

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 SENATE BILL 1439

By: Coffee

4
5 AS INTRODUCED

6 An Act relating to revenue and taxation; amending 68
7 O.S. 2001, Section 2355, as last amended by Section
8 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp. 2007,
9 Section 2355), which relates to income tax rates;
10 eliminating certain contingency relating to rate of
11 tax imposed during specified time periods; amending
12 Section 2, Chapter 105, O.S.L. 2007, as amended by
13 Section 2, Chapter 366, O.S.L. 2007 (68 O.S. Supp.
14 2007, Section 2355.1B), which relates to duties of
15 the State Board of Equalization; conforming statutory
16 reference; repealing Section 4, Chapter 42, 2nd
17 Extraordinary Session, O.S.L. 2006, as amended by
18 Section 2, Chapter 346, O.S.L. 2007 (68 O.S. Supp.
19 2007, Section 2355.1A), which relates to duties of
20 the State Board of Equalization; providing an
21 effective date; and declaring an emergency.

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

23 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2355, as
24 last amended by Section 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
2007, Section 2355), is amended to read as follows:

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

- 1 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 2 (2) 1% tax on next \$3,000.00 or part thereof,
- 3 (3) 2% tax on next \$2,500.00 or part thereof,
- 4 (4) 3% tax on next \$2,300.00 or part thereof,
- 5 (5) 4% tax on next \$2,400.00 or part thereof,
- 6 (6) 5% tax on next \$2,800.00 or part thereof,
- 7 (7) 6% tax on next \$6,000.00 or part thereof, and
- 8 (8) (a) for taxable years beginning after December
9 31, 1998, and before January 1, 2002, 6.75%
10 tax on the remainder,
11 (b) for taxable years beginning on or after
12 January 1, 2002, and before January 1, 2004,
13 7% tax on the remainder, and
14 (c) for taxable years beginning on or after
15 January 1, 2004, 6.65% tax on the remainder.

16 2. METHOD 2.

17 a. Single individuals and married individuals filing
18 separately deducting federal income tax:

- 19 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 20 (2) 1% tax on next \$1,500.00 or part thereof,
- 21 (3) 2% tax on next \$1,250.00 or part thereof,
- 22 (4) 3% tax on next \$1,150.00 or part thereof,
- 23 (5) 4% tax on next \$1,200.00 or part thereof,
- 24 (6) 5% tax on next \$1,400.00 or part thereof,

- 1 (7) 6% tax on next \$1,500.00 or part thereof,
- 2 (8) 7% tax on next \$1,500.00 or part thereof,
- 3 (9) 8% tax on next \$2,000.00 or part thereof,
- 4 (10) 9% tax on next \$3,500.00 or part thereof, and
- 5 (11) 10% tax on the remainder.

6 b. Married individuals filing jointly and surviving
7 spouse to the extent and in the manner that a
8 surviving spouse is permitted to file a joint return
9 under the provisions of the Internal Revenue Code and
10 heads of households as defined in the Internal Revenue
11 Code deducting federal income tax:

- 12 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 13 (2) 1% tax on the next \$3,000.00 or part thereof,
- 14 (3) 2% tax on the next \$2,500.00 or part thereof,
- 15 (4) 3% tax on the next \$1,400.00 or part thereof,
- 16 (5) 4% tax on the next \$1,500.00 or part thereof,
- 17 (6) 5% tax on the next \$1,600.00 or part thereof,
- 18 (7) 6% tax on the next \$1,250.00 or part thereof,
- 19 (8) 7% tax on the next \$1,750.00 or part thereof,
- 20 (9) 8% tax on the next \$3,000.00 or part thereof,
- 21 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 22 (11) 10% tax on the remainder.

23 B. Individuals. For all taxable years beginning on or after
24 January 1, 2008, a tax is hereby imposed upon the Oklahoma taxable

1 income of every resident or nonresident individual, which tax shall
2 be computed as follows:

3 1. Single individuals and married individuals filing
4 separately:

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

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

7 (c) 2% tax on next \$1,250.00 or part thereof,

8 (d) 3% tax on next \$1,150.00 or part thereof,

9 (e) 4% tax on next \$2,300.00 or part thereof,

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

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

14 (h) 5.25% tax on the remainder for the 2009 and subsequent
15 tax years. ~~The decrease in the top marginal~~
16 ~~individual income tax rate otherwise authorized by~~
17 ~~this subparagraph shall be contingent upon the~~
18 ~~determination required to be made by the State Board~~
19 ~~of Equalization pursuant to Section 2355.1A of this~~
20 ~~title.~~

