

THE HOUSE OF REPRESENTATIVES
Thursday, March 6, 2008

Committee Substitute for
House Bill No. 3358

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 3358 - By: TERRILL of the House and MAZZEI of the Senate.

(revenue and taxation - amending 68 O.S. 2001, Section 1205 - franchise tax – exemption - amending 68 O.S. 2001, Sections 1357.10, 1370, 1377 and 2701 - sales tax - sales tax holiday - amending 68 O.S. 2001, Section 2355 - individual income taxation - effective dates – emergency)

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

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

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

7 B. If, as a result of the computation of tax required by Section 1209 of this title, the
8 resulting liability is ~~Two Hundred Fifty Dollars (\$250.00)~~ Five Hundred Dollars
9 (\$500.00) or less, the corporation or other entity shall be exempt from the tax levied by
10 Section 1203 or Section 1204 of this title for such reporting period.

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

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

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

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

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

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

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

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

20 3. The rental of clothing or footwear.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 C. As used in this section, “school supplies” means each item of tangible personal
2 property as described in the Streamlined Sales and Use Tax Agreement as reflected in
3 the administrative rules of the Oklahoma Tax Commission.

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

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

9 Section 1370. A. Any county of this state may levy a sales tax of not to exceed two
10 percent (2%) upon the gross proceeds or gross receipts derived from all sales or services
11 in the county upon which a consumer’s sales tax is levied by this state. Before a sales tax
12 may be levied by the county, the imposition of the tax shall first be approved by a
13 majority of the registered voters of the county voting thereon at a special election called
14 by the board of county commissioners or by initiative petition signed by not less than five
15 percent (5%) of the registered voters of the county who were registered at the time of the
16 last general election. However, if a majority of the registered voters of a county voting
17 fail to approve such a tax, the board of county commissioners shall not call another
18 special election for such purpose for six (6) months. Any sales tax approved by the
19 registered voters of a county shall be applicable only when the point of sale is within the
20 territorial limits of such county. Any sales tax levied or any change in the rate of a sales
21 tax levied pursuant to the provisions of this section shall become effective on the first day
22 of the calendar quarter following approval by the voters of the county unless another

1 effective date, which shall also be on the first day of a calendar quarter, is specified in the
2 ordinance or resolution levying the sales tax or changing the rate of sales tax.

3 B. The Oklahoma Tax Commission shall give notice to all vendors of a rate change
4 at least sixty (60) days prior to the effective date of the rate change. Provided, for
5 purchases from printed catalogs wherein the purchaser computed the tax based upon
6 local tax rates published in the catalog, the rate change shall not be effective until the
7 first day of a calendar quarter after a minimum of one hundred twenty (120) days' notice
8 to vendors. Failure to give notice as required by this section shall delay the effective date
9 of the rate change to the first day of the next calendar quarter.

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

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

1 E. Any sales tax which may be levied by a county shall be designated for a
2 particular purpose. Such purposes may include, but are not limited to, projects owned by
3 the state, any agency or instrumentality thereof, the county and/or any political
4 subdivision located in whole or in part within such county, regional development,
5 economic development, common education, general operations, capital improvements,
6 county roads, weather modification or any other purpose deemed, by a majority vote of
7 the county commissioners or as stated by initiative petition, to be necessary to promote
8 safety, security and the general well-being of the people. The county shall identify the
9 purpose of the sales tax when it is presented to the voters pursuant to the provisions of
10 subsection A of this section. Except as otherwise provided in this section, the proceeds of
11 any sales tax levied by a county shall be deposited in the general revenue or sales tax
12 revolving fund of the county and shall be used only for the purpose for which such sales
13 tax was designated. If the proceeds of any sales tax levied by a county pursuant to this
14 section are pledged for the purpose of retiring indebtedness incurred for the specific
15 purpose for which the sales tax is imposed, the sales tax shall not be repealed until such
16 time as the indebtedness is retired. However, in no event shall the life of the tax be
17 extended beyond the duration approved by the voters of the county.

