

1 STATE OF OKLAHOMA

2 1st Session of the 53rd Legislature (2011)

3 HOUSE BILL 1543

By: Cockroft and Reynolds

4  
5 AS INTRODUCED

6  
7 An Act relating to revenue and taxation; enacting the  
8 Taxpayer Relief Act of 2011; amending 68 O.S. 2001,  
9 Section 2355, as last amended by Section 7, Chapter  
10 136, O.S.L. 2007 (68 O.S. Supp. 2010, Section 2355),  
11 which relates to income taxation; modifying tax rates  
12 applicable to certain amounts of income; specifying  
13 rates applicable to certain income amounts; repealing  
14 Section 4, Chapter 42, 2nd Extraordinary Session,  
15 O.S.L. 2006, as last amended by Section 13, Chapter  
16 378, O.S.L. 2008 (68 O.S. Supp. 2010, Section  
17 2355.1A), which relates to certain state revenue  
18 computation used in determining top marginal income  
19 tax rate; providing for noncodification; and  
20 providing an effective date.

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

22 SECTION 1. NEW LAW A new section of law not to be  
23 codified in the Oklahoma Statutes reads as follows:

24 This act shall be known and may be cited as the "Taxpayer Relief  
Act of 2011".

SECTION 2. AMENDATORY 68 O.S. 2001, Section 2355, as  
last amended by Section 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp.  
2010, Section 2355), is amended to read as follows:

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

6 1. METHOD 1.

7 a. Single individuals and married individuals filing  
8 separately not 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 \$1,300.00 or part thereof,

14 (6) 5% tax on next \$1,500.00 or part thereof,

15 (7) 6% tax on next \$2,300.00 or part thereof, and

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

17 31, 1998, and before January 1, 2002, 6.75%

18 tax on the remainder,

19 (b) for taxable years beginning on or after

20 January 1, 2002, and before January 1, 2004,

21 7% tax on the remainder, and

22 (c) for taxable years beginning on or after

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

24

1 b. Married individuals filing jointly and surviving  
2 spouse to the extent and in the manner that a  
3 surviving spouse is permitted to file a joint return  
4 under the provisions of the Internal Revenue Code and  
5 heads of households as defined in the Internal Revenue  
6 Code not deducting federal income tax:

7 (1) 1/2% tax on first \$2,000.00 or part thereof,

8 (2) 1% tax on next \$3,000.00 or part thereof,

9 (3) 2% tax on next \$2,500.00 or part thereof,

10 (4) 3% tax on next \$2,300.00 or part thereof,

11 (5) 4% tax on next \$2,400.00 or part thereof,

12 (6) 5% tax on next \$2,800.00 or part thereof,

13 (7) 6% tax on next \$6,000.00 or part thereof, and

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

15 31, 1998, and before January 1, 2002, 6.75%

16 tax on the remainder,

17 (b) for taxable years beginning on or after

18 January 1, 2002, and before January 1, 2004,

19 7% tax on the remainder, and

20 (c) for taxable years beginning on or after

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

22 2. METHOD 2.

23 a. Single individuals and married individuals filing  
24 separately deducting federal income tax:

- 1 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 2 (2) 1% tax on next \$1,500.00 or part thereof,
- 3 (3) 2% tax on next \$1,250.00 or part thereof,
- 4 (4) 3% tax on next \$1,150.00 or part thereof,
- 5 (5) 4% tax on next \$1,200.00 or part thereof,
- 6 (6) 5% tax on next \$1,400.00 or part thereof,
- 7 (7) 6% tax on next \$1,500.00 or part thereof,
- 8 (8) 7% tax on next \$1,500.00 or part thereof,
- 9 (9) 8% tax on next \$2,000.00 or part thereof,
- 10 (10) 9% tax on next \$3,500.00 or part thereof, and
- 11 (11) 10% tax on the remainder.

