

1 STATE OF OKLAHOMA

2 2nd Session of the 54th Legislature (2014)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 2661

6 By: Derby

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to revenue and taxation; amending 68
9 O.S. 2011, Section 2355, as amended by Section 2,
10 Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2013, Section
11 2355), which relates to income tax rate upon
12 individuals and business entities; modifying
13 provisions enacted pursuant to Enrolled House Bill
14 No. 2032 of the 1st Session of the 54th Oklahoma
15 Legislature; amending 68 O.S. 2011, Section 2355, as
16 last amended by Section 1 of this act, which relates
17 to income tax rates upon individuals and business
18 entities; providing for modification of rate of
19 income tax upon corporation; making modification
20 contingent upon specified determination by State
21 Board of Equalization; imposing specified duties on
22 State Board of Equalization related to implementation
23 of certain corporate income tax rate; prescribing
24 method for specified computation; mandating certain
action based on computation; providing for
codification; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
amended by Section 2, Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2013,
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,

- 1 (8) 7% tax on the next \$1,750.00 or part thereof,
- 2 (9) 8% tax on the next \$3,000.00 or part thereof,
- 3 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 4 (11) 10% tax on the remainder.

5 B. Individuals. For all taxable years beginning on or after
6 January 1, 2008, ~~and ending not later than December 31, 2014,~~ a tax
7 is hereby imposed upon the Oklahoma taxable income of every resident
8 or nonresident individual, which tax shall be computed as follows:

9 1. Single individuals and married individuals filing
10 separately:

- 11 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 12 (b) 1% tax on next \$1,500.00 or part thereof,
- 13 (c) 2% tax on next \$1,250.00 or part thereof,
- 14 (d) 3% tax on next \$1,150.00 or part thereof,
- 15 (e) 4% tax on next \$2,300.00 or part thereof,
- 16 (f) 5% tax on next \$1,500.00 or part thereof,
- 17 (g) 5.50% tax on the remainder for the 2008 tax year and
18 any subsequent tax year unless the rate prescribed by
19 subparagraph (h) of this paragraph is in effect, and
- 20 (h) 5.25% tax on the remainder for the 2009 and subsequent
21 tax years. 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% tax on first \$2,000.00 or part thereof,

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

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

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

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

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

14 (g) 5.50% tax on the remainder for the 2008 tax year and
15 any subsequent tax year unless the rate prescribed by
16 subparagraph (h) of this paragraph is in effect, and

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

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

5 ~~1. Single individuals and married individuals filing~~
6 ~~separately:~~

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

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

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

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

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

12 ~~(f) 5% tax on the remainder for the 2015 tax year and any~~
13 ~~subsequent tax year unless the rate prescribed by~~
14 ~~subparagraph (g) of this paragraph is in effect, and~~

15 ~~(g) 4.85% tax on the remainder for tax year 2016 and~~
16 ~~subsequent tax years. The decrease in the top~~
17 ~~marginal individual income tax rate otherwise~~
18 ~~authorized by this subparagraph shall be contingent~~
19 ~~upon the determination required to be made by the~~
20 ~~State Board of Equalization pursuant to Section 3 of~~
21 ~~this act.~~

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

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 the remainder for the 2015 tax year and any~~
9 ~~subsequent tax year unless the rate prescribed by~~
10 ~~subparagraph (g) of this paragraph is in effect, and~~
- 11 ~~(g) 4.85% tax on the remainder for tax year 2016 and~~
12 ~~subsequent tax years. The decrease in the top~~
13 ~~marginal individual income tax rate otherwise~~
14 ~~authorized by this subparagraph shall be contingent~~
15 ~~upon the determination required to be made by the~~
16 ~~State Board of Equalization pursuant to Section 3 of~~
17 ~~this act.~~

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

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

1 nonresident aliens as determined under the provision of the Oklahoma
2 Income Tax Act.

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

22 E. D. Corporations. For all taxable years beginning after
23 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
24 income of every corporation doing business within this state or

1 deriving income from sources within this state in an amount equal to
2 six percent (6%) thereof.

