



Simplification of Oklahoma State Income Tax

Reform Components of income tax reform:

1. Caps itemized deductions at \$22,500, with no cap on charitable contributions
2. Two intermediate rates are added, currently taxed at 5.00%:
 - 4.60% on taxable income between \$7,200 to \$17,999 (single) and between \$12,200 and \$35,999 (joint/head of household)
 - 4.80% on taxable income between \$18,000 and \$49,999 (single) and between \$36,000 and \$99,999 (joint/head of household)
3. Offers a three-tiered per return credit, for returns with adjusted gross income (AGI) of:
 - Less than \$16,000 - \$70.00 credit (non-refundable)
 - Less than \$32,000 - \$65.00 credit (non-refundable)
 - Less than \$50,000 - \$50.00 credit (non-refundable)
4. Reduces standard deduction amounts and disallows personal exemption

Summary

- No change to the top marginal rate of 5.0%
- 55% of filers will see a reduction or no change in tax liability
- Retains all available credits
- Retains several current deductions, including:
 - Charitable contributions
 - Capital Gains
 - College savings
 - Military pay
 - Retirement and pension income
- Estimated net revenue of \$144 million - Percentage of total revenue 19.2%
 - 15.3% percent of filers pay no tax (AGI of less than \$12,000)
 - 6.4% of highest income filers represent over 50.0% of the increase (AGI of \$200,000 and higher)
 - 32.3% of highest income filers represent over 75.0% of the increase (AGI of \$70,000 and higher)