



SENATE APPROPRIATIONS MEETING

October 3, 2023 | 10 a.m.

Oklahoma Tax Commission Discussion on Income Tax

- Total amount of individual income tax available for apportionment of net refunds, rebates and incentive payments:
 - FY '24 – \$4.457 billion*
- *Source: February 2023 BOE Forecast*
- Percent of individual income tax collected (net) compared to all FY '23 tax revenues of \$13.3 billion:
 - FY '23 – 33%
 - All other tax revenues for FY '23:
 - State sales and use – 29%
 - Gross production – 14%
 - Vehicle taxes, fees, etc. – 7%
 - Corporate income tax – 6%
 - Motor fuel – 4%
 - Cigarette and tobacco – 3%
 - Beverage taxes and licenses – 1%
 - Other – 3%
 - Individual income tax apportionment (FY '19 – FY '23):
 - See attached.
 - Estimated fiscal impact of HB 1934 (2023) Oklahoma Parental Choice Tax Credit Act:
 - Tax year 2024 – \$150 million cap
 - Tax year 2025 – \$200 million cap
 - Tax year 2026 and subsequent years – \$250 million cap
 - Homeschool – \$5 million cap, beginning in tax year 2025

- The estimated fiscal impact of a 0.25% rate decrease (all brackets):

FY EFFECT INCOME TAX Option 1 - 0.25% Rate Decrease - All Brackets				
	Fiscal Impact			
Tax year 2024	\$ 236,433,000			
Tax year 2025	\$ 247,137,000			
Tax year 2026	\$ 258,453,000			
FY CONVERSION		FY24	FY25	FY26
Tax year 2024	\$ 236,433,000	\$ 94,573,000	\$ 141,860,000	
Tax year 2025	\$ 247,137,000		\$ 98,855,000	\$ 148,282,000
Tax year 2026	\$ 258,453,000			\$ 103,381,000
	FY TOTAL	\$ 94,573,000	\$ 240,715,000	\$ 251,663,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

- The estimated fiscal impact of a 0.5% rate decrease (all brackets):

FY EFFECT INCOME TAX Option 2 - 0.5% Rate Decrease - All Brackets				
	Fiscal Impact			
Tax year 2024	\$ 452,901,000			
Tax year 2025	\$ 474,001,000			
Tax year 2026	\$ 496,332,000			
FY CONVERSION		FY24	FY25	FY26
Tax year 2024	\$ 452,901,000	\$ 181,160,000	\$ 271,741,000	
Tax year 2025	\$ 474,001,000		\$ 189,600,000	\$ 284,401,000
Tax year 2026	\$ 496,332,000			\$ 198,533,000
	FY TOTAL	\$ 181,160,000	\$ 461,341,000	\$ 482,934,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

- The estimated fiscal impact of a 1% rate decrease (all brackets):

FY EFFECT INCOME TAX Option 3 - 1.0% Rate Decrease - All Brackets				
	Fiscal Impact			
Tax year 2024	\$ 877,178,000			
Tax year 2025	\$ 918,934,000			
Tax year 2026	\$ 963,146,000			
FY CONVERSION		FY24	FY25	FY26
Tax year 2024	\$ 877,178,000	\$ 350,871,000	\$ 526,307,000	
Tax year 2025	\$ 918,934,000		\$ 367,574,000	\$ 551,360,000
Tax year 2026	\$ 963,146,000			\$ 385,258,000
	FY TOTAL	\$ 350,871,000	\$ 893,881,000	\$ 936,618,000

Source: Oklahoma Individual Income Tax Micro-Simulation Model.