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

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

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

1 each payee during the calendar year, furnish to such payee, on or
2 before January 31, of the succeeding year, a written statement
3 showing the name of the payer, the name of the payee and the payee's
4 social security account number, if any, the total amounts paid
5 subject to taxation, the total amount deducted and withheld as tax
6 and such other information as the Tax Commission may require. Any
7 payer who fails to withhold or pay to the Tax Commission any sums
8 herein required to be withheld or paid shall be personally and
9 individually liable therefor to the State of Oklahoma.

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

15 ~~H.~~ G. Tax rate tables. For all taxable years beginning after
16 December 31, 1991, in lieu of the tax imposed by subsection A~~7~~ or B
17 ~~or C~~ of this section, as applicable there is hereby imposed for each
18 taxable year on the taxable income of every individual, whose
19 taxable income for such taxable year does not exceed the ceiling
20 amount, a tax determined under tables, applicable to such taxable
21 year which shall be prescribed by the Tax Commission and which shall
22 be in such form as it determines appropriate. In the table so
23 prescribed, the amounts of the tax shall be computed on the basis of
24 the rates prescribed by ~~subsection~~ subsections A~~7~~ and B ~~or C~~ of this

1 section. For purposes of this subsection, the term "ceiling amount"
2 means, with respect to any taxpayer, the amount determined by the
3 Tax Commission for the tax rate category in which such taxpayer
4 falls.

5 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2355, as
6 last amended by Section 1 of this act, is amended to read as
7 follows:

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

13 1. METHOD 1.

14 a. Single individuals and married individuals filing
15 separately not deducting federal income tax:

- 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 \$1,300.00 or part thereof,
- 21 (6) 5% tax on next \$1,500.00 or part thereof,
- 22 (7) 6% tax on next \$2,300.00 or part thereof, and

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- 1 (8) (a) for taxable years beginning after December
2 31, 1998, and before January 1, 2002, 6.75%
3 tax on the remainder,
4 (b) for taxable years beginning on or after
5 January 1, 2002, and before January 1, 2004,
6 7% tax on the remainder, and
7 (c) for taxable years beginning on or after
8 January 1, 2004, 6.65% 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 not deducting federal income tax:

- 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,
20 (6) 5% tax on next \$2,800.00 or part thereof,
21 (7) 6% tax on next \$6,000.00 or part thereof, and
22 (8) (a) for taxable years beginning after December
23 31, 1998, and before January 1, 2002, 6.75%
24 tax on the remainder,

- 1 (b) for taxable years beginning on or after
2 January 1, 2002, and before January 1, 2004,
3 7% tax on the remainder, and
4 (c) for taxable years beginning on or after
5 January 1, 2004, 6.65% tax on the remainder.

6 2. METHOD 2.

7 a. Single individuals and married individuals filing
8 separately 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 \$1,200.00 or part thereof,
14 (6) 5% tax on next \$1,400.00 or part thereof,
15 (7) 6% tax on next \$1,500.00 or part thereof,
16 (8) 7% tax on next \$1,500.00 or part thereof,
17 (9) 8% tax on next \$2,000.00 or part thereof,
18 (10) 9% tax on next \$3,500.00 or part thereof, and
19 (11) 10% 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
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1 heads of households as defined in the Internal Revenue
2 Code deducting federal income tax:

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

14 B. Individuals. For all taxable years beginning on or after
15 January 1, 2008, a tax is hereby imposed upon the Oklahoma taxable
16 income of every resident or nonresident individual, which tax shall
17 be computed as follows:

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

- 20 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 21 (b) 1% tax on next \$1,500.00 or part thereof,
- 22 (c) 2% tax on next \$1,250.00 or part thereof,
- 23 (d) 3% tax on next \$1,150.00 or part thereof,
- 24 (e) 4% tax on next \$2,300.00 or part thereof,

- 1 (f) 5% tax on next \$1,500.00 or part thereof,
2 (g) 5.50% tax on the remainder for the 2008 tax year and
3 any subsequent tax year unless the rate prescribed by
4 subparagraph (h) of this paragraph is in effect, and
5 (h) 5.25% tax on the remainder for the 2009 and subsequent
6 tax years. The decrease in the top marginal
7 individual income tax rate otherwise authorized by
8 this subparagraph shall be contingent upon the
9 determination required to be made by the State Board
10 of Equalization pursuant to Section 2355.1A of this
11 title.

