

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1137

By: Lerblance

4
5
6 AS INTRODUCED

7 An Act relating to income tax; amending 68 O.S. 2011,
8 Section 2355, which relates to income tax brackets
9 and rates; deleting contingent change in top income
10 tax rate; modifying the percentage of income tax
levied upon certain income amounts during specified
11 tax years; clarifying application of certain
12 provision; and providing an effective date.

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

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

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

21 1. METHOD 1.

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

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

23 ~~1.~~

1 a. Single individuals and married individuals filing
2 separately:

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

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

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

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

7 ~~(e)~~ (5) 4% tax on next \$2,300.00 or part thereof,

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

9 ~~(g)~~ (7) 5.50% tax on the remainder for the 2008 tax
10 year ~~and any subsequent~~ through the 2011 tax year
11 unless the rate prescribed by subparagraph (h) of
12 this paragraph is in effect, and

13 ~~(h)~~ (8) 5.25% tax on the remainder for the 2009 and
14 subsequent tax years. ~~The decrease in the top~~
15 marginal individual income tax rate otherwise
16 authorized by this subparagraph shall be
17 contingent upon the determination required to be
18 made by the State Board of Equalization pursuant
19 to ~~Section 2355.1A of this title~~ 2012 tax year.

20 ~~2.~~

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

heads of households as defined in the Internal Revenue Code:

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

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

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

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

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

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

~~(g)~~ (7) 5.50% tax on the remainder for the 2008 tax

~~year and any subsequent through the 2011 tax year~~

~~unless the rate prescribed by subparagraph (h) of~~

~~this paragraph is in effect, and~~

~~(h)~~ (8) 5.25% tax on the remainder for the 2009 and

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

~~marginal individual income tax rate otherwise~~

~~authorized by this subparagraph shall be~~

~~contingent upon the determination required to be~~

~~made by the State Board of Equalization pursuant~~

~~to Section 2355.1A of this title 2012 tax year.~~

2. Individuals. For the taxable year beginning on January 1, 2013, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

1 a. Single individuals and married individuals filing
2 separately:

- 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 \$2,300.00 or part thereof, and
8 (6) 4.5% tax on the remainder.

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

- 15 (1) 1/2% tax on first \$2,000.00 or part thereof,
16 (2) 1% tax on next \$3,000.00 or part thereof,
17 (3) 2% tax on next \$2,500.00 or part thereof,
18 (4) 3% tax on next \$2,300.00 or part thereof,
19 (5) 4% tax on next \$2,400.00 or part thereof, and
20 (6) 4.5% tax on the remainder.

21 3. Individuals. For the taxable year beginning on January 1,
22 2014, a tax is hereby imposed upon the Oklahoma taxable income of
23 every resident or nonresident individual, which tax shall be
24 computed as follows:

1 a. Single individuals and married individuals filing
2 separately:

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, and

7 (5) 3.5% 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) 1/2% tax on first \$2,000.00 or part thereof,

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

16 (3) 2% tax on next \$2,500.00 or part thereof,

17 (4) 3% tax on next \$2,300.00 or part thereof, and

18 (5) 3.5% tax on the remainder.

19 4. Individuals. For the taxable year beginning on January 1,
20 2015, a tax is hereby imposed upon the Oklahoma taxable income of
21 every resident or nonresident individual, which tax shall be
22 computed as follows:

23 a. Single individuals and married individuals filing

24 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, and
- (4) 2.5% 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, and
- (4) 2.5% tax on the remainder.

5. Individuals. For the taxable year beginning on January 1, 2016, 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, and
- (3) 1.5% 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, and
9 (3) 1.5% tax on the remainder.

10 6. Individuals. For all taxable years beginning on or after
11 January 1, 2017, no tax shall be imposed upon the Oklahoma taxable
12 income of every resident or nonresident individual.

13 No deduction for federal income taxes paid shall be allowed to
14 any taxpayer to arrive at taxable income for those tax years when a
15 tax is imposed pursuant to paragraphs 1 through 5 of this
16 subsection.

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

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

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

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

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

13 Every payer of amounts covered by this subsection shall deduct
14 and withhold from such amounts paid each payee an amount equal to
15 six percent (6%) thereof. Every payer required to deduct and
16 withhold taxes under this subsection shall for each quarterly period
17 on or before the last day of the month following the close of each
18 such quarterly period, pay over the amount so withheld as taxes to
19 the Tax Commission, and shall file a return with each such payment.
20 Such return shall be in such form as the Tax Commission shall
21 prescribe. Every payer required under this subsection to deduct and
22 withhold a tax from a payee shall, as to the total amounts paid to
23 each payee during the calendar year, furnish to such payee, on or
24 before January 31, of the succeeding year, a written statement

1 showing the name of the payer, the name of the payee and the payee's
2 social security account number, if any, the total amounts paid
3 subject to taxation, the total amount deducted and withheld as tax
4 and such other information as the Tax Commission may require. Any
5 payer who fails to withhold or pay to the Tax Commission any sums
6 herein required to be withheld or paid shall be personally and
7 individually liable therefor to the State of Oklahoma.

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

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

1 respect to any taxpayer, the amount determined by the Tax Commission
2 for the tax rate category in which such taxpayer falls.

3 SECTION 2. This act shall become effective November 1, 2012.

4

5 53-2-2068 JCR 2/27/2012 1:44:58 PM

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24