

1 STATE OF OKLAHOMA

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

3 SENATE BILL 1571

By: Jolley

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 rates;
9 modifying tax rates for specified time periods;
10 limiting ability of certain taxpayers to claim
credits, deductions, exemptions or exclusions after
11 specified date; defining term; providing for
12 codification; 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, 2012, 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)~~

4 (1) 1/2% tax on first \$1,000.00 or part thereof,

5 ~~(b)~~

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

7 ~~(c)~~

8 (3) 2% tax on next \$1,250.00 or part thereof,

9 ~~(d)~~

10 (4) 3% tax on next \$1,150.00 or part thereof,

11 ~~(e)~~

12 (5) 4% tax on next \$2,300.00 or part thereof,

13 ~~(f)~~

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

15 ~~(g)~~

16 (7) 5.50% tax on the remainder for the 2008 tax year

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

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

19 ~~this paragraph is in effect, and~~

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

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

22 ~~marginal individual income tax rate otherwise~~

23 ~~authorized by this subparagraph shall be~~

24 ~~contingent upon the determination required to be~~

1 ~~made by the State Board of Equalization pursuant~~
2 ~~to Section 2355.1A of this title.~~

3 ~~2.~~

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 ~~(a)~~

11 (1) 1/2% tax on first \$2,000.00 or part thereof,

12 ~~(b)~~

13 (2) 1% tax on next \$3,000.00 or part thereof,

14 ~~(c)~~

15 (3) 2% tax on next \$2,500.00 or part thereof,

16 ~~(d)~~

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

18 ~~(e)~~

19 (5) 4% tax on next \$2,400.00 or part thereof,

20 ~~(f)~~

21 (6) 5% tax on next \$2,800.00 or part thereof, and

22 ~~(g)~~

23 (7) 5.50% tax on the remainder for the 2008 tax year

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

1 ~~unless the rate prescribed by subparagraph (h) of~~
2 ~~this paragraph is in effect, and~~
3 ~~(h) 5.25% tax on the remainder for the 2009 and~~
4 ~~subsequent tax years. The decrease in the top~~
5 ~~marginal individual income tax rate otherwise~~
6 ~~authorized by this subparagraph shall be~~
7 ~~contingent upon the determination required to be~~
8 ~~made by the State Board of Equalization pursuant~~
9 ~~to Section 2355.1A of this title.~~

10 2. Individuals. For the taxable year beginning on January 1,
11 2012, 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,
19 (4) 3% tax on next \$1,150.00 or part thereof,
20 (5) 4% tax on next \$2,300.00 or part thereof,
21 (6) 5% tax on next \$1,500.00 or part thereof, and
22 (7) 5.25% 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,

9 (5) 4% tax on next \$2,400.00 or part thereof,

10 (6) 5% tax on next \$2,800.00 or part thereof, and

11 (7) 5.25% tax on the remainder.

12 3. Individuals.

13 a. for taxable years beginning on and after January 1,
14 2013, no tax shall be imposed for any resident or
15 nonresident individual:

16 (1) Single individuals and married individuals filing
17 separately whose Oklahoma taxable income is equal
18 to or less than Eight Thousand Seven Hundred
19 Dollars (\$8,700.00), and

20 (2) 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
23 return under the provisions of the Internal
24 Revenue Code and heads of households as defined

1 in the Internal Revenue Code, whose Oklahoma
2 taxable income is equal to or less than Fifteen
3 Thousand Dollars (\$15,000.00).

4 b. For the taxable year beginning on January 1, 2013, a
5 tax of 2.25% is hereby imposed upon the Oklahoma
6 taxable income of every resident or nonresident
7 individual not subject to subparagraph a of this
8 paragraph.

9 c. For the taxable year beginning on January 1, 2014, a
10 tax of 2% is hereby imposed upon the Oklahoma taxable
11 income of every resident or nonresident individual not
12 subject to subparagraph a of this paragraph.

