

1 STATE OF OKLAHOMA

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

3 SENATE BILL 70

By: Holt

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5  
6 AS INTRODUCED

7 An Act relating to income tax; amending 68 , O.S.  
8 2001, Section 2355, as last amended by Section 7,  
9 Chapter 136, O.S.L. 2007 (68 O.S. Supp. 2010, Section  
10 2355), which relates to income tax rates; modifying  
11 applicability of certain income tax rates during  
12 specified time periods; providing for levy of  
13 specified tax rates on certain income for specified  
14 time periods, contingent upon certain circumstances;  
15 and providing an effective date.

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

17 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2355, as  
18 last amended by Section 7, Chapter 136, O.S.L. 2007 (68 O.S. Supp.  
19 2010, Section 2355), is amended to read as follows:

20 Section 2355. A. Individuals. For all taxable years beginning  
21 after December 31, 1998, and before January 1, 2006, a tax is hereby  
22 imposed upon the Oklahoma taxable income of every resident or  
23 nonresident individual, which tax shall be computed at the option of  
24 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, and ending December 31, 2011, a tax is hereby  
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1 imposed upon the Oklahoma taxable income of every resident or  
2 nonresident individual, which tax shall 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 tax year and

12 any subsequent tax year unless the rate prescribed by

13 subparagraph (h) of this paragraph is in effect, and

14 (h) 5.25% tax on the remainder for the 2009 and subsequent

15 tax years. The decrease in the top marginal

16 individual income tax rate otherwise authorized by

17 this subparagraph shall be contingent upon the

18 determination required to be made by the State Board

19 of Equalization pursuant to Section 2355.1A of this

20 title.

21 2. Married individuals filing jointly and surviving spouse to

22 the extent and in the manner that a surviving spouse is permitted to

23 file a joint return under the provisions of the Internal Revenue

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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 tax year and

10 any subsequent tax year unless the rate prescribed by

11 subparagraph (h) of this paragraph is in effect, and

12 (h) 5.25% tax on the remainder for the 2009 and subsequent

13 tax years. The decrease in the top marginal

14 individual income tax rate otherwise authorized by

15 this subparagraph shall be contingent upon the

16 determination required to be made by the State Board

17 of Equalization pursuant to Section 2355.1A of this

18 title.

19 C. Individuals. For all taxable years beginning on or after

20 January 1, 2012, a tax is hereby imposed upon the Oklahoma taxable

21 income of every resident or nonresident individual, which tax shall

22 be computed as follows:

23 1. Single individuals and married individuals filing

24 separately:

- 1        (a) 1/2% tax on first \$1,000.00 or part thereof,  
2        (b) 1% tax on next \$1,500.00 or part thereof,  
3        (c) 2% tax on next \$1,250.00 or part thereof,  
4        (d) 3% tax on next \$1,150.00 or part thereof,  
5        (e) 4% tax on next \$2,300.00 or part thereof,  
6        (f) 5% tax on next \$1,500.00 or part thereof; provided, if  
7        any of the rates prescribed by subparagraphs (k)  
8        through (r) are in effect, income in this bracket  
9        shall be subject to the same applicable tax rate  
10       levied in subparagraphs(k) through (r),  
11       (g) 5.50% tax on the remainder unless any of the top  
12       marginal rates prescribed by subparagraphs (h)  
13       through(r) are in effect,  
14       (h) 5.25% tax on the remainder for the first taxable year  
15       for which a decrease in the top marginal income tax  
16       rate otherwise authorized by this subparagraph is  
17       implemented on the basis of the determination required  
18       to be made by the State Board of Equalization pursuant  
19       to Section 2355.1A of this title,  
20       (i) 5.15% tax on the remainder for the first taxable year  
21       after the rate authorized by subparagraph (h) has been  
22       in place for one (1) taxable year,  
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- 1        (j) 5.05% tax on the remainder for the taxable year which  
2        begins after the rate authorized by subparagraph (i)  
3        has been in place for one (1) taxable year,
- 4        (k) 4.95% tax on the remainder for the taxable year which  
5        begins after the rate authorized by subparagraph (j)  
6        has been in place for one (1) taxable year,
- 7        (l) 4.85% tax on the remainder for the taxable year which  
8        begins after the rate authorized by subparagraph (k)  
9        has been in place for one (1) taxable year,
- 10       (m) 4.75% tax on the remainder for the taxable year which  
11       begins after the rate authorized by subparagraph (l)  
12       has been in place for one (1) taxable year,
- 13       (n) 4.65% tax on the remainder for the taxable year which  
14       begins after the rate authorized by subparagraph (m)  
15       has been in place for one (1) taxable year,
- 16       (o) 4.55% tax on the remainder for the taxable year which  
17       begins after the rate authorized by subparagraph (n)  
18       has been in place for one (1) taxable year,
- 19       (p) 4.45% tax on the remainder for the taxable year which  
20       begins after the rate authorized by subparagraph (o)  
21       has been in place for one (1) taxable year,
- 22       (q) 4.35% tax on the remainder for the taxable year which  
23       begins after the rate authorized by subparagraph (p)  
24       has been in place for one (1) taxable year, and

