OKLAHOMA Tax Commission

REVENUE IMPACT STATEMENT
2025 REGULAR SESSION
60TH LEGISLATURE, 1ST SESSION

BILL/VERSION:	SB 60 / INTRODUCED	**ANALYST**: TB	
AUTHORS:	Sen. Rader	**DATE**: 1/16/2025	
TAX(ES):	Income Tax		
SUBJECT(S):	Corporate		
EFFECTIVE DATE:	Nov. 1, 2025	**Emergency** ☐	

ESTIMATED REVENUE IMPACT:

FY26: Unknown potential decrease in income tax collections.
FY27: Unknown potential decrease in income tax collections.

ANALYSIS: SB 60 proposes to amend 68 O.S. § 2358 to modify the apportionment method used to compute Oklahoma income for both corporations and partnerships engaging in multistate business activities[i]. Currently, when a company does business in multiple states including Oklahoma, they calculate how much income tax they owe to Oklahoma using three factors: 1) How much property they own in Oklahoma; 2) How much they pay employees in Oklahoma; and 3) How much they sell in Oklahoma.

Senate Bill 60 proposes a change to this apportionment method. Starting in 2026, companies would only look at one thing: sales in Oklahoma. The amount of tax they'd pay would be based on what percentage of their total sales occur in Oklahoma.

This approach could encourage businesses to expand or relocate operations to Oklahoma, as property and payroll would no longer affect their tax calculations. However, because Oklahoma's smaller population limits its market size, less income may be apportioned to the state—particularly by large national or international companies with a significant share of sales outside Oklahoma. As a result, this change could potentially reduce overall corporate income tax collections for the state. With this measure effective for tax year 2026, changes to estimated tax payments could result in a potential decrease in Oklahoma corporate income tax collections as early as FY26. The overall fiscal impact of this change is unknown due to the lack of available taxpayer apportionment data.

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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.

ADMINISTRATIVE CONCERNS: The proposed statute creates ambiguity for tax years 2026 and subsequent years by omitting the phrase "being that which is derived from a unitary business enterprise." Under the current language applicable to tax year 2025 and prior, this phrase clearly establishes that only income from a unitary business enterprise is subject to the apportionment formula.

A unitary business enterprise is a technical term in state taxation, in its simplest terms, refers to related businesses operating as a single, interconnected unit. These businesses often share resources such as management, operations, or supply chains. For businesses classified as unitary, income from all states is combined and then divided among the states where the business operates using an apportionment formula. Under current law, this formula accounts for property, payroll, and sales.

This ambiguity could lead to varying interpretations of the law, complicating compliance for businesses and creating administrative challenges for the Oklahoma Tax Commission. To reduce confusion and ensure consistency, the legislation should consider clarifying whether the single sales factor apportionment applies exclusively to unitary businesses or also extends to businesses with separate, independent operations.

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[i] The revenue forecast for corporate income tax for FY26 is $597 million. Oklahoma Tax Commission - *Revenue Forecast for F.Y.2026* – December 2024