

1 ENGROSSED HOUSE
2 BILL NO. 3358

By: Terrill, Cooksey, Miller
and Reynolds of the House

3 and

4 Mazzei of the Senate

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7
8 (revenue and taxation - amending 68 O.S., Section
9 1205 - franchise tax - exemption - amending 68 O.S.,
10 Sections 1357.10, 1370, 1377 and 2701 - sales tax -
11 sales tax holiday - amending 68 O.S., Section 2355 -
12 individual income taxation -
13 effective dates)

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

18 SECTION 1. AMENDATORY 68 O.S. 2001, Section 1205, as
19 last amended by Section 1, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
20 2007, Section 1205), is amended to read as follows:

21 Section 1205. A. In determining the amount of tax to be
22 levied, assessed and collected under the terms of this Article, the
23 maximum amount shall not exceed Twenty Thousand Dollars
24 (\$20,000.00).

1 B. If, as a result of the computation of tax required by
2 Section 1209 of this title, the resulting liability is ~~Two Hundred~~
3 ~~Fifty Dollars (\$250.00)~~ Five Hundred Dollars (\$500.00) or less, the
4 corporation or other entity shall be exempt from the tax levied by
5 Section 1203 or Section 1204 of this title for such reporting
6 period.

7 SECTION 2. AMENDATORY Section 3, Chapter 136, O.S.L.
8 2007 (68 O.S. Supp. 2007, Section 1357.10), is amended to read as
9 follows:

10 Section 1357.10 A. The sale of an article of clothing or
11 footwear designed to be worn on or about the human body and the sale
12 of school supplies shall be exempt from the tax imposed by Section
13 1354 of ~~Title 68 of the Oklahoma Statutes~~ this title if:

14 1. The sales price of the article of clothing or footwear is
15 less than One Hundred Dollars (\$100.00); ~~and~~

16 2. The total consideration paid for school supplies in a single
17 transaction does not exceed One Hundred Dollars (\$100.00); and

18 3. The sale takes place during a period beginning at 12:01 a.m.
19 on the first Friday in August and ending at 12 midnight on the
20 following Sunday, covering a period of three (3) days.

21 B. Subsection A of this section shall not apply to:

22 1. Any special clothing or footwear that is primarily designed
23 for athletic activity or protective use and that is not normally
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1 worn except when used for athletic activity or protective use for
2 which it is designed;

3 2. Accessories, including jewelry, handbags, luggage,
4 umbrellas, wallets, watches, and similar items carried on or about
5 the human body, without regard to whether worn on the body in a
6 manner characteristic of clothing; and

7 3. The rental of clothing or footwear.

8 C. As used in this section, "school supplies" means each item
9 of tangible personal property as described in the Streamlined Sales
10 and Use Tax Agreement as reflected in the administrative rules of
11 the Oklahoma Tax Commission.

12 D. The Oklahoma Tax Commission shall promulgate any necessary
13 rules to implement the provisions of this section.

14 SECTION 3. AMENDATORY 68 O.S. 2001, Section 1370, as
15 last amended by Section 4, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
16 2007, Section 1370), is amended to read as follows:

17 Section 1370. A. Any county of this state may levy a sales tax
18 of not to exceed two percent (2%) upon the gross proceeds or gross
19 receipts derived from all sales or services in the county upon which
20 a consumer's sales tax is levied by this state. Before a sales tax
21 may be levied by the county, the imposition of the tax shall first
22 be approved by a majority of the registered voters of the county
23 voting thereon at a special election called by the board of county
24 commissioners or by initiative petition signed by not less than five

1 percent (5%) of the registered voters of the county who were
2 registered at the time of the last general election. However, if a
3 majority of the registered voters of a county voting fail to approve
4 such a tax, the board of county commissioners shall not call another
5 special election for such purpose for six (6) months. Any sales tax
6 approved by the registered voters of a county shall be applicable
7 only when the point of sale is within the territorial limits of such
8 county. Any sales tax levied or any change in the rate of a sales
9 tax levied pursuant to the provisions of this section shall become
10 effective on the first day of the calendar quarter following
11 approval by the voters of the county unless another effective date,
12 which shall also be on the first day of a calendar quarter, is
13 specified in the ordinance or resolution levying the sales tax or
14 changing the rate of sales tax.

