

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 HOUSE BILL 2649

By: Brumbaugh

4
5 AS INTRODUCED

6 An Act relating to revenue and taxation; amending 68
7 O.S. 2011, Section 2355, which relates to income tax
8 rates; removing contingent income tax rate; modifying
9 income tax rate for certain years; repealing 68 O.S.
2011, Section 2355.1A, which relates to contingent
income tax rates; and providing an effective date.

10
11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, is
13 amended to read as follows:

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

19 1. METHOD 1.

20 a. Single individuals and married individuals filing
21 separately not deducting federal income tax:

22 (1) 1/2% tax on first \$1,000.00 or part thereof,

23 (2) 1% tax on next \$1,500.00 or part thereof,

24 (3) 2% tax on next \$1,250.00 or part thereof,

- 1 (4) 3% tax on next \$1,150.00 or part thereof,
2 (5) 4% tax on next \$1,300.00 or part thereof,
3 (6) 5% tax on next \$1,500.00 or part thereof,
4 (7) 6% tax on next \$2,300.00 or part thereof, and
5 (8) (a) for taxable years beginning after December
6 31, 1998, and before January 1, 2002, 6.75%
7 tax on the remainder,
8 (b) for taxable years beginning on or after
9 January 1, 2002, and before January 1, 2004,
10 7% tax on the remainder, and
11 (c) for taxable years beginning on or after
12 January 1, 2004, 6.65% tax on the remainder.

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

- 19 (1) 1/2% tax on first \$2,000.00 or part thereof,
20 (2) 1% tax on next \$3,000.00 or part thereof,
21 (3) 2% tax on next \$2,500.00 or part thereof,
22 (4) 3% tax on next \$2,300.00 or part thereof,
23 (5) 4% tax on next \$2,400.00 or part thereof,
24 (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
3 31, 1998, and before January 1, 2002, 6.75%
4 tax on the remainder,
5 (b) for taxable years beginning on or after
6 January 1, 2002, and before January 1, 2004,
7 7% tax on the remainder, and
8 (c) for taxable years beginning on or after
9 January 1, 2004, 6.65% tax on the remainder.

10 2. METHOD 2.

11 a. Single individuals and married individuals filing
12 separately deducting federal income tax:

- 13 (1) 1/2% tax on first \$1,000.00 or part thereof,
14 (2) 1% tax on next \$1,500.00 or part thereof,
15 (3) 2% tax on next \$1,250.00 or part thereof,
16 (4) 3% tax on next \$1,150.00 or part thereof,
17 (5) 4% tax on next \$1,200.00 or part thereof,
18 (6) 5% tax on next \$1,400.00 or part thereof,
19 (7) 6% tax on next \$1,500.00 or part thereof,
20 (8) 7% tax on next \$1,500.00 or part thereof,
21 (9) 8% tax on next \$2,000.00 or part thereof,
22 (10) 9% tax on next \$3,500.00 or part thereof, and
23 (11) 10% 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 deducting federal income tax:

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

18 B. 1. Individuals. For all taxable years beginning on or
19 after January 1, 2008, and before January 1, 2013, a tax is hereby
20 imposed upon the Oklahoma taxable income of every resident or
21 nonresident individual, which tax shall be computed as follows:

22 ~~1.~~ a. Single individuals and married individuals filing
23 separately:

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

- 1 (4) 3% tax on next \$1,150.00 or part thereof,
2 (5) 4% tax on next \$2,300.00 or part thereof, and
3 (6) 5% tax on the remainder.

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

- 10 (1) 1/2% tax on first \$2,000.00 or part thereof,
11 (2) 1% tax on next \$3,000.00 or part thereof,
12 (3) 2% tax on next \$2,500.00 or part thereof,
13 (4) 3% tax on next \$2,300.00 or part thereof,
14 (5) 4% tax on next \$2,400.00 or part thereof, and
15 (6) 5% tax on the remainder.

16 3. Individuals. For the taxable year beginning on January 1,
17 2014, a tax is hereby imposed upon the Oklahoma taxable income of
18 every resident or nonresident individual, which tax shall be
19 computed as follows:

20 a. Single individuals and married individuals filing
21 separately:

- 22 (1) 1/2% tax on first \$1,000.00 or part thereof,
23 (2) 1% tax on next \$1,500.00 or part thereof,
24 (3) 2% tax on next \$1,250.00 or part thereof,

- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$2,300.00 or part thereof, and
- (6) 4.66% tax on the remainder.

