

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB1953
Version:	Floor Substitute (FA1)
Request Number:	8030
Author:	Speaker McCall
Date:	3/22/2023
Impact:	Reductions to Income Tax Collections:
	FY-24: \$250.3 Million
	FY-25: \$635.3 Million
	FY-26: \$389.8 Million

Research Analysis

The floor substitute for HB1953 eliminates the current standard deductions and changes the personal income taxing framework from a bracket based system to a flat rate system. For tax year 2024 and 2025, the measure sets the flat rate at 4.25 percent for income greater than \$7200 for single filers or \$12,200 for joint filers. For tax year 2026 and subsequent years, the rate will be 4.75 percent if the 4.25 percent rate is not extended by law.

CHANGES IN FLOOR SUBSTITUTE VERSION FROM INTRODUCED VERSION:

The floor substitute further reduces the income tax rate to 4.25 percent from the current 4.75 percent rate. Instead of lowering the rate for all tax brackets, the floor substitute establishes a flat tax. The rate reduction in the floor substitute is also temporary, whereas the rate reduction in the introduced version would have been permanent.

Prepared By: Quyen Do

Fiscal Analysis

The Floor Substitute for HB 1953 establishes for the 2024 and 2025 tax years a 4.25% one bracket income tax. The measure provides income exclusions for the amounts previously taxable under the lower tax brackets. The measure utilizes the federal standard deduction values.

Prior estimates from the Oklahoma Tax Commission, result in the following estimated fiscal impact as a result of the provisions of the Floor Substitute:

FY24:	\$250,311,000
FY25:	\$635,307,000
FY26	\$389,761,000

Prepared By: John McPhetridge, House Fiscal Staff

Other Considerations

None.