15 B. The Oklahoma Tax Commission shall give notice to all vendors
16 of a rate change at least sixty (60) days prior to the effective
17 date of the rate change. Provided, for purchases from printed
18 catalogs wherein the purchaser computed the tax based upon local tax
19 rates published in the catalog, the rate change shall not be
20 effective until the first day of a calendar quarter after a minimum
21 of one hundred twenty (120) days' notice to vendors. Failure to
22 give notice as required by this section shall delay the effective
23 date of the rate change to the first day of the next calendar
24 quarter.

1 C. Initiative petitions calling for a special election
2 concerning county sales tax proposals shall be in accordance with
3 Sections 2, 3, 3.1, 6, 18 and 24 of Title 34 of the Oklahoma
4 Statutes. Petitions shall be submitted to the office of county
5 clerk for approval as to form prior to circulation. Following
6 approval, the petitioner shall have ninety (90) days to secure the
7 required signatures. After securing the requisite number of
8 signatures, the petitioner shall submit the petition and signatures
9 to the county clerk. Following the verification of signatures, the
10 county clerk shall present the petition to the board of county
11 commissioners. The special election shall be held within sixty (60)
12 days of receiving the petition. The ballot title presented to the
13 voters at the special election shall be identical to the ballot as
14 presented in the initiative petition.

15 D. Subject to the provisions of Section ~~3~~ 1357.10 of this ~~act~~
16 title, all items that are exempt from the state sales tax shall be
17 exempt from any sales tax levied by a county.

18 E. Any sales tax which may be levied by a county shall be
19 designated for a particular purpose. Such purposes may include, but
20 are not limited to, projects owned by the state, any agency or
21 instrumentality thereof, the county and/or any political subdivision
22 located in whole or in part within such county, regional
23 development, economic development, common education, general
24 operations, capital improvements, county roads, weather modification

1 or any other purpose deemed, by a majority vote of the county
2 commissioners or as stated by initiative petition, to be necessary
3 to promote safety, security and the general well-being of the
4 people. The county shall identify the purpose of the sales tax when
5 it is presented to the voters pursuant to the provisions of
6 subsection A of this section. Except as otherwise provided in this
7 section, the proceeds of any sales tax levied by a county shall be
8 deposited in the general revenue or sales tax revolving fund of the
9 county and shall be used only for the purpose for which such sales
10 tax was designated. If the proceeds of any sales tax levied by a
11 county pursuant to this section are pledged for the purpose of
12 retiring indebtedness incurred for the specific purpose for which
13 the sales tax is imposed, the sales tax shall not be repealed until
14 such time as the indebtedness is retired. However, in no event
15 shall the life of the tax be extended beyond the duration approved
16 by the voters of the county.

17 F. 1. Notwithstanding any other provisions of law, any county
18 that has approved a sales tax for the construction, support or
19 operation of a county hospital may continue to collect such tax if
20 such hospital is subsequently sold. Such collection shall only
21 continue if the county remains indebted for the past construction,
22 support or operation of such hospital. The collection may continue
23 only until the debt is repaid or for the stated term of the sales
24 tax, whichever period is shorter.

1 2. If the construction, support or operation of a hospital is
2 funded through the levy of a county sales tax pursuant to this
3 section and such hospital is subsequently sold, the county levying
4 the tax may dissolve the governing board of such hospital following
5 the sale. Upon the sale of the hospital and dissolution of any
6 governing board, the county is relieved of any future liability for
7 the operation of such hospital.

8 G. Proceeds from any sales tax levied that is designated to be
9 used solely by the sheriff for the operation of the office of
10 sheriff shall be placed in the special revenue account of the
11 sheriff.

12 H. The life of the tax could be limited or unlimited in
13 duration. The county shall identify the duration of the tax when it
14 is presented to the voters pursuant to the provisions of subsections
15 A and C of this section.

16 I. There are hereby created one or more county sales tax
17 revolving funds in each county which levies a sales tax under this
18 section if any or all of the proceeds of such tax are not to be
19 deposited in the general revenue fund of the county or comply with
20 the provisions of subsection G of this section. Each such revolving
21 fund shall be designated for a particular purpose and shall consist
22 of all monies generated by such sales tax which are designated for
23 such purpose. Monies in such funds shall only be expended for the
24 purposes specifically designated as required by this section. A

1 county sales tax revolving fund shall be a continuing fund not
2 subject to fiscal year limitations.