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

- (1) 1/2% tax on first \$2,000.00 or part thereof,
- (2) 1% tax on next \$3,000.00 or part thereof,
- (3) 2% tax on next \$2,500.00 or part thereof,
- (4) 3% tax on next \$2,300.00 or part thereof,
- (5) 4% tax on next \$2,400.00 or part thereof, and
- (6) 4.66% tax on the remainder.

4. Individuals. For the taxable year beginning on January 1, 2015, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

a. Single individuals and married individuals filing separately:

- (1) 1/2% tax on first \$1,000.00 or part thereof,
- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,

- 1 (4) 3% tax on next \$1,150.00 or part thereof,
2 (5) 4% tax on next \$2,300.00 or part thereof, and
3 (6) 4.33% tax on the remainder.

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

- 10 (1) 1/2% tax on first \$2,000.00 or part thereof,
11 (2) 1% tax on next \$3,000.00 or part thereof,
12 (3) 2% tax on next \$2,500.00 or part thereof,
13 (4) 3% tax on next \$2,300.00 or part thereof,
14 (5) 4% tax on next \$2,400.00 or part thereof, and
15 (6) 4.33% tax on the remainder.

16 5. Individuals. For the taxable year beginning on January 1,
17 2016, a tax is hereby imposed upon the Oklahoma taxable income of
18 every resident or nonresident individual, which tax shall be
19 computed as follows:

20 a. Single individuals and married individuals filing
21 separately:

- 22 (1) 1/2% tax on first \$1,000.00 or part thereof,
23 (2) 1% tax on next \$1,500.00 or part thereof,
24 (3) 2% tax on next \$1,250.00 or part thereof,

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

2 (5) 4% tax on the remainder.

3 b. Married individuals filing jointly and surviving

4 spouse to the extent and in the manner that a

5 surviving spouse is permitted to file a joint return

6 under the provisions of the Internal Revenue Code and

7 heads of households as defined in the Internal Revenue

8 Code:

9 (1) 1/2% tax on first \$2,000.00 or part thereof,

10 (2) 1% tax on next \$3,000.00 or part thereof,

11 (3) 2% tax on next \$2,500.00 or part thereof,

12 (4) 3% tax on next \$2,300.00 or part thereof, and

13 (5) 4% tax on the remainder.

14 6. Individuals. For the taxable year beginning on January 1,
15 2017, a tax is hereby imposed upon the Oklahoma taxable income of
16 every resident or nonresident individual, which tax shall be
17 computed as follows:

18 a. Single individuals and married individuals filing
19 separately:

20 (1) 1/2% tax on first \$1,000.00 or part thereof,

21 (2) 1% tax on next \$1,500.00 or part thereof,

22 (3) 2% tax on next \$1,250.00 or part thereof,

23 (4) 3% tax on next \$1,150.00 or part thereof, and

24 (5) 3.66% tax on the remainder.

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:

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, and

11 (5) 3.66% tax on the remainder.

12 7. Individuals. For the taxable year beginning on January 1,
13 2018, a tax is hereby imposed upon the Oklahoma taxable income of
14 every resident or nonresident individual, which tax shall be
15 computed as follows:

16 a. Single individuals and married individuals filing
17 separately:

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, and

22 (5) 3.33% tax on the remainder.

23 b. Married individuals filing jointly and surviving
24 spouse to the extent and in the manner that a

1 surviving spouse is permitted to file a joint return
2 under the provisions of the Internal Revenue Code and
3 heads of households as defined in the Internal Revenue
4 Code:

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

6 (2) 1% tax on next \$3,000.00 or part thereof,

7 (3) 2% tax on next \$2,500.00 or part thereof,

8 (4) 3% tax on next \$2,300.00 or part thereof, and

9 (5) 3.33% tax on the remainder.

10 8. Individuals. For the taxable year beginning on January 1,
11 2019, a tax is hereby imposed upon the Oklahoma taxable income of
12 every resident or nonresident individual, which tax shall be
13 computed as follows:

14 a. Single individuals and married individuals filing
15 separately:

16 (1) 1/2% tax on first \$1,000.00 or part thereof,

17 (2) 1% tax on next \$1,500.00 or part thereof,

18 (3) 2% tax on next \$1,250.00 or part thereof, and

19 (4) 3% tax on the remainder.

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

1 heads of households as defined in the Internal Revenue
2 Code:

- 3 (1) 1/2% tax on first \$2,000.00 or part thereof,
4 (2) 1% tax on next \$3,000.00 or part thereof,
5 (3) 2% tax on next \$2,500.00 or part thereof, and
6 (4) 3% tax on the remainder.