18 F. 1. Notwithstanding any other provisions of law, any county that has approved a
19 sales tax for the construction, support or operation of a county hospital may continue to
20 collect such tax if such hospital is subsequently sold. Such collection shall only continue
21 if the county remains indebted for the past construction, support or operation of such

1 hospital. The collection may continue only until the debt is repaid or for the stated term
2 of the sales tax, whichever period is shorter.

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

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

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

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

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

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

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

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

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

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

21 3. The provisions of this section shall not be construed to authorize imposition of
22 any tax upon persons, firms, or corporations exempted from other taxation under the

1 provisions of Sections 348.1, 624 and 321 of Title 36 of the Oklahoma Statutes, by reason
2 of payment of taxes imposed under such sections;

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

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

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

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

14 B. A sales tax authorized in subsection A of this section may be levied for limited
15 purposes specified in the ordinance levying the tax. Such ordinance shall be submitted to
16 the voters for approval as provided in Section 2705 of this title. Any sales tax levied or
17 any change in the rate of a sales tax levied pursuant to the provisions of this section shall
18 become effective on the first day of the calendar quarter following approval by the voters
19 of the city or town unless another effective date, which shall also be on the first day of a
20 calendar quarter, is specified in the ordinance levying the sales tax or changing the rate
21 of sales tax. Such ordinance shall describe with specificity the projects or expenditures
22 for which the limited-purpose tax levy would be made. The municipal governing body

1 shall create a limited-purpose fund and deposit therein any revenue generated by any
2 tax levied pursuant to this subsection. Money in the fund shall be accumulated from
3 year to year. The fund shall be placed in an insured interest-bearing account and the
4 interest which accrues on the fund shall be retained in the fund. The fund shall be
5 nonfiscal and shall not be considered in computing any levy when the municipality
6 makes its estimate to the excise board for needed appropriations. Money in the limited-
7 purpose tax fund shall be expended only as accumulated and only for the purposes
8 specifically described in the taxing ordinance as approved by the voters.

9 C. The Oklahoma Tax Commission shall give notice to all vendors of a rate change
10 at least sixty (60) days prior to the effective date of the rate change. Provided, for
11 purchases from printed catalogs wherein the purchaser computed the tax based upon
12 local tax rates published in the catalog, the rate change shall not be effective until the
13 first day of a calendar quarter after a minimum of one hundred twenty (120) days' notice
14 to vendors. Failure to give notice as required by this section shall delay the effective date
15 of the rate change to the first day of the next calendar quarter.

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

19 E. If the proceeds of any sales tax levied by a municipality pursuant to subsection B
20 of this section are being used by the municipality for the purpose of retiring indebtedness
21 incurred by the municipality or by a public trust of which the municipality is a
22 beneficiary for the specific purpose for which the sales tax was imposed, the sales tax

1 shall not be repealed until such time as the indebtedness is retired. However, in no
2 event shall the life of the tax be extended beyond the duration approved by the voters of
3 the municipality. The provisions of this subsection shall apply to all sales tax levies
4 imposed by a municipality and being used by the municipality for the purposes set forth
5 in this subsection prior to or after July 1, 1995.

6 F. The sale of an ~~article of clothing or footwear designed to be worn on or about the~~
7 ~~human body~~ item included in Section 1357.10 of this title, in accordance with and to the
8 extent set forth in Section 1357.10 of this title, shall be exempt from the sales tax
9 imposed by any incorporated city or town, ~~in accordance with and to the extent set forth~~
10 ~~in Section 3 of this act.~~

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

14 Section 2355. A. Individuals. For all taxable years beginning after December 31,
15 1998 and before January 1, 2006, a tax is hereby imposed upon the Oklahoma taxable
16 income of every resident or nonresident individual, which tax shall be computed at the
17 option of the taxpayer under one of the two following methods:

- 18 1. METHOD 1.
- 19 a. Single individuals and married individuals filing separately not
20 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,

