

1 STATE OF OKLAHOMA

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

3 SENATE BILL 315

By: Mazzei

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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 tax rate for specified year; deleting contingency
12 relating to tax rate; repealing Section 4, Chapter
13 42, 2nd Extraordinary Session, O.S.L. 2006, as last
14 amended by Section 13, Chapter 378, O.S.L. 2008 (68
15 O.S. Supp. 2008, Section 2355.1A), which relates to
16 modification of income tax rates; and providing an
17 effective date.

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

19 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2355, as
20 last amended by Section 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp.
21 2008, Section 2355), is amended to read as follows:

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

1. METHOD 1.

1 a. Single individuals and married individuals filing
2 separately not deducting federal income tax:

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

4 (2) 1% tax on next \$1,500.00 or part thereof,

5 (3) 2% tax on next \$1,250.00 or part thereof,

6 (4) 3% tax on next \$1,150.00 or part thereof,

7 (5) 4% tax on next \$1,300.00 or part thereof,

8 (6) 5% tax on next \$1,500.00 or part thereof,

9 (7) 6% tax on next \$2,300.00 or part thereof, and

10 (8) (a) for taxable years beginning after December

11 31, 1998, and before January 1, 2002, 6.75%

12 tax on the remainder,

13 (b) for taxable years beginning on or after

14 January 1, 2002, and before January 1, 2004,

15 7% tax on the remainder, and

16 (c) for taxable years beginning on or after

17 January 1, 2004, 6.65% tax on the remainder.

18 b. Married individuals filing jointly and surviving

19 spouse to the extent and in the manner that a

20 surviving spouse is permitted to file a joint return

21 under the provisions of the Internal Revenue Code and

22 heads of households as defined in the Internal Revenue

23 Code not deducting federal income tax:

24 (1) 1/2% tax on first \$2,000.00 or part thereof,

- 1 (2) 1% tax on next \$3,000.00 or part thereof,
- 2 (3) 2% tax on next \$2,500.00 or part thereof,
- 3 (4) 3% tax on next \$2,300.00 or part thereof,
- 4 (5) 4% tax on next \$2,400.00 or part thereof,
- 5 (6) 5% tax on next \$2,800.00 or part thereof,
- 6 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

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

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

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

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

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

22 B. Individuals. For all taxable years beginning on or after
23 January 1, 2008, a tax is hereby imposed upon the Oklahoma taxable
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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 and 2009 tax

12 ~~year and any subsequent tax year unless the rate~~

13 ~~prescribed by subparagraph (h) of this paragraph is in~~

14 ~~effect~~ years, and

15 (h) 5.25% tax on the remainder for the ~~2009~~ 2010 and

16 subsequent tax years. ~~The decrease in the top~~

17 ~~marginal individual income tax rate otherwise~~

18 ~~authorized by this subparagraph shall be contingent~~

19 ~~upon the determination required to be made by the~~

20 ~~State Board of Equalization pursuant to Section~~

21 ~~2355.1A of this title.~~

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

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 and 2009 tax

10 ~~year and any subsequent tax year unless the rate~~

11 ~~prescribed by subparagraph (h) of this paragraph is in~~

12 ~~effect~~ years, and

13 (h) 5.25% tax on the remainder for the ~~2009~~ 2010 and

14 subsequent tax years. ~~The decrease in the top~~

15 ~~marginal individual income tax rate otherwise~~

16 ~~authorized by this subparagraph shall be contingent~~

17 ~~upon the determination required to be made by the~~

18 ~~State Board of Equalization pursuant to Section~~

19 ~~2355.1A of this title.~~

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

22 C. Nonresident aliens. In lieu of the rates set forth in
23 subsection A above, there shall be imposed on nonresident aliens, as
24 defined in the Internal Revenue Code, a tax of eight percent (8%)

1 instead of thirty percent (30%) as used in the Internal Revenue
2 Code, with respect to the Oklahoma taxable income of such
3 nonresident aliens as determined under the provision of the Oklahoma
4 Income Tax Act.

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

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

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

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

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

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

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

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

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

7 SECTION 2. REPEALER Section 4, Chapter 42, 2nd
8 Extraordinary Session, O.S.L. 2006, as last amended by Section 13,
9 Chapter 378, O.S.L. 2008 (68 O.S. Supp. 2008, Section 2355.1A), is
10 hereby repealed.

11 SECTION 3. This act shall become effective November 1, 2009.

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