12 b. Married individuals filing jointly and surviving  
13 spouse to the extent and in the manner that a  
14 surviving spouse is permitted to file a joint return  
15 under the provisions of the Internal Revenue Code and  
16 heads of households as defined in the Internal Revenue  
17 Code deducting federal income tax:

- 18 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 19 (2) 1% tax on the next \$3,000.00 or part thereof,
- 20 (3) 2% tax on the next \$2,500.00 or part thereof,
- 21 (4) 3% tax on the next \$1,400.00 or part thereof,
- 22 (5) 4% tax on the next \$1,500.00 or part thereof,
- 23 (6) 5% tax on the next \$1,600.00 or part thereof,
- 24 (7) 6% tax on the next \$1,250.00 or part thereof,

- (8) 7% tax on the next \$1,750.00 or part thereof,
- (9) 8% tax on the next \$3,000.00 or part thereof,
- (10) 9% tax on the next \$6,000.00 or part thereof, and
- (11) 10% tax on the remainder.

B. Individuals. ~~For~~ Except as otherwise provided by paragraph 3 of this subsection and except as otherwise provided by subsection H of this section, for all taxable years beginning on or after January 1, 2008 2011, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

1. Single individuals and married individuals filing separately:

(a) ~~1/2%~~

- (1) for the 2011 tax year, 5/10 of 1% tax on first \$1,000.00 or part thereof,
- (2) for the 2012 tax year, 4/10 of 1% tax on first \$1,000.00 or part thereof,
- (3) for the 2013 tax year, 3/10 of 1% tax on first \$1,000.00 or part thereof,
- (4) for the 2014 tax year, 2/10 of 1% tax on first \$1,000.00 or part thereof,
- (5) for the 2015 tax year, 1/10 of 1% tax on first \$1,000.00 or part thereof, and

1           (6) for the 2016 tax year and all subsequent tax  
2           years 0% tax,

3           (b) (1) for the 2011 tax year, 1% tax on next \$1,500.00  
4           or part thereof,

5           (2) for the 2012 tax year, 8/10 of 1% tax on the next  
6           \$1,500.00 or part thereof,

7           (3) for the 2013 tax year, 6/10 of 1% tax on the next  
8           \$1,500.00 or part thereof,

9           (4) for the 2014 tax year, 4/10 of 1% tax on the next  
10           \$1,500.00 or part thereof,

11           (5) for the 2015 tax year, 2/10 of 1% tax on the next  
12           \$1,500.00 or part thereof,

13           (6) for the 2016 tax year and all subsequent tax  
14           years 0% tax,

15           (c) (1) for the 2011 tax year, 2% tax on next \$1,250.00  
16           or part thereof,

17           (2) for the 2012 tax year, 1.6% tax on the next  
18           \$1,250.00 or part thereof,

19           (3) for the 2013 tax year, 1.2% tax on the next  
20           \$1,250.00 or part thereof,

21           (4) for the 2014 tax year, 0.8% tax on the next  
22           \$1,250.00 or part thereof,

23           (5) for the 2015 tax year, 0.4% tax on the next  
24           \$1,250.00 or part thereof, and

1                   (6) for the 2016 tax year and all subsequent tax  
2                   years 0% tax,

3           (d) (1) for the 2011 tax year, 3% tax on next \$1,150.00  
4                   or part thereof,

5                   (2) for the 2012 tax year, 2.4% tax on the next  
6                   \$1,150.00 or part thereof,

7                   (3) for the 2013 tax year, 1.8% tax on the next  
8                   \$1,150.00 or part thereof,

9                   (4) for the 2014 tax year, 1.2% tax on the next  
10                   \$1,150.00 or part thereof,

11                   (5) for the 2015 tax year, 0.6% tax on the next  
12                   \$1,150.00 or part thereof, and

13                   (6) for the 2016 tax year and all subsequent tax  
14                   years 0% tax,

15           (e) (1) for the 2011 tax year, 4% tax on next \$2,300.00  
16                   or part thereof,

17                   (2) for the 2012 tax year, 3.2% tax on the next  
18                   \$2,300.00 or part thereof,