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

- 17 (a) 1/2% tax on first \$2,000.00 or part thereof,
18 (b) 1% tax on next \$3,000.00 or part thereof,
19 (c) 2% tax on next \$2,500.00 or part thereof,
20 (d) 3% tax on next \$2,300.00 or part thereof,
21 (e) 4% tax on next \$2,400.00 or part thereof,
22 (f) 5% tax on next \$2,800.00 or part thereof,
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1 (g) 5.50% tax on the remainder for the 2008 tax year and
2 any subsequent tax year unless the rate prescribed by
3 subparagraph (h) of this paragraph is in effect, and
4 (h) 5.25% tax on the remainder for the 2009 and subsequent
5 tax years. The decrease in the top marginal
6 individual income tax rate otherwise authorized by
7 this subparagraph shall be contingent upon the
8 determination required to be made by the State Board
9 of Equalization pursuant to Section 2355.1A of this
10 title.

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

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

20 Every payer of amounts covered by this subsection shall deduct
21 and withhold from such amounts paid each payee an amount equal to
22 eight percent (8%) thereof. Every payer required to deduct and
23 withhold taxes under this subsection shall for each quarterly period
24 on or before the last day of the month following the close of each

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

15 D. Corporations. For all taxable years beginning on or after
16 ~~December 31, 1989~~ January 1, 2014, a tax is hereby imposed upon the
17 Oklahoma taxable income of every corporation doing business within
18 this state or deriving income from sources within this state in an
19 amount equal to ~~six~~:

20 1. Six percent (6%) thereof for the 2014 tax year and any
21 subsequent tax year unless the rate prescribed by paragraph 2 of
22 this subsection is in effect; or

23 2. Five percent (5%) for tax year 2016 and subsequent tax
24 years. The decrease in the corporate income tax rate otherwise

1 authorized by this paragraph shall be contingent upon the
2 determination required to be made by the State Board of Equalization
3 pursuant to Section 3 of this act.

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

8 E. Certain foreign corporations. In lieu of the tax imposed in
9 the first paragraph of subsection C of this section, for all taxable
10 years beginning after December 31, 1989, there shall be imposed on
11 foreign corporations, as defined in the Internal Revenue Code, a tax
12 of six percent (6%) instead of thirty percent (30%) as used in the
13 Internal Revenue Code, where such income is received from sources
14 within Oklahoma, in accordance with the provisions of the Internal
15 Revenue Code and the Oklahoma 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 six percent (6%) 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 amounts paid
6 subject to taxation, the total amount deducted and withheld as tax
7 and such other information as the Tax Commission may require. Any
8 payer who fails to withhold or pay to the Tax Commission any sums
9 herein required to be withheld or paid shall be personally and
10 individually liable therefor to the State of Oklahoma.

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

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

1 the rates prescribed by subsections A and B of this section. For
2 purposes of this subsection, the term "ceiling amount" means, with
3 respect to any taxpayer, the amount determined by the Tax Commission
4 for the tax rate category in which such taxpayer falls.

5 SECTION 3. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 2355.1F of Title 68, unless
7 there is created a duplication in numbering, reads as follows:

8 A. The provisions of this section shall be applicable with
9 respect to the implementation of the decrease in the rate of
10 corporate income tax otherwise authorized pursuant to the provisions
11 of paragraph 2 of subsection D of Section 2355 of Title 68 of the
12 Oklahoma Statutes, which shall be contingent upon a determination by
13 the State Board of Equalization made by a comparison of the revenue
14 computations described by this section which shall be conducted
15 until the corporate tax rate of five percent (5%) is effective.

16 B. In addition to any other duties prescribed by law, at the
17 meeting required by paragraph 1 of Section 23 of Article X of the
18 Oklahoma Constitution to be held in December 2014, and for any
19 subsequent December meeting of the State Board of Equalization if
20 the corporate income tax rate prescribed by paragraph 2 of
21 subsection D of Section 2355 of Title 68 of the Oklahoma Statutes
22 has not become effective, the State Board of Equalization shall
23 determine:

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1 1. The amount of estimated revenue growth in the General
2 Revenue Fund of the State Treasury for the fiscal year beginning on
3 the next ensuing July 1; and

4 2. The amount by which the income tax revenue for the tax year
5 which will begin on the second January 1 following such December
6 meeting is estimated to be reduced by a one-percent decrease in the
7 corporate income tax rate, in order for a corporate income tax rate
8 of five percent (5%) to be effective.