3 SECTION 4. AMENDATORY Section 5, Chapter 136, O.S.L.
4 2007 (68 O.S. Supp. 2007, Section 1377), is amended to read as
5 follows:

6 Section 1377. The sales tax imposed by any county or authority
7 authorized by law to levy a sales tax shall not be imposed upon the
8 sale of ~~an article of clothing or footwear designed to be worn on or~~
9 ~~about the human body~~ any items included in Section 1357.10 of this
10 title, in accordance with and to the extent set forth in Section ~~3~~
11 1357.10 of this ~~act~~ title.

12 SECTION 5. AMENDATORY 68 O.S. 2001, Section 2701, as
13 last amended by Section 6, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
14 2007, Section 2701), is amended to read as follows:

15 Section 2701. A. Any incorporated city or town in this state
16 is hereby authorized to assess, levy, and collect taxes for general
17 and special purposes of municipal government as the Legislature may
18 levy and collect for purposes of state government, subject to the
19 provisions of subsection F of this section, except ad valorem
20 property taxes. Provided:

21 1. Taxes shall be uniform upon the same class subjects, and any
22 tax, charge, or fee levied upon or measured by income or receipts
23 from the sale of products or services shall be uniform upon all
24 classes of taxpayers;

1 2. Motor vehicles may be taxed by the city or town only when
2 such vehicles are primarily used or located in such city or town for
3 a period of time longer than six (6) months of a taxable year;

4 3. The provisions of this section shall not be construed to
5 authorize imposition of any tax upon persons, firms, or corporations
6 exempted from other taxation under the provisions of Sections 348.1,
7 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of
8 payment of taxes imposed under such sections;

9 4. Cooperatives and communications companies are hereby
10 authorized to pass on to their subscribers in the incorporated city
11 or town involved, the amount of any special municipal fee, charge or
12 tax hereafter assessed or levied on or collected from such
13 cooperatives or communications companies;

14 5. No earnings, payroll or income taxes may be levied on
15 nonresidents of the cities or towns levying such tax;

16 6. The governing body of any city or town shall be prohibited
17 from proposing taxing ordinances more often than three times in any
18 calendar year, or twice in any six-month period; and

19 7. Any revenues derived from a tax authorized by this
20 subsection not dedicated to a limited purpose shall be deposited in
21 the municipal general fund.

22 B. A sales tax authorized in subsection A of this section may
23 be levied for limited purposes specified in the ordinance levying
24 the tax. Such ordinance shall be submitted to the voters for

1 approval as provided in Section 2705 of this title. Any sales tax
2 levied or any change in the rate of a sales tax levied pursuant to
3 the provisions of this section shall become effective on the first
4 day of the calendar quarter following approval by the voters of the
5 city or town unless another effective date, which shall also be on
6 the first day of a calendar quarter, is specified in the ordinance
7 levying the sales tax or changing the rate of sales tax. Such
8 ordinance shall describe with specificity the projects or
9 expenditures for which the limited-purpose tax levy would be made.
10 The municipal governing body shall create a limited-purpose fund and
11 deposit therein any revenue generated by any tax levied pursuant to
12 this subsection. Money in the fund shall be accumulated from year
13 to year. The fund shall be placed in an insured interest-bearing
14 account and the interest which accrues on the fund shall be retained
15 in the fund. The fund shall be nonfiscal and shall not be
16 considered in computing any levy when the municipality makes its
17 estimate to the excise board for needed appropriations. Money in
18 the limited-purpose tax fund shall be expended only as accumulated
19 and only for the purposes specifically described in the taxing
20 ordinance as approved by the voters.

21 C. The Oklahoma Tax Commission shall give notice to all vendors
22 of a rate change at least sixty (60) days prior to the effective
23 date of the rate change. Provided, for purchases from printed
24 catalogs wherein the purchaser computed the tax based upon local tax

1 rates published in the catalog, the rate change shall not be
2 effective until the first day of a calendar quarter after a minimum
3 of one hundred twenty (120) days' notice to vendors. Failure to
4 give notice as required by this section shall delay the effective
5 date of the rate change to the first day of the next calendar
6 quarter.

7 D. The change in the boundary of a municipality shall be
8 effective, for sales and use tax purposes only, on the first day of
9 a calendar quarter after a minimum of sixty (60) days' notice to
10 vendors.

