

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 24, 2023

BILL NUMBER: SB 743 **STATUS AND DATE OF BILL:** Introduced 1/18/2023

AUTHORS: House n/a Senate Pederson

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

PROPOSAL: Amendatory

SB 743 proposes to amend 68 O.S. § 2358 (E)(8)(b) relating to retirement benefits received by individuals from the Teachers' Retirement System of Oklahoma (TRS). Under current law, up to \$10,000 of retirement benefits received by an individual from TRS is exempt from Oklahoma income tax.¹ This measure proposes to exempt **all** retirement benefits received by an individual from TRS from Oklahoma taxable income effective for tax year 2024 and subsequent tax years.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 23: None.

FY 24: Decrease in income tax collections of \$10.6 million.²

FY 25: Decrease in income tax collections of \$24.1 million.

Feb. 24, 2023
DATE

Rick Miller
DIVISION DIRECTOR mk

2/24/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/24/2023
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

¹ Individuals receiving retirement benefits from other government retirement systems as well as qualified private sector retirement plans are also afforded a \$10,000 exemption. Military retirement benefits, Social Security Benefits, and federal civil service benefits in lieu of Social Security are fully exempt from Oklahoma income tax.

² It is expected that withholding and estimated tax payments will be changed due to the full exemption proposed in this measure.