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

- 1 (3) 2% tax on next \$1,250.00 or part thereof,
2 (4) 3% tax on next \$1,150.00 or part thereof,
3 (5) 4% tax on next \$1,300.00 or part thereof,
4 (6) 5% tax on next \$1,500.00 or part thereof,
5 (7) 6% tax on next \$2,300.00 or part thereof, and
6 (8) (a) for taxable years beginning after December 31, 1998, and
7 before January 1, 2002, 6.75% tax on the remainder,
8 (b) for taxable years beginning on or after January 1, 2002,
9 and before January 1, 2004, 7% tax on the remainder, and
10 (c) for taxable years beginning on or after January 1, 2004,
11 6.65% tax on the remainder.
- 12 b. Married individuals filing jointly and surviving spouse to the extent
13 and in the manner that a surviving spouse is permitted to file a joint
14 return under the provisions of the Internal Revenue Code and heads of
15 households as defined in the Internal Revenue Code not deducting
16 federal income tax:
- 17 (1) 1/2% tax on first \$2,000.00 or part thereof,
18 (2) 1% tax on next \$3,000.00 or part thereof,
19 (3) 2% tax on next \$2,500.00 or part thereof,
20 (4) 3% tax on next \$2,300.00 or part thereof,
21 (5) 4% tax on next \$2,400.00 or part thereof,
22 (6) 5% tax on next \$2,800.00 or part thereof,

- 1 (7) 6% tax on next \$6,000.00 or part thereof, and
2 (8) (a) for taxable years beginning after December 31, 1998, and
3 before January 1, 2002, 6.75% tax on the remainder,
4 (b) for taxable years beginning on or after January 1, 2002,
5 and before January 1, 2004, 7% tax on the remainder, and
6 (c) for taxable years beginning on or after January 1, 2004,
7 6.65% tax on the remainder.

8 2. METHOD 2.

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

- 11 (1) 1/2% tax on first \$1,000.00 or part thereof,
12 (2) 1% tax on next \$1,500.00 or part thereof,
13 (3) 2% tax on next \$1,250.00 or part thereof,
14 (4) 3% tax on next \$1,150.00 or part thereof,
15 (5) 4% tax on next \$1,200.00 or part thereof,
16 (6) 5% tax on next \$1,400.00 or part thereof,
17 (7) 6% tax on next \$1,500.00 or part thereof,
18 (8) 7% tax on next \$1,500.00 or part thereof,
19 (9) 8% tax on next \$2,000.00 or part thereof,
20 (10) 9% tax on next \$3,500.00 or part thereof, and
21 (11) 10% tax on the remainder.

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

- 6 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 7 (2) 1% tax on the next \$3,000.00 or part thereof,
- 8 (3) 2% tax on the next \$2,500.00 or part thereof,
- 9 (4) 3% tax on the next \$1,400.00 or part thereof,
- 10 (5) 4% tax on the next \$1,500.00 or part thereof,
- 11 (6) 5% tax on the next \$1,600.00 or part thereof,
- 12 (7) 6% tax on the next \$1,250.00 or part thereof,
- 13 (8) 7% tax on the next \$1,750.00 or part thereof,
- 14 (9) 8% tax on the next \$3,000.00 or part thereof,
- 15 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 16 (11) 10% tax on the remainder.

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

20 1. Single individuals and married individuals filing separately:

- 21 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 22 (b) 1% tax on next \$1,500.00 or part thereof,

- 1 (c) 2% tax on next \$1,250.00 or part thereof,
2 (d) 3% tax on next \$1,150.00 or part thereof,
3 (e) 4% tax on next \$2,300.00 or part thereof,
4 (f) 5% tax on next \$1,500.00 or part thereof,
5 (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent
6 tax year unless the rate prescribed by subparagraph (h) of this
7 paragraph is in effect, ~~and~~
8 (h) 5.25% tax on the remainder for the ~~2009 and subsequent tax years~~ first
9 tax year after the rate prescribed by subparagraph (g) of this
10 paragraph ceases to be effective as a result of the implementation of
11 the tax rate prescribed by this subparagraph and for each subsequent
12 tax year until the tax rate prescribed by subparagraph (i) of this
13 paragraph becomes effective. The decrease in the top marginal
14 individual income tax rate otherwise authorized by this subparagraph
15 shall be contingent upon the determination required to be made by the
16 State Board of Equalization pursuant to Section 2355.1A of this title,
17 and
18 (i) 4.95% on the remainder for the first tax year after the tax rate
19 prescribed by subparagraph (h) of this paragraph ceases to be effective
20 as a result of the implementation of the tax rate prescribed by this
21 subparagraph and for each subsequent tax year thereafter. The
22 decrease in the top marginal individual income tax rate otherwise