9 If the amount determined pursuant to the provisions of paragraph
10 1 of this subsection is equal to or greater than the amount
11 determined pursuant to the provisions of paragraph 2 of this
12 subsection, the Board shall make a preliminary finding that the
13 Board anticipates that a finding will be made at the February
14 meeting immediately subsequent to the December meeting that the
15 revenue computations required by this section will authorize the
16 implementation of the provisions of paragraph 2 of subsection D of
17 Section 2355 of Title 68 of the Oklahoma Statutes beginning on the
18 second January 1 following the December meeting.

19 If the amount determined pursuant to the provisions of paragraph
20 1 of this subsection is less than the amount determined pursuant to
21 the provisions of paragraph 2 of this subsection, the Board shall
22 make a preliminary finding that the Board anticipates that a finding
23 will be made at the February meeting immediately subsequent to the
24 December meeting that the revenue computations required by this

1 section will not authorize the implementation of the provisions of
2 paragraph 2 of subsection D of Section 2355 of Title 68 of the
3 Oklahoma Statutes beginning on the second January 1 following the
4 December meeting.

5 C. In addition to any other duties prescribed by law, at the
6 meeting required by paragraph 3 of Section 23 of Article X of the
7 Oklahoma Constitution to be held in February 2015, and for any
8 subsequent February meeting of the State Board of Equalization if
9 the corporate income tax rate prescribed by paragraph 2 of
10 subsection D of Section 2355 of Title 68 of the Oklahoma Statutes
11 has not become effective, the State Board of Equalization shall
12 determine:

13 1. The amount of estimated revenue growth in the General
14 Revenue Fund of the State Treasury for the fiscal year beginning on
15 the next ensuing July 1; and

16 2. The amount by which the income tax revenue for the tax year
17 which will begin on the January 1 immediately following the February
18 meeting is estimated to be reduced by a one-percent decrease in the
19 corporate income tax rate, in order for a corporate income tax rate
20 of five percent (5%) to be effective.

21 If the amount determined pursuant to the provisions of paragraph
22 1 of this subsection is equal to or greater than the amount
23 determined pursuant to the provisions of paragraph 2 of this
24 subsection, the Board shall make a finding that the revenue

1 computations required by this section will authorize the
2 implementation of the provisions of paragraph 2 of subsection D of
3 Section 2355 of Title 68 of the Oklahoma Statutes beginning on the
4 January 1 immediately following the February meeting.

5 If the amount determined pursuant to the provisions of paragraph
6 1 of this subsection is less than the amount determined pursuant to
7 the provisions of paragraph 2 of this subsection, the Board shall
8 make a finding that the revenue computations required by this
9 section do not authorize the implementation of the provisions of
10 paragraph 2 of subsection D of Section 2355 of Title 68 of the
11 Oklahoma Statutes beginning with the January 1 immediately following
12 the February meeting.

13 D. If the Board makes a finding that the revenue computations
14 required by this section do not authorize the implementation of the
15 provisions of paragraph 2 of subsection D of Section 2355 of Title
16 68 of the Oklahoma Statutes beginning with calendar year 2016
17 pursuant to the provisions of subsection C of this section, the
18 procedures prescribed by subsection A, subsection B, and subsection
19 C of this section shall be repeated by the State Board of
20 Equalization for each successive two-year comparison. Once the
21 income tax rate otherwise authorized pursuant to paragraph 2 of
22 subsection D of Section 2355 of Title 68 of the Oklahoma Statutes
23 has been implemented, such income tax rate shall be in effect for
24

1 the tax years as prescribed by paragraph 2 of subsection D of
2 Section 2355 of Title 68 of the Oklahoma Statutes.

3 SECTION 4. This act shall become effective November 1, 2014.

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