1/27/25

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.



The effects of this proposal were estimated using the Oklahoma Individual Income Tax Microsimulation Model. The chart below shows the estimated impact by tax and fiscal year.

FY EFFECT - INDIVIDUAL INCOME TAX - SB 327				
Fiscal Impact				
FY CONVERSION		FY25	FY26	FY27
Tax year 2025	-\$2,595,357,000	\$0	-\$2,595,357,000	
Tax year 2026	-\$2,683,466,000		-\$1,073,386,000	-\$1,610,080,000
Tax year 2027	-\$2,786,956,000			-\$1,114,782,000
FY TOTAL		\$0	-\$3,668,743,000	-\$2,724,862,000
Source: Oklahoma Individual Income Tax Micro-Simulation Model.				

The tables below reflect the current individual income tax brackets for tax year 2025 and subsequent tax years.

Current Law				
Single & Married Separate Filers				
Taxable income		Pay	plus	over
\$0	\$1,000	\$0.00	0.25%	\$0
\$1,001	\$2,500	\$2.50	0.75%	\$1,000
\$2,501	\$3,750	\$13.75	1.75%	\$2,500
\$3,751	\$4,900	\$35.63	2.75%	\$3,750
\$4,901	\$7,200	\$67.25	3.75%	\$4,900
\$7,201	and above	\$153.50	4.75%	\$7,200

Current Law				
Married Joint, Head of Household & Surviving Spouse Filers				
Taxable income		Pay	plus	over
\$0	\$2,000	\$0.00	0.25%	\$0
\$2,001	\$5,000	\$5.00	0.75%	\$2,000
\$5,001	\$7,500	\$27.50	1.75%	\$5,000
\$7,501	\$9,800	\$71.25	2.75%	\$7,500
\$9,801	\$14,400	\$134.50	3.75%	\$9,800
\$14,401	and above	\$307.00	4.75%	\$14,400

The tables below reflect the proposed individual income tax brackets for tax year 2025 and subsequent tax years.

Proposed Law SB 327				
Single & Married Separate Filers				
Taxable income		Pay	plus	over
\$0	\$25,000	\$0.00	0.00%	\$0
\$25,001	\$40,000	\$0.00	1.00%	\$25,000
\$40,001	\$55,000	\$150.00	2.00%	\$40,000
\$55,001	\$70,000	\$450.00	3.00%	\$55,000
\$70,001	\$85,000	\$900.00	4.00%	\$70,000
\$85,001	and above	\$1,500.00	4.75%	\$85,000

Proposed Law SB 327				
Married Joint, Head of Household & Surviving Spouse Filers				
Taxable income		Pay	plus	over
\$0	\$50,000	\$0.00	0.00%	\$0
\$50,001	\$80,000	\$0.00	1.00%	\$50,000
\$80,001	\$110,000	\$300.00	2.00%	\$80,000
\$110,001	\$140,000	\$900.00	3.00%	\$110,000
\$140,001	\$170,000	\$1,800.00	4.00%	\$140,000
\$170,001	and above	\$3,000.00	4.75%	\$170,000