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

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

- 8 (a) 1/2% tax on first \$2,000.00 or part thereof,
9 (b) 1% tax on next \$3,000.00 or part thereof,
10 (c) 2% tax on next \$2,500.00 or part thereof,
11 (d) 3% tax on next \$2,300.00 or part thereof,
12 (e) 4% tax on next \$2,400.00 or part thereof,
13 (f) 5% tax on next \$2,800.00 or part thereof,
14 (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent
15 tax year unless the rate prescribed by subparagraph (h) of this
16 paragraph is in effect, ~~and~~
17 (h) 5.25% tax on the remainder for the ~~2009 and subsequent tax years~~ first
18 tax year after the rate prescribed by subparagraph (g) of this
19 paragraph ceases to be effective as a result of the implementation of
20 the tax rate prescribed by this subparagraph and for each subsequent
21 tax year until the tax rate prescribed by subparagraph (i) of this
22 paragraph becomes effective. The decrease in the top marginal

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

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

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

20 Every payer of amounts covered by this subsection shall deduct and withhold from
21 such amounts paid each payee an amount equal to eight percent (8%) thereof. Every
22 payer required to deduct and withhold taxes under this subsection shall for each

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

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

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

20 E. Certain foreign corporations. In lieu of the tax imposed in the first paragraph of
21 subsection C of this section, for all taxable years beginning after December 31, 1989,
22 there shall be imposed on foreign corporations, as defined in the Internal Revenue Code,

1 a tax of six percent (6%) instead of thirty percent (30%) as used in the Internal Revenue
2 Code, where such income is received from sources within Oklahoma, in accordance with
3 the provisions of the Internal Revenue Code and the Oklahoma Income Tax Act.

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

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

1 G. Tax rate tables. For all taxable years beginning after December 31, 1991, in lieu
2 of the tax imposed by subsection A or B of this section, as applicable there is hereby
3 imposed for each taxable year on the taxable income of every individual, whose taxable
4 income for such taxable year does not exceed the ceiling amount, a tax determined under
5 tables, applicable to such taxable year which shall be prescribed by the Tax Commission
6 and which shall be in such form as it determines appropriate. In the table so prescribed,
7 the amounts of the tax shall be computed on the basis of the rates prescribed by
8 subsections A and B of this section. For purposes of this subsection, the term "ceiling
9 amount" means, with respect to any taxpayer, the amount determined by the Tax
10 Commission for the tax rate category in which such taxpayer falls.

11 SECTION 7. AMENDATORY Section 4, Chapter 42, 2nd Extraordinary
12 Session, O.S.L. 2006, as amended by Section 2, Chapter 346, O.S.L. 2007 (68 O.S. Supp.
13 2007, Section 2355.1A), is amended to read as follows:

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

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

21 2. Subparagraph (i) of paragraphs 1 and 2 of subsection B of Section 2355 of this
22 title which shall be contingent upon the implementation of the tax rate prescribed by

1 subparagraph (h) of paragraphs 1 and 2 of subsection B of Section 2355 of this title for at
2 least one (1) complete tax year and after such complete tax year which shall be further
3 contingent upon a determination by the State Board of Equalization made by a
4 comparison of the revenue computations described by this section which shall be
5 conducted until the income tax rate of 4.95% is effective.

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

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

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

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

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

12 If the amount determined pursuant to the provisions of paragraph 1 of this
13 subsection is less than the amount determined pursuant to the provisions of paragraph 2
14 of this subsection, the Board shall make a preliminary finding that the Board anticipates
15 that a finding will be made at the February 2008 meeting immediately subsequent to the
16 December meeting that applicable revenue growth in the state will not authorize the
17 implementation of the provisions of subparagraph (h) or subparagraph (i), as applicable,
18 of paragraphs 1 and 2 of subsection B of Section 2355 of this title beginning ~~with~~
19 ~~calendar year 2009~~ on the second January 1 following such December meeting.