19                   (3) for the 2013 tax year, 2.4% tax on the next  
20                   \$2,300.00 or part thereof,

21                   (4) for the 2014 tax year, 1.6% tax on the next  
22                   \$2,300.00 or part thereof,

23                   (5) for the 2015 tax year, 0.8% tax on the next  
24                   \$2,300.00 or part thereof, and

1           (6) for the 2016 tax year and all subsequent tax  
2           years 0% tax,

3           (f) (1) for the 2011 tax year, 5% tax on next \$1,500.00  
4           or part thereof,

5           (2) for the 2012 tax year, 4% tax on the next  
6           \$1,500.00 or part thereof,

7           (3) for the 2013 tax year, 3% tax on the next  
8           \$1,500.00 or part thereof,

9           (4) for the 2014 tax year, 2% tax on the next  
10           \$1,500.00 or part thereof,

11           (5) for the 2015 tax year, 1% tax on the next  
12           \$1,500.00 or part thereof, and

13           (6) for the 2016 tax year and all subsequent tax  
14           years 0% tax, and

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% 5.0% tax on the remainder for the ~~2009~~ 2011 and~~  
19           ~~subsequent tax years except as further reduced~~

20           ~~pursuant to the provisions of paragraph 3 of this~~  
21           ~~subsection. The decrease in the top marginal~~

22           ~~individual income tax rate otherwise authorized by~~  
23           ~~this subparagraph shall be contingent upon the~~

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

1 ~~of Equalization pursuant to Section 2355.1A of this~~  
2 ~~title.~~

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

8 (a) ~~1/2%~~

9 (1) for the 2011 tax year, 5/10 of 1% tax on first  
10 \$2,000.00 or part thereof,

11 (2) for the 2012 tax year, 4/10 of 1% tax on first  
12 \$2,000.00 or part thereof,

13 (3) for the 2013 tax year, 3/10 of 1% tax on first  
14 \$2,000.00 or part thereof,

15 (4) for the 2014 tax year, 2/10 of 1% tax on first  
16 \$2,000.00 or part thereof,

17 (5) for the 2015 tax year, 1/10 of 1% tax on first  
18 \$2,000.00 or part thereof, and

19 (6) for the 2016 tax year and all subsequent tax  
20 years 0% tax,

21 (b) (1) for the 2011 tax year, 1% tax on next \$3,000.00  
22 or part thereof,

23 (2) for the 2012 tax year, 8/10 of 1% tax on the next  
24 \$3,000.00 or part thereof,

1           (3) for the 2013 tax year, 6/10 of 1% tax on the next  
2           \$3,000.00 or part thereof,

3           (4) for the 2014 tax year, 4/10 of 1% tax on the next  
4           \$3,000.00 or part thereof,

5           (5) for the 2015 tax year, 2/10 of 1% tax on the next  
6           \$3,000.00 or part thereof, and

7           (6) for the 2016 tax year and all subsequent tax  
8           years 0% tax,

9           (c) (1) for the 2011 tax year, 2% tax on next \$2,500.00  
10           or part thereof,

11           (2) for the 2012 tax year, 1.6% tax on the next  
12           \$2,500.00 or part thereof,

13           (3) for the 2013 tax year, 1.2% tax on the next  
14           \$2,500.00 or part thereof,

15           (4) for the 2014 tax year, 0.8% tax on the next  
16           \$2,500.00 or part thereof,

17           (5) for the 2015 tax year, 0.4% tax on the next  
18           \$2,500.00 or part thereof, and

19           (6) for the 2016 tax year and all subsequent tax  
20           years 0% tax,

21           (d) (1) for the 2011 tax year, 3% tax on next \$2,300.00  
22           or part thereof,

23           (2) for the 2012 tax year, 2.4% tax on the next  
24           \$2,300.00 or part thereof,

1           (3) for the 2013 tax year, 1.8% tax on the next  
2                           \$2,300.00 or part thereof,

3           (4) for the 2014 tax year, 1.2% tax on the next  
4                           \$2,300.00 or part thereof,