7 9. Individuals. For the taxable year beginning on January 1,
8 2020, a tax is hereby imposed upon the Oklahoma taxable income of
9 every resident or nonresident individual, which tax shall be
10 computed as follows:

11 a. Single individuals and married individuals filing
12 separately:

- 13 (1) 1/2% tax on first \$1,000.00 or part thereof,
14 (2) 1% tax on next \$1,500.00 or part thereof,
15 (3) 2% tax on next \$1,250.00 or part thereof, and
16 (4) 2.66% tax on the remainder.

17 b. Married individuals filing jointly and surviving
18 spouse to the extent and in the manner that a
19 surviving spouse is permitted to file a joint return
20 under the provisions of the Internal Revenue Code and
21 heads of households as defined in the Internal Revenue
22 Code:

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

1 (3) 2% tax on next \$2,500.00 or part thereof, and

2 (4) 2.66% tax on the remainder.

3 10. Individuals. For the taxable year beginning on January 1,
4 2021, a tax is hereby imposed upon the Oklahoma taxable income of
5 every resident or nonresident individual, which tax shall be
6 computed as follows:

7 a. Single individuals and married individuals filing
8 separately:

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, and

12 (4) 2.33% tax on the remainder.

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

19 (1) 1/2% tax on first \$2,000.00 or part thereof,

20 (2) 1% tax on next \$3,000.00 or part thereof,

21 (3) 2% tax on next \$2,500.00 or part thereof, and

22 (4) 2.33% tax on the remainder.

23 11. Individuals. For the taxable year beginning on January 1,
24 2022, a tax is hereby imposed upon the Oklahoma taxable income of

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

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

5 (1) 0.5% tax on first \$1,000.00 or part thereof,

6 (2) 1% tax on next \$1,500.00 or part thereof, and

7 (3) 2% tax on the remainder.

8 b. Married individuals filing jointly and surviving

9 spouse to the extent and in the manner that a

10 surviving spouse is permitted to file a joint return

11 under the provisions of the Internal Revenue Code and

12 heads of households as defined in the Internal Revenue

13 Code:

14 (1) 0.5% tax on first \$2,000.00 or part thereof,

15 (2) 1% tax on next \$3,000.00 or part thereof, and

16 (3) 2% tax on the remainder.

17 12. Individuals. For the taxable year beginning on January 1,
18 2023, a tax is hereby imposed upon the Oklahoma taxable income of
19 every resident or nonresident individual, which tax shall be
20 computed as follows:

21 a. Single individuals and married individuals filing
22 separately:

23 (1) 0.5% tax on first \$1,000.00 or part thereof,

24 (2) 1% tax on next \$1,500.00 or part thereof, and

1 (3) 1.66% 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:

8 (1) 0.5% tax on first \$2,000.00 or part thereof,

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

10 (3) 1.66% tax on the remainder.

11 13. Individuals. For the taxable year beginning on January 1,
12 2024, a tax is hereby imposed upon the Oklahoma taxable income of
13 every resident or nonresident individual, which tax shall be
14 computed as follows:

15 a. Single individuals and married individuals filing
16 separately:

17 (1) 0.5% tax on first \$1,000.00 or part thereof,

18 (2) 1% tax on next \$1,500.00 or part thereof, and

19 (3) 1.33% tax on the remainder.

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

1 heads of households as defined in the Internal Revenue
2 Code:

- 3 (1) 0.5% tax on first \$2,000.00 or part thereof,
4 (2) 1% tax on next \$3,000.00 or part thereof, and
5 (3) 1.33% tax on the remainder.

6 14. Individuals. For the taxable year beginning on January 1,
7 2025, a tax is hereby imposed upon the Oklahoma taxable income of
8 every resident or nonresident individual, which tax shall be
9 computed as follows:

10 a. Single individuals and married individuals filing
11 separately:

- 12 (1) 0.5% tax on first \$1,000.00 or part thereof, and
13 (2) 1% tax on the remainder.

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

- 20 (1) 0.5% tax on first \$2,000.00 or part thereof, and
21 (2) 1% tax on the remainder.

22 15. Individuals. For the taxable year beginning on January 1,
23 2026, a 0.66% tax is hereby imposed upon the Oklahoma taxable
24 income of every resident or nonresident individual.

1 16. Individuals. For the taxable year beginning on January 1,
2 2027, a 0.33% tax is hereby imposed upon the Oklahoma taxable
3 income of every resident or nonresident individual.

4 17. Individuals. For all taxable years beginning on or after
5 January 1, 2028, no tax shall be imposed upon the Oklahoma taxable
6 income of every resident or nonresident individual.

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 SECTION 2. REPEALER 68 O.S. 2011, Section 2355.1A, is
18 hereby repealed.

19 SECTION 3. This act shall become effective January 1, 2013.
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21 53-2-8766 CJB 01/11/12
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