20 ~~B. C.~~ In addition to any other duties prescribed by law, at the meeting required by
21 paragraph 3 of Section 23 of Article X of the Oklahoma Constitution to be held in
22 February ~~2008~~ 2009, and for any subsequent February meeting of the State Board of

1 Equalization if the top marginal income tax rate prescribed by subparagraph (h) and
2 subparagraph (i) of paragraphs 1 and 2 of subsection B of Section 2355 of this title have
3 not each become effective in the sequence described by this section, the State Board of
4 Equalization shall determine:

5 1. The amount of revenue growth in the General Revenue Fund of the State
6 Treasury by comparing the fiscal year ~~2009~~ General Revenue Fund estimate for the fiscal
7 year beginning on the next ensuing July 1 date to the revised General Revenue Fund
8 estimate for the then current fiscal year ~~2008~~; and

9 2. The amount by which the income tax revenue for the tax year ~~2009~~ which will
10 begin on the January 1 date immediately following such February meeting is estimated
11 to be reduced by the increase in the standard deduction provided in paragraph 2 of
12 subsection E of Section 2358 of this title plus an amount equal to four percent (4%) of the
13 revised General Revenue Fund estimate for the then current fiscal year ~~2008~~ in order for
14 a top marginal income tax rate of 5.25% to be effective or plus an amount equal to three
15 percent (3%) of the revised General Revenue Fund estimate for the then current fiscal
16 year in order for a top marginal income tax rate of 4.95% to be effective.

17 If the amount determined pursuant to the provisions of paragraph 1 of this
18 subsection is equal to or greater than the amount determined pursuant to the provisions
19 of paragraph 2 of this subsection, the Board shall make a finding that applicable revenue
20 growth in the state will authorize the implementation of the provisions of subparagraph
21 (h) or subparagraph (i), as applicable, of paragraphs 1 and 2 of subsection B of Section

1 2355 of this title beginning ~~with calendar year 2009~~ on the January 1 date immediately
2 following such February meeting.

3 If the amount determined pursuant to the provisions of paragraph 1 of this
4 subsection is less than the amount determined pursuant to the provisions of paragraph 2
5 of this subsection, the Board shall make a finding that applicable revenue growth in the
6 state does not authorize the implementation of the provisions of subparagraph (h) or
7 subparagraph (i), as applicable, of paragraphs 1 and 2 of subsection B of Section 2355 of
8 this title beginning with ~~calendar year 2009~~ the January 1 date immediately following
9 such February meeting.

10 ~~C. D.~~ If the Board makes a finding that applicable revenue growth in the state does
11 not authorize the implementation of the provisions of subparagraph (h) or subparagraph
12 (i), as applicable, of paragraphs 1 and 2 of subsection B of Section 2355 of this title
13 beginning with calendar year ~~2009~~ 2010 pursuant to the provisions of subsection ~~B~~ C of
14 this section, the procedures prescribed by subsection A ~~and~~, subsection B, and subsection
15 C of this section shall be repeated by the State Board of Equalization for each successive
16 two-year comparison. Once the income tax rate otherwise authorized pursuant to
17 subparagraph (h) and subparagraph (i) of paragraphs 1 and 2 of subsection B of Section
18 2355 of this title ~~has~~ have each been implemented, in sequence, as a result of the
19 analysis of the General Revenue Fund estimates together with the fiscal impact of the
20 standard deduction as authorized pursuant to paragraph 2 of subsection E of Section
21 2358 of this title, ~~such~~ the applicable top marginal income tax rate shall be in effect for

1 all subsequent the tax years as prescribed by subparagraph (h) or subparagraph (i), as
2 applicable, of paragraphs 1 and 2 of subsection B of Section 2355 of this title.

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

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

9 SECTION 9. Section 1 of this act shall become effective July 1, 2009.

10 SECTION 10. It being immediately necessary for the preservation of the public
11 peace, health and safety, an emergency is hereby declared to exist, by reason whereof
12 this act shall take effect and be in full force from and after its passage and approval.

13 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,
14 dated 03-05-08 - DO PASS, As Amended and Coauthored.