

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 54th Legislature (2013)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1598

By: Martin (Scott) of the House

and

Jolley of the Senate

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10 COMMITTEE SUBSTITUTE

11 [revenue and taxation - income tax rates - income
12 tax rate for certain years - effective date]

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

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

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

1 1. METHOD 1.

2 a. Single individuals and married individuals filing
3 separately not deducting federal income tax:

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

5 (2) 1% tax on next \$1,500.00 or part thereof,

6 (3) 2% tax on next \$1,250.00 or part thereof,

7 (4) 3% tax on next \$1,150.00 or part thereof,

8 (5) 4% tax on next \$1,300.00 or part thereof,

9 (6) 5% tax on next \$1,500.00 or part thereof,

10 (7) 6% tax on next \$2,300.00 or part thereof, and

11 (8) (a) for taxable years beginning after December

12 31, 1998, and before January 1, 2002, 6.75%

13 tax on the remainder,

14 (b) for taxable years beginning on or after

15 January 1, 2002, and before January 1, 2004,

16 7% tax on the remainder, and

17 (c) for taxable years beginning on or after

18 January 1, 2004, 6.65% tax on the remainder.

19 b. Married individuals filing jointly and surviving

20 spouse to the extent and in the manner that a

21 surviving spouse is permitted to file a joint return

22 under the provisions of the Internal Revenue Code and

heads of households as defined in the Internal Revenue Code not deducting federal income tax:

- (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,
- (6) 5% tax on next \$2,800.00 or part thereof,
- (7) 6% tax on next \$6,000.00 or part thereof, and
- (8) (a) for taxable years beginning after December 31, 1998, and before January 1, 2002, 6.75% tax on the remainder,
(b) for taxable years beginning on or after January 1, 2002, and before January 1, 2004, 7% tax on the remainder, and
(c) for taxable years beginning on or after January 1, 2004, 6.65% tax on the remainder.

2. METHOD 2.

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

- (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 \$1,200.00 or part thereof,
- 3 (6) 5% tax on next \$1,400.00 or part thereof,
- 4 (7) 6% tax on next \$1,500.00 or part thereof,
- 5 (8) 7% tax on next \$1,500.00 or part thereof,
- 6 (9) 8% tax on next \$2,000.00 or part thereof,
- 7 (10) 9% tax on next \$3,500.00 or part thereof, and
- 8 (11) 10% 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 deducting federal income tax:

- 15 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 16 (2) 1% tax on the next \$3,000.00 or part thereof,
- 17 (3) 2% tax on the next \$2,500.00 or part thereof,
- 18 (4) 3% tax on the next \$1,400.00 or part thereof,
- 19 (5) 4% tax on the next \$1,500.00 or part thereof,
- 20 (6) 5% tax on the next \$1,600.00 or part thereof,
- 21 (7) 6% tax on the next \$1,250.00 or part thereof,
- 22 (8) 7% tax on the next \$1,750.00 or part thereof,
- 23 (9) 8% tax on the next \$3,000.00 or part thereof,

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

3 B. 1. Individuals. For all taxable years beginning on or
4 after January 1, 2008, and before January 1, 2014, a tax is hereby
5 imposed upon the Oklahoma taxable income of every resident or
6 nonresident individual, which tax shall be computed as follows:

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

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

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

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

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

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

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

15 ~~(g)~~ 5.50%

16 (7) 5.25% tax on the remainder for the 2008 tax year

17 and any subsequent tax year ~~unless the rate~~

18 ~~prescribed by subparagraph (h) of this paragraph~~

19 ~~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~~

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1 ~~contingent upon the determination required to be~~
2 ~~made by the State Board of Equalization pursuant~~
3 ~~to Section 2355.1A of this title.~~

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

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

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

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

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

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

16 ~~(g)~~ 5.50%

17 (7) 5.25% tax on the remainder for the 2008 tax year
18 and any subsequent tax year ~~unless the rate~~
19 ~~prescribed by subparagraph (h) of this paragraph~~
20 ~~is in effect, and~~

21 ~~(h)~~ ~~5.25% tax on the remainder for the 2009 and~~
22 ~~subsequent tax years. The decrease in the top~~
23 ~~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.~~

2. Individuals. For all taxable years beginning on or after
January 1, 2014, 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,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$2,300.00 or part thereof, and
- (6) 4.99% 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,

- 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, and
5 (6) 4.99% tax on the remainder.

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

8 C. Nonresident aliens. In lieu of the rates set forth in
9 subsection A above, there shall be imposed on nonresident aliens, as
10 defined in the Internal Revenue Code, a tax of eight percent (8%)
11 instead of thirty percent (30%) as used in the Internal Revenue
12 Code, with respect to the Oklahoma taxable income of such
13 nonresident aliens as determined under the provision of the Oklahoma
14 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 eight percent (8%) 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
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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
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1 of six percent (6%) instead of thirty percent (30%) as used in the
2 Internal Revenue Code, where such income is received from sources
3 within Oklahoma, in accordance with the provisions of the Internal
4 Revenue Code and the Oklahoma Income Tax Act.

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

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1 F. Fiduciaries. A tax is hereby imposed upon the Oklahoma
2 taxable income of every trust and estate at the same rates as are
3 provided in subsection B of this section for single individuals.
4 Fiduciaries are not allowed a deduction for any federal income tax
5 paid.

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

19 SECTION 2. This act shall become effective January 1, 2014.
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21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
22 02/27/2013 - DO PASS, As Amended and Coauthored.
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