13 d. For the taxable year beginning on January 1, 2015, a
14 tax of 1.75% is hereby imposed upon the Oklahoma
15 taxable income of every resident or nonresident
16 individual not subject to subparagraph a of this
17 paragraph.

18 e. For the taxable year beginning on January 1, 2016, a
19 tax of 1.5% is hereby imposed upon the Oklahoma
20 taxable income of every resident or nonresident
21 individual not subject to subparagraph a of this
22 paragraph.

23 f. For the taxable year beginning on January 1, 2017, a
24 tax of 1.25% is hereby imposed upon the Oklahoma

1 taxable income of every resident or nonresident
2 individual not subject to subparagraph a of this
3 paragraph.

4 g. For the taxable year beginning on January 1, 2018, a
5 tax of 1% is hereby imposed upon the Oklahoma taxable
6 income of every resident or nonresident individual not
7 subject to subparagraph a of this paragraph.

8 h. For the taxable year beginning on January 1, 2019, a
9 tax of .75% is hereby imposed upon the Oklahoma taxable
10 income of every resident or nonresident individual not
11 subject to subparagraph a of this paragraph.

12 i. For the taxable year beginning on January 1, 2020, a
13 tax of .50% is hereby imposed upon the Oklahoma taxable
14 income of every resident or nonresident individual not
15 subject to subparagraph a of this paragraph.

16 j. For the taxable year beginning on January 1, 2021, a
17 tax of .25% is hereby imposed upon the Oklahoma
18 taxable income of every resident or nonresident
19 individual not subject to subparagraph a of this
20 paragraph.

21 k. For taxable years beginning on and after January 1,
22 2022, no tax shall be imposed upon the Oklahoma
23 taxable income of every resident or nonresident
24

1 individual not subject to subparagraph a of this
2 paragraph.

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

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

12 Every payer of amounts covered by this subsection shall deduct
13 and withhold from such amounts paid each payee an amount equal to
14 eight percent (8%) thereof. Every payer required to deduct and
15 withhold taxes under this subsection shall for each quarterly period
16 on or before the last day of the month following the close of each
17 such quarterly period, pay over the amount so withheld as taxes to
18 the Tax Commission, and shall file a return with each such payment.
19 Such return shall be in such form as the Tax Commission shall
20 prescribe. Every payer required under this subsection to deduct and
21 withhold a tax from a payee shall, as to the total amounts paid to
22 each payee during the calendar year, furnish to such payee, on or
23 before January 31, of the succeeding year, a written statement
24 showing the name of the payer, the name of the payee and the payee's

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

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

12 There shall be no additional Oklahoma income tax imposed on
13 accumulated taxable income or on undistributed personal holding
14 company income as those terms are defined in the Internal Revenue
15 Code.

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

24

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 six percent (6%) 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 amounts paid
15 subject to taxation, the total amount deducted and withheld as tax
16 and such other information as the Tax Commission may require. Any
17 payer who fails to withhold or pay to the Tax Commission any sums
18 herein required to be withheld or paid shall be personally and
19 individually liable therefor to the State of Oklahoma.

20 F. Fiduciaries. A tax is hereby imposed upon the Oklahoma
21 taxable income of every trust and estate at the same rates as are
22 provided in subsection B of this section for single individuals.
23 Fiduciaries are not allowed a deduction for any federal income tax
24 paid.

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

14 SECTION 2. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 2355.3 of Title 68, unless there
16 is created a duplication in numbering, reads as follows:

17 For the tax year beginning on January 1, 2013, and all
18 subsequent tax years, no individual taxpayer may claim any credit,
19 deduction, exemption or exclusion against the tax imposed by
20 subsection B of Section 2355 of Title 68 of the Oklahoma Statutes.
21 For purposes of this section, "individual taxpayer" does not include
22 a legal business entity, including limited and general partnerships,
23 corporations, sole proprietorships and limited liability companies
24

1 even if subject to the tax imposed by subsection B of Section 2355
2 of Title 68 of the Oklahoma Statutes.

3 SECTION 3. This act shall become effective January 1, 2013.
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