

3 Senate Bill No. 2022
4 As Amended

5 SENATE BILL NO. 2022 - By: PRUITT, MAZZEI, BRANAN and JOHNSON (Mike)
6 of the Senate and WINCHESTER of the House.

7 [revenue and taxation - modifying income tax rates -
8 effective date]

9 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

10 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2355, as
11 last amended by Section 10, Chapter 381, O.S.L. 2005 (68 O.S. Supp.
12 2005, Section 2355), is amended to read as follows:

13 Section 2355. A. Individuals. For all taxable years beginning
14 after December 31, 1998, a tax is hereby imposed upon the Oklahoma
15 taxable income of every resident or nonresident individual, which
16 tax shall be computed at the option of the taxpayer under one of the
17 two following methods:

18 1. METHOD 1.

19 a. Single individuals and married individuals filing
20 separately not deducting federal income tax:

21 (1) 1/2% tax on first \$1,000.00 or part thereof,

22 (2) 1% tax on next \$1,500.00 or part thereof,

23 (3) 2% tax on next \$1,250.00 or part thereof,

24 (4) 3% tax on next \$1,150.00 or part thereof,

- 1 (5) 4% tax on next \$1,300.00 or part thereof,
2 (6) for taxable years beginning before January 1,
3 2007, 5% tax on next \$1,500.00 or part thereof,
4 (7) for taxable years beginning before January 1,
5 2007, 6% tax on next \$2,300.00 or part thereof,
6 and
7 (8) (a) for taxable years beginning after December
8 31, 1998, and before January 1, 2002, 6.75%
9 tax on the remainder,
10 (b) for taxable years beginning on or after
11 January 1, 2002, and before January 1, 2004,
12 7% tax on the remainder,
13 (c) for taxable years beginning on or after
14 January 1, 2004, and before January 1, 2006,
15 6.65% tax on the remainder, ~~and~~
16 (d) for taxable years beginning on or after
17 January 1, 2006, and before January 1, 2007,
18 6.25% on the remainder,
19 (e) for taxable years beginning on or after
20 January 1, 2007, and all years thereafter, a
21 4.9% tax on the remainder.
22 b. Married individuals filing jointly and surviving
23 spouse to the extent and in the manner that a

1 surviving spouse is permitted to file a joint return
2 under the provisions of the Internal Revenue Code and
3 heads of households as defined in the Internal Revenue
4 Code not deducting federal income tax:

5 (1) 1/2% tax on first \$2,000.00 or part thereof,

6 (2) 1% tax on next \$3,000.00 or part thereof,

7 (3) 2% tax on next \$2,500.00 or part thereof,

8 (4) 3% tax on next \$2,300.00 or part thereof,

9 (5) 4% tax on next \$2,400.00 or part thereof,

10 (6) for taxable years beginning before January 1,

11 2007, 5% tax on next \$2,800.00 or part thereof,

12 (7) for taxable years beginning before January 1,

13 2007, 6% tax on next \$6,000.00 or part thereof,

14 and

15 (8) (a) for taxable years beginning after December
16 31, 1998, and before January 1, 2002, 6.75%
17 tax on the remainder,

18 (b) for taxable years beginning on or after
19 January 1, 2002, and before January 1, 2004,
20 7% tax on the remainder,

21 (c) for taxable years beginning on or after
22 January 1, 2004, and before January 1, 2006,
23 6.65% tax on the remainder, ~~and~~

1 (d) for taxable years beginning on or after
2 January 1, 2006, and before January 1, 2007,
3 6.25% on the remainder,
4 (e) for taxable years beginning on or after
5 January 1, 2007, and all years thereafter, a
6 4.9% tax on the remainder.

7 2. METHOD 2.

8 a. Single individuals and married individuals filing
9 separately deducting federal income tax:

- 10 (1) 1/2% tax on first \$1,000.00 or part thereof,
11 (2) 1% tax on next \$1,500.00 or part thereof,
12 (3) 2% tax on next \$1,250.00 or part thereof,
13 (4) 3% tax on next \$1,150.00 or part thereof,
14 (5) 4% tax on next \$1,200.00 or part thereof,
15 (6) 5% tax on next \$1,400.00 or part thereof,
16 (7) 6% tax on next \$1,500.00 or part thereof,
17 (8) 7% tax on next \$1,500.00 or part thereof,
18 (9) 8% tax on next \$2,000.00 or part thereof,
19 (10) 9% tax on next \$3,500.00 or part thereof, and
20 (11) 10% tax on the remainder.

21 b. Married individuals filing jointly and surviving
22 spouse to the extent and in the manner that a
23 surviving spouse is permitted to file a joint return

1 under the provisions of the Internal Revenue Code and
2 heads of households as defined in the Internal Revenue
3 Code deducting federal income tax:

- 4 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 5 (2) 1% tax on the next \$3,000.00 or part thereof,
- 6 (3) 2% tax on the next \$2,500.00 or part thereof,
- 7 (4) 3% tax on the next \$1,400.00 or part thereof,
- 8 (5) 4% tax on the next \$1,500.00 or part thereof,
- 9 (6) 5% tax on the next \$1,600.00 or part thereof,
- 10 (7) 6% tax on the next \$1,250.00 or part thereof,
- 11 (8) 7% tax on the next \$1,750.00 or part thereof,
- 12 (9) 8% tax on the next \$3,000.00 or part thereof,
- 13 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 14 (11) 10% tax on the remainder.

