

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** February 19, 2022

**BILL NUMBER:** SB 1681 **STATUS AND DATE OF BILL:** Introduced 1/20/22

**AUTHORS:** House n/a Senate Montgomery

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

**PROPOSAL:** Amendatory

SB 1681 proposes to amend 68 O.S. § 2358 relating to the Oklahoma standard deduction effective for tax year 2023 and subsequent tax years.

**EFFECTIVE DATE:** November 1, 2022

**REVENUE IMPACT:**

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

FY 23: Decrease in income tax collections of \$30.4 million.

FY 24: Decrease in income tax collections of \$76.5 million.

Feb. 19, 2022  
DATE

Rick Miller  
DIVISION DIRECTOR

mk

2/19/2022  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/21/2022  
DATE

Joseph P. Ayza  
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 1681 [Introduced] Prepared 2/19/2022**

SB 1681 proposes to amend 68 O.S. § 2358 relating to the Oklahoma standard deduction effective for tax year 2023 and subsequent tax years.

**Current & Proposed Law:**

Under current law a standard deduction<sup>1</sup> is allowed to compute the Oklahoma taxable income of individual income taxpayers. This measure increases the Oklahoma standard deduction. The chart below shows the current and proposed standard deduction by income tax filing status:

Filing Status	Standard Deduction Amount	
	Current	Proposed
Married Filing Joint & Surviving Spouse	\$12,700	\$14,700
Single & Married Filing Separate	\$6,350	\$7,350
Head of Household	\$9,350	\$10,350

**Revenue Impact:**

The revenue impact of this measure was estimated using the Oklahoma Individual Income Tax Micro-Simulation Model. The chart below reflects the tax year and fiscal year effects on income tax collections.<sup>2</sup>

FY EFFECT - Increased Standard Deduction				
	Revenue Impact			
Tax year 2023	-\$76,024,000			
Tax year 2024	-\$77,171,000			
Tax year 2025	-\$78,136,000			
FY Conversion		FY23	FY24	FY25
Tax year 2023	-\$76,024,000	-\$30,410,000	-\$45,614,000	
Tax year 2024	-\$77,171,000		-\$30,868,000	-\$46,303,000
Tax year 2025	-\$78,136,000			-\$31,254,000
	Total	-\$30,410,000	-\$76,482,000	-\$77,557,000

<sup>1</sup>Individual income taxpayers may either itemize their deductions or claim an Oklahoma standard deduction to compute Oklahoma taxable income. If using itemized deductions for federal income tax purposes, the Oklahoma itemized deduction amount is limited as follows:

Beginning with tax year 2016, state and local income taxes included in itemized deductions are added back to calculate Oklahoma taxable income (by subtracting them from itemized deductions).

Beginning with tax year 2018 itemized deductions may not exceed \$17,000, not including charitable contributions or medical expenses.

The amount of federal standard deduction is indexed for inflation every tax year. For tax year 2021; the federal standard deduction is as follows:

- \$25,100 for taxpayers filing as married filing jointly or qualifying widower with dependent child
- \$18,800 for taxpayers filing as head of household
- \$12,550 for taxpayer filing as single or married filing separately

<sup>2</sup>Income tax withholding tables will be adjusted to reflect the new standard deduction amounts effective January 1, 2023.