11 E. If the proceeds of any sales tax levied by a municipality
12 pursuant to subsection B of this section are being used by the
13 municipality for the purpose of retiring indebtedness incurred by
14 the municipality or by a public trust of which the municipality is a
15 beneficiary for the specific purpose for which the sales tax was
16 imposed, the sales tax shall not be repealed until such time as the
17 indebtedness is retired. However, in no event shall the life of the
18 tax be extended beyond the duration approved by the voters of the
19 municipality. The provisions of this subsection shall apply to all
20 sales tax levies imposed by a municipality and being used by the
21 municipality for the purposes set forth in this subsection prior to
22 or after July 1, 1995.

23 F. The sale of an ~~article of clothing or footwear designed to~~
24 ~~be worn on or about the human body~~ item included in Section 1357.10

1 of this title, in accordance with and to the extent set forth in
2 Section 1357.10 of this title, shall be exempt from the sales tax
3 imposed by any incorporated city or town, ~~in accordance with and to~~
4 ~~the extent set forth in Section 3 of this act.~~

5 SECTION 6. AMENDATORY 68 O.S. 2001, Section 2355, as
6 last amended by Section 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
7 2007, Section 2355), is amended to read as follows:

8 Section 2355. A. Individuals. For all taxable years beginning
9 after December 31, 1998 and before January 1, 2006, a tax is hereby
10 imposed upon the Oklahoma taxable income of every resident or
11 nonresident individual, which tax shall be computed at the option of
12 the taxpayer under one of the two following methods:

13 1. METHOD 1.

14 a. Single individuals and married individuals filing
15 separately not deducting federal income tax:

- 16 (1) 1/2% tax on first \$1,000.00 or part thereof,
17 (2) 1% tax on next \$1,500.00 or part thereof,
18 (3) 2% tax on next \$1,250.00 or part thereof,
19 (4) 3% tax on next \$1,150.00 or part thereof,
20 (5) 4% tax on next \$1,300.00 or part thereof,
21 (6) 5% tax on next \$1,500.00 or part thereof,
22 (7) 6% tax on next \$2,300.00 or part thereof, and

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- 1 (8) (a) for taxable years beginning after December
2 31, 1998, and before January 1, 2002, 6.75%
3 tax on the remainder,
4 (b) for taxable years beginning on or after
5 January 1, 2002, and before January 1, 2004,
6 7% tax on the remainder, and
7 (c) for taxable years beginning on or after
8 January 1, 2004, 6.65% tax on the remainder.

9 b. Married individuals filing jointly and surviving
10 spouse to the extent and in the manner that a
11 surviving spouse is permitted to file a joint return
12 under the provisions of the Internal Revenue Code and
13 heads of households as defined in the Internal Revenue
14 Code not deducting federal income tax:

- 15 (1) 1/2% tax on first \$2,000.00 or part thereof,
16 (2) 1% tax on next \$3,000.00 or part thereof,
17 (3) 2% tax on next \$2,500.00 or part thereof,
18 (4) 3% tax on next \$2,300.00 or part thereof,
19 (5) 4% tax on next \$2,400.00 or part thereof,
20 (6) 5% tax on next \$2,800.00 or part thereof,
21 (7) 6% tax on next \$6,000.00 or part thereof, and
22 (8) (a) for taxable years beginning after December
23 31, 1998, and before January 1, 2002, 6.75%
24 tax on the remainder,

1 (b) for taxable years beginning on or after
2 January 1, 2002, and before January 1, 2004,
3 7% tax on the remainder, and

4 (c) for taxable years beginning on or after
5 January 1, 2004, 6.65% tax on the remainder.

6 2. METHOD 2.

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

9 (1) 1/2% tax on first \$1,000.00 or part thereof,

10 (2) 1% tax on next \$1,500.00 or part thereof,

11 (3) 2% tax on next \$1,250.00 or part thereof,

12 (4) 3% tax on next \$1,150.00 or part thereof,

13 (5) 4% tax on next \$1,200.00 or part thereof,

14 (6) 5% tax on next \$1,400.00 or part thereof,

15 (7) 6% tax on next \$1,500.00 or part thereof,

16 (8) 7% tax on next \$1,500.00 or part thereof,

17 (9) 8% tax on next \$2,000.00 or part thereof,

18 (10) 9% tax on next \$3,500.00 or part thereof, and

19 (11) 10% tax on the remainder.

