

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 SENATE BILL 1094

By: Ivester

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2001, Section 2355, as last amended by Section
9 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp. 2008,
10 Section 2355), which relates to income tax; modifying
11 computation and rate of corporate income tax; and
12 providing an effective date.

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

14 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2355, as
15 last amended by Section 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
16 2008, Section 2355), is amended to read as follows:

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

22 1. METHOD 1.

23 a. Single individuals and married individuals filing
24 separately not deducting federal income tax:

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

- 1 (2) 1% tax on next \$1,500.00 or part thereof,
2 (3) 2% tax on next \$1,250.00 or part thereof,
3 (4) 3% tax on next \$1,150.00 or part thereof,
4 (5) 4% tax on next \$1,300.00 or part thereof,
5 (6) 5% tax on next \$1,500.00 or part thereof,
6 (7) 6% tax on next \$2,300.00 or part thereof, 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, and
13 (c) for taxable years beginning on or after
14 January 1, 2004, 6.65% tax on the remainder.

15 b. Married individuals filing jointly and surviving
16 spouse to the extent and in the manner that a
17 surviving spouse is permitted to file a joint return
18 under the provisions of the Internal Revenue Code and
19 heads of households as defined in the Internal Revenue
20 Code not deducting federal income tax:

- 21 (1) 1/2% tax on first \$2,000.00 or part thereof,
22 (2) 1% tax on next \$3,000.00 or part thereof,
23 (3) 2% tax on next \$2,500.00 or part thereof,
24 (4) 3% tax on next \$2,300.00 or part thereof,

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

12 2. METHOD 2.

13 a. Single individuals and married individuals filing
14 separately deducting federal income tax:

- 15 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 16 (2) 1% tax on next \$1,500.00 or part thereof,
- 17 (3) 2% tax on next \$1,250.00 or part thereof,
- 18 (4) 3% tax on next \$1,150.00 or part thereof,
- 19 (5) 4% tax on next \$1,200.00 or part thereof,
- 20 (6) 5% tax on next \$1,400.00 or part thereof,
- 21 (7) 6% tax on next \$1,500.00 or part thereof,
- 22 (8) 7% tax on next \$1,500.00 or part thereof,
- 23 (9) 8% tax on next \$2,000.00 or part thereof,
- 24 (10) 9% tax on next \$3,500.00 or part thereof, and

1 (11) 10% tax on the remainder.

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

8 (1) 1/2% tax on the first \$2,000.00 or part thereof,

9 (2) 1% tax on the next \$3,000.00 or part thereof,

10 (3) 2% tax on the next \$2,500.00 or part thereof,

11 (4) 3% tax on the next \$1,400.00 or part thereof,

12 (5) 4% tax on the next \$1,500.00 or part thereof,

13 (6) 5% tax on the next \$1,600.00 or part thereof,

14 (7) 6% tax on the next \$1,250.00 or part thereof,

15 (8) 7% tax on the next \$1,750.00 or part thereof,

16 (9) 8% tax on the next \$3,000.00 or part thereof,

17 (10) 9% tax on the next \$6,000.00 or part thereof, and

18 (11) 10% tax on the remainder.

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

23 1. Single individuals and married individuals filing
24 separately:

- 1 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 2 (b) 1% tax on next \$1,500.00 or part thereof,
- 3 (c) 2% tax on next \$1,250.00 or part thereof,
- 4 (d) 3% tax on next \$1,150.00 or part thereof,
- 5 (e) 4% tax on next \$2,300.00 or part thereof,
- 6 (f) 5% tax on next \$1,500.00 or part thereof,
- 7 (g) 5.50% tax on the remainder for the 2008 tax year and
- 8 any subsequent tax year unless the rate prescribed by
- 9 subparagraph (h) of this paragraph is in effect, and
- 10 (h) 5.25% tax on the remainder for the 2009 and subsequent
- 11 tax years. 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 2. Married individuals filing jointly and surviving spouse to
18 the extent and in the manner that a surviving spouse is permitted to
19 file a joint return under the provisions of the Internal Revenue
20 Code and heads of households as defined in the Internal Revenue
21 Code:

- 22 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 23 (b) 1% tax on next \$3,000.00 or part thereof,
- 24 (c) 2% tax on next \$2,500.00 or part thereof,

- 1 (d) 3% tax on next \$2,300.00 or part thereof,
2 (e) 4% tax on next \$2,400.00 or part thereof,
3 (f) 5% tax on next \$2,800.00 or part thereof,
4 (g) 5.50% tax on the remainder for the 2008 tax year and
5 any subsequent tax year unless the rate prescribed by
6 subparagraph (h) of this paragraph is in effect, and
7 (h) 5.25% tax on the remainder for the 2009 and subsequent
8 tax years. The decrease in the top marginal
9 individual income tax rate otherwise authorized by
10 this subparagraph shall be contingent upon the
11 determination required to be made by the State Board
12 of Equalization pursuant to Section 2355.1A of this
13 title.

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

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

23 Every payer of amounts covered by this subsection shall deduct
24 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 therefor to the State of Oklahoma.

18 D. Corporations. 1. For all taxable years beginning after
19 December 31, 1989, and before January 1, 2010, a tax is hereby
20 imposed upon the Oklahoma taxable income of every corporation doing
21 business within this state or deriving income from sources within
22 this state in an amount equal to six percent (6%) thereof.

23 2. For all taxable years beginning on or after January 1, 2010,
24 a tax is hereby imposed upon the Oklahoma taxable income of every

1 corporation doing business within this state or deriving income from
2 sources within this state, which shall be computed as follows:

3 a. 5.9% tax on first \$200,000.00 or part thereof, and

4 b. 6% tax on the remainder.

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

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

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

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

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

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

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

6 SECTION 2. This act shall become effective January 1, 2010.

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