

STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

SENATE BILL 169

By: Holt

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2014, Section 2355), which relates to tax rates; deleting reference to certain determination by State Board of Equalization; deleting obsolete references; deleting provision for certain modification in tax rate; providing for specified modifications in tax rates over certain time periods and subject to certain conditions; conforming references; repealing Section 5, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2014, Section 2355.1G), which relates to specified tax rate modification by State Board of Equalization; 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 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2014, Section 2355), is amended to read as follows:

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

23 heads of households as defined in the Internal Revenue

24 Code not deducting federal income tax:

- 1 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 2 (2) 1% tax on next \$3,000.00 or part thereof,
- 3 (3) 2% tax on next \$2,500.00 or part thereof,
- 4 (4) 3% tax on next \$2,300.00 or part thereof,
- 5 (5) 4% tax on next \$2,400.00 or part thereof,
- 6 (6) 5% tax on next \$2,800.00 or part thereof,
- 7 (7) 6% tax on next \$6,000.00 or part thereof, and
- 8 (8) (a) for taxable years beginning after December
9 31, 1998, and before January 1, 2002, 6.75%
10 tax on the remainder,
- 11 (b) for taxable years beginning on or after
12 January 1, 2002, and before January 1, 2004,
13 7% tax on the remainder, and
- 14 (c) for taxable years beginning on or after
15 January 1, 2004, 6.65% tax on the remainder.

16 2. METHOD 2.

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

- 19 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 20 (2) 1% tax on next \$1,500.00 or part thereof,
- 21 (3) 2% tax on next \$1,250.00 or part thereof,
- 22 (4) 3% tax on next \$1,150.00 or part thereof,
- 23 (5) 4% tax on next \$1,200.00 or part thereof,
- 24 (6) 5% tax on next \$1,400.00 or part thereof,

- 1 (7) 6% tax on next \$1,500.00 or part thereof,
- 2 (8) 7% tax on next \$1,500.00 or part thereof,
- 3 (9) 8% tax on next \$2,000.00 or part thereof,
- 4 (10) 9% tax on next \$3,500.00 or part thereof, and
- 5 (11) 10% tax on the remainder.

6 b. Married individuals filing jointly and surviving
7 spouse to the extent and in the manner that a
8 surviving spouse is permitted to file a joint return
9 under the provisions of the Internal Revenue Code and
10 heads of households as defined in the Internal Revenue
11 Code deducting federal income tax:

- 12 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 13 (2) 1% tax on the next \$3,000.00 or part thereof,
- 14 (3) 2% tax on the next \$2,500.00 or part thereof,
- 15 (4) 3% tax on the next \$1,400.00 or part thereof,
- 16 (5) 4% tax on the next \$1,500.00 or part thereof,
- 17 (6) 5% tax on the next \$1,600.00 or part thereof,
- 18 (7) 6% tax on the next \$1,250.00 or part thereof,
- 19 (8) 7% tax on the next \$1,750.00 or part thereof,
- 20 (9) 8% tax on the next \$3,000.00 or part thereof,
- 21 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 22 (11) 10% tax on the remainder.

23 B. Individuals. For all taxable years beginning on or after
24 January 1, 2008, and ending any tax year which begins after December

1 31, 2015, ~~for which the determination required pursuant to Sections~~
2 ~~4 and 5 of this act is made by the State Board of Equalization,~~ a
3 tax is hereby imposed upon the Oklahoma taxable income of every
4 resident or nonresident individual, which tax shall be computed as
5 follows:

6 1. Single individuals and married individuals filing
7 separately:

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

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

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

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

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

13 (f) 5% tax on next \$1,500.00 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~~
17 through 2012 tax years, and

18 (h) 5.25% tax on the remainder for the 2009 ~~and subsequent~~
19 ~~tax years. The decrease in the top marginal~~
20 ~~individual income tax rate otherwise authorized by~~
21 ~~this subparagraph shall be contingent upon the~~
22 ~~determination required to be made by the State Board~~
23 ~~of Equalization pursuant to Section 2355.1A of this~~
24 title 2013 through 2015 tax years.

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

- 6 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 7 (b) 1% tax on next \$3,000.00 or part thereof,
- 8 (c) 2% tax on next \$2,500.00 or part thereof,
- 9 (d) 3% tax on next \$2,300.00 or part thereof,
- 10 (e) 4% tax on next \$2,400.00 or part thereof,
- 11 (f) 5% tax on next \$2,800.00 or part thereof,
- 12 (g) 5.50% tax on the remainder for the 2008 ~~tax year and~~
13 ~~any subsequent tax year unless the rate prescribed by~~
14 ~~subparagraph (h) of this paragraph is in effect~~
15 through 2012 tax years, and
- 16 (h) 5.25% tax on the remainder for the ~~2009 and subsequent~~
17 ~~tax years. The decrease in the top marginal~~
18 ~~individual income tax rate otherwise authorized by~~
19 ~~this subparagraph shall be contingent upon the~~
20 ~~determination required to be made by the State Board~~
21 ~~of Equalization pursuant to Section 2355.1A of this~~
22 title 2013 through 2015 tax years.