20 b. Married individuals filing jointly and surviving
21 spouse to the extent and in the manner that a
22 surviving spouse is permitted to file a joint return
23 under the provisions of the Internal Revenue Code and
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1 heads of households as defined in the Internal Revenue
2 Code deducting federal income tax:

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

14 B. Individuals. For all taxable years beginning on or after
15 January 1, 2008, a tax is hereby imposed upon the Oklahoma taxable
16 income of every resident or nonresident individual, which tax shall
17 be computed as follows:

18 1. Single individuals and married individuals filing
19 separately:

- 20 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 21 (b) 1% tax on next \$1,500.00 or part thereof,
- 22 (c) 2% tax on next \$1,250.00 or part thereof,
- 23 (d) 3% tax on next \$1,150.00 or part thereof,
- 24 (e) 4% tax on next \$2,300.00 or part thereof,

1 (f) 5% tax on next \$1,500.00 or part thereof,

2 (g) 5.50% tax on the remainder for the 2008 tax year and
3 any subsequent tax year unless the rate prescribed by
4 subparagraph (h) of this paragraph is in effect, and

5 (h) 5.25% tax on the remainder for the ~~2009 and subsequent~~
6 ~~tax years~~ first tax year after the rate prescribed by
7 subparagraph (g) of this paragraph ceases to be
8 effective as a result of the implementation of the tax
9 rate prescribed by this subparagraph and for each
10 subsequent tax year until the tax rate prescribed by
11 subparagraph (i) of this paragraph becomes effective.

12 The decrease in the top marginal individual income tax
13 rate otherwise authorized by this subparagraph shall
14 be contingent upon the determination required to be
15 made by the State Board of Equalization pursuant to
16 Section 2355.1A of this title, and

17 (i) 4.95% on the remainder for the first tax year after
18 the tax rate prescribed by subparagraph (h) of this
19 paragraph ceases to be effective as a result of the
20 implementation of the tax rate prescribed by this
21 subparagraph and for each subsequent tax year
22 thereafter. The decrease in the top marginal
23 individual income tax rate otherwise authorized by
24 this subparagraph shall be contingent upon the

1 determination required to be made by the State Board
2 of Equalization pursuant to Section 2355.1A of this
3 title.

4 2. Married individuals filing jointly and surviving spouse to
5 the extent and in the manner that a surviving spouse is permitted to
6 file a joint return under the provisions of the Internal Revenue
7 Code and heads of households as defined in the Internal Revenue
8 Code:

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

10 (b) 1% tax on next \$3,000.00 or part thereof,

11 (c) 2% tax on next \$2,500.00 or part thereof,

12 (d) 3% tax on next \$2,300.00 or part thereof,

13 (e) 4% tax on next \$2,400.00 or part thereof,

14 (f) 5% tax on next \$2,800.00 or part thereof,

15 (g) 5.50% tax on the remainder for the 2008 tax year and
16 any subsequent tax year unless the rate prescribed by
17 subparagraph (h) of this paragraph is in effect, and

18 (h) 5.25% tax on the remainder for the ~~2009 and subsequent~~
19 ~~tax years~~ first tax year after the rate prescribed by
20 subparagraph (g) of this paragraph ceases to be
21 effective as a result of the implementation of the tax
22 rate prescribed by this subparagraph and for each
23 subsequent tax year until the tax rate prescribed by
24 subparagraph (i) of this paragraph becomes effective.

1 The decrease in the top marginal individual income tax
2 rate otherwise authorized by this subparagraph shall
3 be contingent upon the determination required to be
4 made by the State Board of Equalization pursuant to
5 Section 2355.1A of this title, and

6 (i) 4.95% on the remainder for the first tax year after
7 the tax rate prescribed by subparagraph (h) of this
8 paragraph ceases to be effective as a result of the
9 implementation of the tax rate prescribed by this
10 subparagraph and for each subsequent tax year
11 thereafter. The decrease in the top marginal
12 individual income tax rate otherwise authorized by
13 this subparagraph shall be contingent upon the
14 determination required to be made by the State Board
15 of Equalization pursuant to Section 2355.1A of this
16 title.