15 B. Nonresident aliens. In lieu of the rates set forth in
16 subsection A above, there shall be imposed on nonresident aliens, as
17 defined in the Internal Revenue Code, a tax of eight percent (8%)
18 instead of thirty percent (30%) as used in the Internal Revenue
19 Code, with respect to the Oklahoma taxable income of such
20 nonresident aliens as determined under the provision of the Oklahoma
21 Income Tax Act.

22 Every payer of amounts covered by this subsection shall deduct
23 and withhold from such amounts paid each payee an amount equal to

1 eight percent (8%) thereof. Every payer required to deduct and
2 withhold taxes under this subsection shall for each quarterly period
3 on or before the last day of the month following the close of each
4 such quarterly period, pay over the amount so withheld as taxes to
5 the Tax Commission, and shall file a return with each such payment.
6 Such return shall be in such form as the Tax Commission shall
7 prescribe. Every payer required under this subsection to deduct and
8 withhold a tax from a payee shall, as to the total amounts paid to
9 each payee during the calendar year, furnish to such payee, on or
10 before January 31, of the succeeding year, a written statement
11 showing the name of the payer, the name of the payee and the payee's
12 social security account number, if any, the total amount paid
13 subject to taxation, and the total amount deducted and withheld as
14 tax and such other information as the Tax Commission may require.
15 Any payer who fails to withhold or pay to the Tax Commission any
16 sums herein required to be withheld or paid shall be personally and
17 individually liable therefore to the State of Oklahoma.

18 C. Corporations. For all taxable years beginning after
19 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
20 income of every corporation doing business within this state or
21 deriving income from sources within this state in an amount equal to
22 six percent (6%) thereof.

1 There shall be no additional Oklahoma income tax imposed on
2 accumulated taxable income or on undistributed personal holding
3 company income as those terms are defined in the Internal Revenue
4 Code.

5 D. Certain foreign corporations. In lieu of the tax imposed in
6 the first paragraph of subsection C of this section, for all taxable
7 years beginning after December 31, 1989, there shall be imposed on
8 foreign corporations, as defined in the Internal Revenue Code, a tax
9 of six percent (6%) instead of thirty percent (30%) as used in the
10 Internal Revenue Code, where such income is received from sources
11 within Oklahoma, in accordance with the provisions of the Internal
12 Revenue Code and the Oklahoma Income Tax Act.

13 Every payer of amounts covered by this subsection shall deduct
14 and withhold from such amounts paid each payee an amount equal to
15 six percent (6%) thereof. Every payer required to deduct and
16 withhold taxes under this subsection shall for each quarterly period
17 on or before the last day of the month following the close of each
18 such quarterly period, pay over the amount so withheld as taxes to
19 the Tax Commission, and shall file a return with each such payment.
20 Such return shall be in such form as the Tax Commission shall
21 prescribe. Every payer required under this subsection to deduct and
22 withhold a tax from a payee shall, as to the total amounts paid to
23 each payee during the calendar year, furnish to such payee, on or

1 before January 31, of the succeeding year, a written statement
2 showing the name of the payer, the name of the payee and the payee's
3 social security account number, if any, the total amounts paid
4 subject to taxation, the total amount deducted and withheld as tax
5 and such other information as the Tax Commission may require. Any
6 payer who fails to withhold or pay to the Tax Commission any sums
7 herein required to be withheld or paid shall be personally and
8 individually liable therefore to the State of Oklahoma.

9 E. Fiduciaries. A tax is hereby imposed upon the Oklahoma
10 taxable income of every trust and estate at the same rates as are
11 provided in subsection A of this section for single individuals.
12 Fiduciaries are not allowed a deduction for any federal income tax
13 paid.

14 F. Tax rate tables. For all taxable years beginning after
15 December 31, 1991, in lieu of the tax imposed by subsection A of
16 this section, there is hereby imposed for each taxable year on the
17 taxable income of every individual, whose taxable income for such
18 taxable year does not exceed the ceiling amount, a tax determined
19 under tables, applicable to such taxable year which shall be
20 prescribed by the Tax Commission and which shall be in such form as
21 it determines appropriate. In the table so prescribed, the amounts
22 of the tax shall be computed on the basis of the rates prescribed by
23 subsection A of this section. For purposes of this subsection, the

1 term "ceiling amount" means, with respect to any taxpayer, the
2 amount determined by the Tax Commission for the tax rate category in
3 which such taxpayer falls.

4 SECTION 2. This act shall become effective January 1, 2007.

5 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-21-06 - DO PASS,
6 As Amended and Coauthored.