- The estimated fiscal impact of elimination of individual income tax, in the absence of proposed legislation:
 - \$4.457 billion

Oklahoma Tax Commission

Apportionment of Income Tax - Individual Collections

Fiscal Years 2019 - 2024

	FY19	FY20	FY21	FY22	FY23	Est FY24 Feb. 2023
Total Collections	\$ 4,083,411,106.12	\$ 3,862,576,226.53	\$ 4,439,532,791.28	\$ 4,791,167,567.37	\$ 5,032,652,318.48	
Withholding Refunds	\$ (1,932,658.77)	\$ (2,627,294.12)	\$ (2,383,716.05)	\$ (20,464,751.99)	\$ (2,017,582.46)	
Cancelled Vouchers	\$ 15,027.63	\$ 72,355.78	\$ 56,189.68	\$ 22,503.38	\$ 34,203.89	
Returned Funds - Pooled Finance Programs	\$ -	\$ -	\$ -	\$ 1,168,927.75	\$ 317,188.88	
Total to be Apportioned	\$ 4,081,493,474.98	\$ 3,860,021,288.19	\$ 4,437,205,264.91	\$ 4,771,894,246.51	\$ 5,030,986,128.79	\$ 5,201,334,842.00
Apportionment						
Income Tax Refund/Intercept Accounts	\$ 511,106,215.79	\$ 490,440,705.06	\$ 661,974,794.58	\$ 605,669,608.68	\$ 636,954,812.73	\$ 642,433,425.00
Ad Valorem Reimbursement Fund	\$ 34,294,768.21	\$ 32,866,544.90	\$ 36,878,569.12	\$ 40,644,043.00	\$ 42,815,655.84	\$ 44,573,200.00
Education Reform Revolving Fund	\$ 286,018,366.93	\$ 274,106,984.45	\$ 431,496,783.14	\$ 338,971,318.58	\$ 357,082,569.61	\$ 371,740,488.00
General Revenue Fund	\$ 2,349,689,845.58	\$ 2,511,434,071.43	\$ 2,886,695,307.92	\$ 3,214,581,706.76	\$ 3,372,630,852.00	\$ 3,514,414,012.00
1695Q Quality Jobs Program	\$ 64,949,447.90	\$ 57,182,779.56	\$ 54,816,469.88	\$ 46,699,916.34	\$ 53,989,685.58	
Pooled Finance Programs	\$ 8,929,875.91	\$ 7,781,599.66	\$ 23,061,130.61	\$ 25,590,447.62	\$ 36,718,120.63	\$ 101,380,506.00
1695W Workers Comp Rebates	\$ 66,826,887.56	\$ 17,752,353.03	\$ 9,345,247.61	\$ 29,403,936.23	\$ 21,557,016.01	
Teacher's Retirement Revolving Fund	\$ 171,473,841.10	\$ 164,332,724.50	\$ 136,678,702.27	\$ 203,220,214.96	\$ 224,782,193.10	\$ 234,009,300.00
Rebuild Oklahoma Access & Driver Safety Fund	\$ 575,000,000.00	\$ 290,914,164.60	\$ 183,107,550.78	\$ 223,987,016.34	\$ 241,254,312.29	\$ 249,583,000.00
OK Tourism & Passenger Rail Revolving Fund	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
Public Transit Revolving Fund	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,000,000.00
OK Film Enhancement Rebate Program Rev Fund	\$ 8,000,000.00	\$ 8,000,000.00	\$ 8,000,000.00	\$ 8,000,000.00	\$ 8,000,000.00	\$ 8,000,000.00
Filmed in Oklahoma Program Revolving Fund	\$ -	\$ -	\$ -	\$ 30,000,000.00	\$ 30,000,000.00	\$ 30,000,000.00
Compressed Natural Gas Conv Safety & Reg Fund	\$ 204,226.00	\$ 209,361.00	\$ 150,709.00	\$ 126,038.00	\$ 200,911.00	\$ 200,911.00
Total Apportionment for Fiscal Year	\$ 4,081,493,474.98	\$ 3,860,021,288.19	\$ 4,437,205,264.91	\$ 4,771,894,246.51	\$ 5,030,986,128.79	\$ 5,201,334,842.00
Available for Apportionment Net of Refunds, Rebates, and Incentive Payments	\$ 3,429,476,821.82	\$ 3,286,654,489.88	\$ 3,687,856,913.23	\$ 4,064,404,299.64	\$ 4,281,565,582.84	\$ 4,457,320,000.00