5           (5) for the 2015 tax year, 0.6% tax on the next  
6                           \$2,300.00 or part thereof, and

7           (6) for the 2016 tax year and all subsequent tax  
8                           years 0% tax,

9           (e) (1) for the 2011 tax year, 4% tax on next \$2,400.00  
10                           or part thereof,

11           (2) for the 2012 tax year, 3.2% tax on the next  
12                           \$2,400.00 or part thereof,

13           (3) for the 2013 tax year, 2.4% tax on the next  
14                           \$2,400.00 or part thereof,

15           (4) for the 2014 tax year, 1.6% tax on the next  
16                           \$2,400.00 or part thereof,

17           (5) for the 2015 tax year, 0.8% tax on the next  
18                           \$2,400.00 or part thereof, and

19           (6) for the 2016 tax year and all subsequent tax  
20                           years 0% tax,

21           (f) (1) for the 2011 tax year, 5% tax on next \$2,800.00  
22                           or part thereof,

23           (2) for the 2012 tax year, 4% tax on the next  
24                           \$2,800.00 or part thereof,



- 1           (a) 4.0% tax on the remainder for the 2012 tax year,  
2           (b) 3.0% tax on the remainder for the 2013 tax year,  
3           (c) 2.0% tax on the remainder for the 2014 tax year,  
4           (d) 1.0% tax on the remainder for the 2015 tax year, and  
5           (e) 0.0% tax on the remainder for the 2016 and all  
6           subsequent tax years.

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

9           C. Nonresident aliens. In lieu of the rates set forth in  
10 subsection A above, there shall be imposed on nonresident aliens, as  
11 defined in the Internal Revenue Code, a tax of eight percent (8%)  
12 instead of thirty percent (30%) as used in the Internal Revenue  
13 Code, with respect to the Oklahoma taxable income of such  
14 nonresident aliens as determined under the provision of the Oklahoma  
15 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 eight percent (8%) 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 amount paid  
6 subject to taxation, and the total amount deducted and withheld as  
7 tax and such other information as the Tax Commission may require.  
8 Any payer who fails to withhold or pay to the Tax Commission any  
9 sums herein required to be withheld or paid shall be personally and  
10 individually liable therefor to the State of Oklahoma.

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

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

20 E. Certain foreign corporations. In lieu of the tax imposed in  
21 the first paragraph of subsection C of this section, for all taxable  
22 years beginning after December 31, 1989, there shall be imposed on  
23 foreign corporations, as defined in the Internal Revenue Code, a tax  
24 of six percent (6%) instead of thirty percent (30%) as used in the

1 Internal Revenue Code, where such income is received from sources  
2 within Oklahoma, in accordance with the provisions of the Internal  
3 Revenue Code and the Oklahoma 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 six percent (6%) 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 amounts paid  
18 subject to taxation, the total amount deducted and withheld as tax  
19 and such other information as the Tax Commission may require. Any  
20 payer who fails to withhold or pay to the Tax Commission any sums  
21 herein required to be withheld or paid shall be personally and  
22 individually liable therefor to the State of Oklahoma.

23 F. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
24 taxable income of every trust and estate at the same rates as are

1 provided in subsection B of this section for single individuals.  
2 Fiduciaries are not allowed a deduction for any federal income tax  
3 paid.

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

17 H. For the taxable years beginning January 1, 2016, and for all  
18 taxable years thereafter, the tax otherwise imposed pursuant to the  
19 provisions of this section upon the taxable income of individuals  
20 shall cease to become effective as law and no individual income tax  
21 shall be imposed.

22 SECTION 3. REPEALER Section 4, Chapter 42, 2nd  
23 Extraordinary Session, O.S.L. 2006, as last amended by Section 13,  
24

1 Chapter 378, O.S.L. 2008 (68 O.S. Supp. 2010, Section 2355.1A), is  
2 hereby repealed.

3 SECTION 4. This act shall become effective January 1, 2011.  
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5 53-1-6495 MAH 01/19/11  
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