17 No deduction for federal income taxes paid shall be allowed to
18 any taxpayer to arrive at taxable income.

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

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

22 D. Corporations. For all taxable years beginning after
23 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
24 income of every corporation doing business within this state or

1 deriving income from sources within this state in an amount equal to
2 six percent (6%) thereof.

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

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

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

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

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

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

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

4 SECTION 7. AMENDATORY Section 4, Chapter 42, 2nd
5 Extraordinary Session, O.S.L. 2006, as amended by Section 2, Chapter
6 346, O.S.L. 2007 (68 O.S. Supp. 2007, Section 2355.1A), is amended
7 to read as follows:

8 Section 2355.1A A. The provisions of this section shall be
9 applicable with respect to the implementation of the decreases in
10 the top marginal rate of individual income tax otherwise authorized
11 pursuant to the provisions of:

12 1. Subparagraph (h) of paragraphs 1 and 2 of subsection B of
13 Section 2355 of this title which shall be contingent upon a
14 determination by the State Board of Equalization made by a
15 comparison of the revenue computations described by this section
16 which shall be conducted until the income tax rate of 5.25% is
17 effective; and

18 2. Subparagraph (i) of paragraphs 1 and 2 of subsection B of
19 Section 2355 of this title which shall be contingent upon the
20 implementation of the tax rate prescribed by subparagraph (h) of
21 paragraphs 1 and 2 of subsection B of Section 2355 of this title for
22 at least one (1) complete tax year and after such complete tax year
23 which shall be further contingent upon a determination by the State
24 Board of Equalization made by a comparison of the revenue

1 computations described by this section which shall be conducted
2 until the income tax rate of 4.95% is effective.

3 B. In addition to any other duties prescribed by law, at the
4 meeting required by paragraph 1 of Section 23 of Article X of the
5 Oklahoma Constitution to be held in December ~~2007~~ 2008, and for any
6 subsequent December meeting of the State Board of Equalization if
7 the top marginal income tax rate prescribed by subparagraph (h) and
8 subparagraph (i) of paragraphs 1 and 2 of subsection B of Section
9 2355 of this title have not each become effective in the sequence
10 described by this section, the State Board of Equalization shall
11 determine:

12 1. The amount of revenue growth in the General Revenue Fund of
13 the State Treasury by comparing the fiscal year ~~2009~~ General Revenue
14 Fund estimate for the fiscal year beginning on the next ensuing July
15 1 date to the revised General Revenue Fund estimate for the then
16 current fiscal year ~~2008~~; and

17 2. The amount by which the income tax revenue for the tax year
18 which will begin on the second January 1 date following such
19 December meeting ~~2009~~ is estimated to be reduced by the increase in
20 the standard deduction provided in paragraph 2 of subsection E of
21 Section 2358 of this title, plus an amount equal to four percent
22 (4%) of the revised General Revenue Fund estimate for the then
23 current fiscal year ~~2008~~ in order for a top marginal income tax rate
24 of 5.25% to be effective or plus an amount equal to three percent

1 (3%) of the revised General Revenue Fund estimate for the then
2 current fiscal year in order for a top marginal income tax rate of
3 4.95% to be effective.

4 If the amount determined pursuant to the provisions of paragraph
5 1 of this subsection is equal to or greater than the amount
6 determined pursuant to the provisions of paragraph 2 of this
7 subsection, the Board shall make a preliminary finding that the
8 Board anticipates that a finding will be made at the February 2008
9 meeting immediately subsequent to the December meeting that
10 applicable revenue growth in the state will authorize the
11 implementation of the provisions of subparagraph (h) or subparagraph
12 (i), as applicable, of paragraphs 1 and 2 of subsection B of Section
13 2355 of this title beginning ~~with calendar year 2009~~ on the second
14 January 1 following such December meeting.

15 If the amount determined pursuant to the provisions of paragraph
16 1 of this subsection is less than the amount determined pursuant to
17 the provisions of paragraph 2 of this subsection, the Board shall
18 make a preliminary finding that the Board anticipates that a finding
19 will be made at the February 2008 meeting immediately subsequent to
20 the December meeting that applicable revenue growth in the state
21 will not authorize the implementation of the provisions of
22 subparagraph (h) or subparagraph (i), as applicable, of paragraphs 1
23 and 2 of subsection B of Section 2355 of this title beginning ~~with~~

1 calendar year 2009 on the second January 1 following such December
2 meeting.