23 C. Individuals. For all taxable years beginning on or after
24 January 1, 2016, and ~~for which the determination required pursuant~~

1 ~~to Sections 4 and 5 of this act is made by the State Board of~~
2 ~~Equalization~~ ending any tax year which begins after December 31,
3 2025, a tax is hereby imposed upon the Oklahoma taxable income of
4 every resident or nonresident individual, which tax shall be
5 computed as follows:

6 1. Single individuals and married individuals filing
7 separately:

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

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

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

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

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

13 (f) 5% tax on the remainder ~~if the State Board of~~

14 ~~Equalization makes a determination pursuant to Section~~

15 ~~4 of this act or four and eighty-five hundredths~~

16 ~~(4.85%) tax on the remainder if the State Board of~~

17 ~~Equalization makes a determination pursuant to Section~~

18 ~~5 of this act~~ for tax year 2016, and

19 (g) for tax years 2017 through 2025, the tax rate on the

20 remainder for each year shall be modified by

21 subtracting one-tenth of one percent (0.1%) from the

22 percentage tax rate levied during the previous tax

23 year until the tax rate reaches four and one-tenth

24 percent (4.1%).

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

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

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

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

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

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

11 (f) 5% tax on the remainder ~~if the State Board of~~

12 ~~Equalization makes a determination pursuant to Section~~

13 ~~4 of this act or four and eighty-five hundredths~~

14 ~~percent (4.85%) tax on the remainder if the State~~

15 ~~Board of Equalization makes a determination pursuant~~

16 ~~to Section 5 of this act~~ for tax year 2016, and

17 (g) for tax years 2017 through 2025, the tax rate on the

18 remainder for each year shall be modified by

19 subtracting one-tenth of one percent (0.1%) from the

20 percentage tax rate levied during the previous tax

21 year until the tax rate reaches four and one-tenth

22 percent (4.1%).

23 D. Individuals. For all taxable years beginning on or after
24 January 1, 2026, and ending any tax year which begins after December

1 31, 2035, a tax is hereby imposed upon the Oklahoma taxable income
2 of every resident or nonresident individual, which tax shall be
3 computed as follows:

4 1. Single individuals and married individuals filing
5 separately:

- 6 (a) 1/2% tax on first \$1,000.00 or part thereof,
7 (b) 1% tax on next \$1,500.00 or part thereof,
8 (c) 2% tax on next \$1,250.00 or part thereof,
9 (d) 3% tax on next \$1,150.00 or part thereof,
10 (e) 4% tax on the remainder for tax year 2026, and
11 (f) for tax years 2027 through 2035, the tax rate on the
12 remainder for each year shall be modified by
13 subtracting one-tenth of one percent (0.1%) from the
14 percentage tax rate levied during the previous tax
15 year until the tax rate reaches three and one-tenth
16 percent (3.1%).

17 2. Married individuals filing jointly and surviving spouse to
18 the extent and in the manner that a surviving spouse is permitted to
19 file a joint return under the provisions of the Internal Revenue
20 Code and heads of households as defined in the Internal Revenue
21 Code:

- 22 (a) 1/2% tax on first \$2,000.00 or part thereof,
23 (b) 1% tax on next \$3,000.00 or part thereof,
24 (c) 2% tax on next \$2,500.00 or part thereof,

- 1 (d) 3% tax on next \$2,300.00 or part thereof,
2 (e) 4% tax on the remainder for tax year 2026, and
3 (f) for tax years 2027 through 2035, the tax rate on the
4 remainder for each year shall be modified by
5 subtracting one-tenth of one percent (0.1%) from the
6 percentage tax rate levied during the previous tax
7 year until the tax rate reaches three and one-tenth
8 percent (3.1%).

9 E. Individuals. For all taxable years beginning on or after
10 January 1, 2036, a tax is hereby imposed upon the Oklahoma taxable
11 income of every resident or nonresident individual, which tax shall
12 be computed as follows:

13 1. Single individuals and married individuals filing
14 separately:

- 15 (a) 1/2% tax on first \$1,000.00 or part thereof,
16 (b) 1% tax on next \$1,500.00 or part thereof,
17 (c) 2% tax on next \$1,250.00 or part thereof, and
18 (d) 3% tax on the remainder.

19 2. Married individuals filing jointly and surviving spouse to
20 the extent and in the manner that a surviving spouse is permitted to
21 file a joint return under the provisions of the Internal Revenue
22 Code and heads of households as defined in the Internal Revenue
23 Code:

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

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

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

3 (d) 3% tax on the remainder.

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

6 ~~D.~~ F. Nonresident aliens. In lieu of the rates set forth in
7 subsection A above, there shall be imposed on nonresident aliens, as
8 defined in the Internal Revenue Code, a tax of eight percent (8%)
9 instead of thirty percent (30%) as used in the Internal Revenue
10 Code, with respect to the Oklahoma taxable income of such
11 nonresident aliens as determined under the provision of the Oklahoma
12 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 eight percent (8%) 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 31⁷ 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 amount paid
3 subject to taxation, and the total amount deducted and withheld as
4 tax and such other information as the Tax Commission may require.
5 Any payer who fails to withhold or pay to the Tax Commission any
6 sums herein required to be withheld or paid shall be personally and
7 individually liable therefor to the State of Oklahoma.

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

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

17 ~~F.~~ H. Certain foreign corporations. In lieu of the tax imposed
18 in the first paragraph of subsection ~~D~~ F of this section, for all
19 taxable years beginning after December 31, 1989, there shall be
20 imposed on foreign corporations, as defined in the Internal Revenue
21 Code, a tax of six percent (6%) instead of thirty percent (30%) as
22 used in the Internal Revenue Code, where such income is received
23 from sources within Oklahoma, in accordance with the provisions of
24 the Internal Revenue Code and the Oklahoma 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 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~~7~~ 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 ~~G.~~ I. 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 ~~or~~, C, D or E of this section for single
23 individuals. Fiduciaries are not allowed a deduction for any
24 federal income tax paid.

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

15 SECTION 2. REPEALER Section 5, Chapter 195, O.S.L. 2014
16 (68 O.S. Supp. 2014, Section 2355.1G), is hereby repealed.

17 SECTION 3. This act shall become effective January 1, 2016.

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