1           (r) 4.25% tax on the remainder for all taxable years which  
2           begin on or after the rate authorized by subparagraph  
3           (q) has been in place for at least one(1) taxable  
4           year.

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

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

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

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

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

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

15           (f) 5% tax on next \$2,800.00 or part thereof; provided, if

16           any of the rates prescribed by subparagraphs (k)

17           through (r) are in effect, income in this bracket

18           shall be subject to the same applicable tax rate

19           levied in subparagraphs (k) through (r),

20           (g) 5.50% tax on the remainder unless any of the top

21           marginal rates prescribed by subparagraphs (h)

22           through(r) are in effect,

23           (h) 5.25% tax on the remainder for the first taxable year

24           for which a decrease in the top marginal income tax

1 rate otherwise authorized by this subparagraph is  
2 implemented on the basis of the determination required  
3 to be made by the State Board of Equalization pursuant  
4 to Section 2355.1A of this title,

5 (i) 5.15% tax on the remainder for the first taxable year  
6 after the rate authorized by subparagraph (h) has been  
7 in place for one (1) taxable year,

8 (j) 5.05% tax on the remainder for the taxable year which  
9 begins after the rate authorized by subparagraph (i)  
10 has been in place for one (1) taxable year,

11 (k) 4.95% tax on the remainder for the taxable year which  
12 begins after the rate authorized by subparagraph (j)  
13 has been in place for one (1) taxable year,

14 (l) 4.85% tax on the remainder for the taxable year which  
15 begins after the rate authorized by subparagraph (k)  
16 has been in place for one (1) taxable year,

17 (m) 4.75% tax on the remainder for the taxable year which  
18 begins after the rate authorized by subparagraph (l)  
19 has been in place for one (1) taxable year,

20 (n) 4.65% tax on the remainder for the taxable year which  
21 begins after the rate authorized by subparagraph (m)  
22 has been in place for one (1) taxable year,

- 1           (o) 4.55% tax on the remainder for the taxable year which  
2           begins after the rate authorized by subparagraph (n)  
3           has been in place for one (1) taxable year,  
4           (p) 4.45% tax on the remainder for the taxable year which  
5           begins after the rate authorized by subparagraph (o)  
6           has been in place for one (1) taxable year,  
7           (q) 4.35% tax on the remainder for the taxable year which  
8           begins after the rate authorized by subparagraph (p)  
9           has been in place for one (1) taxable year, and  
10          (r) 4.25% tax on the remainder for all taxable years which  
11          begin on or after the rate authorized by subparagraph  
12          (q) has been in place for at least one (1) taxable  
13          year.

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

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

23           Every payer of amounts covered by this subsection shall deduct  
24 and withhold from such amounts paid each payee an amount equal to

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

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

23 There shall be no additional Oklahoma income tax imposed on  
24 accumulated taxable income or on undistributed personal holding

1 company income as those terms are defined in the Internal Revenue  
2 Code.

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

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

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

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

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

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SECTION 2. This act shall become effective November 1, 2011.

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