3 B. C. In addition to any other duties prescribed by law, at the
4 meeting required by paragraph 3 of Section 23 of Article X of the
5 Oklahoma Constitution to be held in February ~~2008~~ 2009, and for any
6 subsequent February meeting of the State Board of Equalization if
7 the top marginal income tax rate prescribed by subparagraph (h) and
8 subparagraph (i) of paragraphs 1 and 2 of subsection B of Section
9 2355 of this title have not each become effective in the sequence
10 described by this section, the State Board of Equalization shall
11 determine:

12 1. The amount of revenue growth in the General Revenue Fund of
13 the State Treasury by comparing the fiscal year ~~2009~~ General Revenue
14 Fund estimate for the fiscal year beginning on the next ensuing July
15 1 date to the revised General Revenue Fund estimate for the then
16 current fiscal year ~~2008~~; and

17 2. The amount by which the income tax revenue for the tax year
18 ~~2009~~ which will begin on the January 1 date immediately following
19 such February meeting is estimated to be reduced by the increase in
20 the standard deduction provided in paragraph 2 of subsection E of
21 Section 2358 of this title plus an amount equal to four percent (4%)
22 of the revised General Revenue Fund estimate for the then current
23 fiscal year 2008 in order for a top marginal income tax rate of
24 5.25% to be effective or plus an amount equal to three percent (3%)

1 of the revised General Revenue Fund estimate for the then current
2 fiscal year in order for a top marginal income tax rate of 4.95% to
3 be effective.

4 If the amount determined pursuant to the provisions of paragraph
5 1 of this subsection is equal to or greater than the amount
6 determined pursuant to the provisions of paragraph 2 of this
7 subsection, the Board shall make a finding that applicable revenue
8 growth in the state will authorize the implementation of the
9 provisions of subparagraph (h) or subparagraph (i), as applicable,
10 of paragraphs 1 and 2 of subsection B of Section 2355 of this title
11 beginning with ~~calendar year 2009~~ on the January 1 date immediately
12 following such February meeting.

13 If the amount determined pursuant to the provisions of paragraph
14 1 of this subsection is less than the amount determined pursuant to
15 the provisions of paragraph 2 of this subsection, the Board shall
16 make a finding that applicable revenue growth in the state does not
17 authorize the implementation of the provisions of subparagraph (h)
18 or subparagraph (i), as applicable, of paragraphs 1 and 2 of
19 subsection B of Section 2355 of this title beginning with ~~calendar~~
20 ~~year 2009~~ the January 1 date immediately following such February
21 meeting.

22 E. D. If the Board makes a finding that applicable revenue
23 growth in the state does not authorize the implementation of the
24 provisions of subparagraph (h) or subparagraph (i), as applicable,

1 of paragraphs 1 and 2 of subsection B of Section 2355 of this title
2 beginning with calendar year ~~2009~~ 2010 pursuant to the provisions of
3 subsection ~~B~~ C of this section, the procedures prescribed by
4 subsection A ~~and~~, subsection B, and subsection C of this section
5 shall be repeated by the State Board of Equalization for each
6 successive two-year comparison. Once the income tax rate otherwise
7 authorized pursuant to subparagraph (h) and subparagraph (i) of
8 paragraphs 1 and 2 of subsection B of Section 2355 of this title ~~has~~
9 have each been implemented, in sequence, as a result of the analysis
10 of the General Revenue Fund estimates together with the fiscal
11 impact of the standard deduction as authorized pursuant to paragraph
12 2 of subsection E of Section 2358 of this title, ~~such~~ the applicable
13 top marginal income tax rate shall be in effect for ~~all subsequent~~
14 the tax years as prescribed by subparagraph (h) or subparagraph (i),
15 as applicable, of paragraphs 1 and 2 of subsection B of Section 2355
16 of this title.

17 ~~D. For purposes of this section, the estimate of the revenue~~
18 ~~for appropriations authority for fiscal year 2009 shall be made~~
19 ~~assuming a top individual income tax rate of five and twenty five~~
20 ~~hundredths percent (5.25%) as provided in subparagraph (h) of~~
21 ~~paragraphs 1 and 2 of subsection B of Section 2355 of this title.~~

22 SECTION 8. Sections 2, 3, 4, 5, 6, 7 and 8 of this act shall
23 become effective July 1, 2008.

24