21 2. Married individuals filing jointly and surviving spouse to
22 the extent and in the manner that a surviving spouse is permitted to
23 file a joint return under the provisions of the Internal Revenue

24

1 Code and heads of households as defined in the Internal Revenue

2 Code:

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

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

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

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

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

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

9 (g) 5.50% tax on the remainder for the 2008 tax year ~~and~~

10 ~~any subsequent tax year unless the rate prescribed by~~

11 ~~subparagraph (h) of this paragraph is in effect, and~~

12 (h) 5.25% tax on the remainder for the 2009 and subsequent

13 tax years. ~~The decrease in the top marginal~~

14 ~~individual income tax rate otherwise authorized by~~

15 ~~this subparagraph shall be contingent upon the~~

16 ~~determination required to be made by the State Board~~

17 ~~of Equalization pursuant to Section 2355.1A of this~~

18 ~~title.~~

19 No deduction for federal income taxes paid shall be allowed to

20 any taxpayer to arrive at taxable income.

21 C. Nonresident aliens. In lieu of the rates set forth in

22 subsection A above, there shall be imposed on nonresident aliens, as

23 defined in the Internal Revenue Code, a tax of eight percent (8%)

24 instead of thirty percent (30%) as used in the Internal Revenue

1 Code, with respect to the Oklahoma taxable income of such
2 nonresident aliens as determined under the provision of the Oklahoma
3 Income Tax Act.

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

23 D. Corporations. For all taxable years beginning after
24 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable

1 income of every corporation doing business within this state or
2 deriving income from sources within this state in an amount equal to
3 six percent (6%) thereof.

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

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

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

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

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

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

1 the rates prescribed by subsections A and B of this section. For
2 purposes of this subsection, the term "ceiling amount" means, with
3 respect to any taxpayer, the amount determined by the Tax Commission
4 for the tax rate category in which such taxpayer falls.

5 SECTION 2. AMENDATORY Section 2, Chapter 105, O.S.L.
6 2007, as amended by Section 2, Chapter 366, O.S.L. 2007 (68 O.S.
7 Supp. 2007, Section 2355.1B), is amended to read as follows:

8 Section 2355.1B In addition to any other duties prescribed by
9 law, at the meeting required by paragraph 3 of Section 23 of Article
10 X of the Oklahoma Constitution to be held in February of the first
11 calendar year after an income tax rate reduction implemented
12 pursuant to ~~Section 2355.1A of Title 68 of the Oklahoma Statutes has~~
13 ~~been in place for twelve (12) months~~ subsection B of Section 2355 of
14 this title, the State Board of Equalization shall:

15 1. Determine an initial baseline amount of revenue which was
16 finally apportioned to the credit of the Teachers' Retirement System
17 Dedicated Revenue Revolving Fund pursuant to Sections 1353, 1403 and
18 2352 of Title 68 of the Oklahoma Statutes for the most recent twelve
19 (12) months;

20 2. Beginning with the February meeting in the sixth year after
21 the Board determines an initial baseline amount, annually review
22 such amount to determine if it differs from the average annual
23 amount of revenue which was finally apportioned to the credit of the
24 Teachers' Retirement System Dedicated Revenue Revolving Fund

1 pursuant to Sections 1353, 1403 and 2352 of Title 68 of the Oklahoma
2 Statutes over the most recent five (5) fiscal years. If the Board
3 determines that the initial baseline amount is less than the five-
4 year average annual amount, a new baseline equal to the five-year
5 average annual amount shall be determined and applied as provided in
6 paragraph 5 of Section 1353, paragraph 5 of Section 1403 and
7 paragraph 3 of Section 2352 of Title 68 of the Oklahoma Statutes;
8 and

9 3. Determine the proportion of the baseline amount attributable
10 to each revenue source specified in paragraph 2 of this section
11 whenever the Board determines a baseline amount.

12 SECTION 3. REPEALER Section 4, Chapter 42, 2nd
13 Extraordinary Session, O.S.L. 2006, as amended by Section 2, Chapter
14 346, O.S.L. 2007 (68 O.S. Supp. 2007, Section 2355.1A), is hereby
15 repealed.

16 SECTION 4. Sections 1 and 2 of this act shall become effective
17 November 1, 2008.

18 SECTION 5. It being immediately necessary for the preservation
19 of the public peace, health and safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

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