

1 ENGROSSED SENATE  
2 BILL NO. 1246

By: Bingman, Mazzei and  
Loveless of the Senate

3 and

4 Osborn of the House

5  
6 An Act relating to income tax; amending 68 O.S. 2011,  
7 Section 2355, as amended by Section 2, Chapter 253,  
8 O.S.L. 2013 (68 O.S. Supp. 2013, Section 2355), which  
9 relates to imposition of tax; deleting expiration  
10 date of specified tax rate levy; deleting tax rate  
11 applicable to certain time periods under specified  
12 circumstances; conforming references; amending 68  
13 O.S. 2011, Section 2355, as last amended by Section 1  
14 of this act, which relates to imposition of tax;  
15 providing expiration date for specified tax rate levy  
16 contingent upon specified circumstance; modifying tax  
17 rate applicable to certain amounts of taxable income  
18 during specified time periods; providing for certain  
19 tax levy contingent upon specified determination by  
20 State Board of Equalization; conforming language;  
imposing specified duties on State Board of  
Equalization related to implementation of certain top  
marginal income tax rates for specified time periods;  
prescribing method for specified computations for  
specified time periods; mandating certain action  
based on computations; repealing Section 3, Chapter  
253, O.S.L. 2013 (68 O.S. Supp. 2013, Section  
2355.1E), which relates to implementation of certain  
top marginal income tax rate; and providing for  
codification.

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

22 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as  
23 amended by Section 2, Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2013,  
24 Section 2355), is amended to read as follows:

1       Section 2355. A. Individuals. For all taxable years beginning  
2 after December 31, 1998~~7~~, 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) 1/2% 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 \$1,200.00 or part thereof,
- (6) 5% tax on next \$1,400.00 or part thereof,
- (7) 6% tax on next \$1,500.00 or part thereof,
- (8) 7% tax on next \$1,500.00 or part thereof,
- (9) 8% tax on next \$2,000.00 or part thereof,
- (10) 9% tax on next \$3,500.00 or part thereof, and
- (11) 10% 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 deducting federal income tax:

- (1) 1/2% tax on the first \$2,000.00 or part thereof,
- (2) 1% tax on the next \$3,000.00 or part thereof,
- (3) 2% tax on the next \$2,500.00 or part thereof,
- (4) 3% tax on the next \$1,400.00 or part thereof,
- (5) 4% tax on the next \$1,500.00 or part thereof,
- (6) 5% tax on the next \$1,600.00 or part thereof,
- (7) 6% tax on the next \$1,250.00 or part thereof,

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

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

1. Single individuals and married individuals filing separately:

- (a) 1/2% tax on first \$1,000.00 or part thereof,
- (b) 1% tax on next \$1,500.00 or part thereof,
- (c) 2% tax on next \$1,250.00 or part thereof,
- (d) 3% tax on next \$1,150.00 or part thereof,
- (e) 4% tax on next \$2,300.00 or part thereof,
- (f) 5% tax on next \$1,500.00 or part thereof,
- (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and
- (h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by this subparagraph shall be contingent upon the 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.  
24

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, 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 A, B or C~~ subsections A and B of

1 this section. For purposes of this subsection, the term "ceiling  
2 amount" means, with respect to any taxpayer, the amount determined  
3 by the Tax Commission for the tax rate category in which such  
4 taxpayer 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  
23  
24

- 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,

- (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,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$1,200.00 or part thereof,
- (6) 5% tax on next \$1,400.00 or part thereof,
- (7) 6% tax on next \$1,500.00 or part thereof,
- (8) 7% tax on next \$1,500.00 or part thereof,
- (9) 8% tax on next \$2,000.00 or part thereof,
- (10) 9% tax on next \$3,500.00 or part thereof, and
- (11) 10% 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 deducting federal income tax:

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

B. Individuals. For all taxable years beginning on or after January 1, 2008, and ending any tax year which begins after December 31, 2015, for which the determination required pursuant to Sections 4 and 5 of this act is made by the State Board of Equalization, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

1. Single individuals and married individuals filing separately:

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

- (c) 2% tax on next \$1,250.00 or part thereof,
- (d) 3% tax on next \$1,150.00 or part thereof,
- (e) 4% tax on next \$2,300.00 or part thereof,
- (f) 5% tax on next \$1,500.00 or part thereof,
- (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and
- (h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top 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. 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:

- (a) 1/2% tax on first \$2,000.00 or part thereof,
- (b) 1% tax on next \$3,000.00 or part thereof,
- (c) 2% tax on next \$2,500.00 or part thereof,
- (d) 3% tax on next \$2,300.00 or part thereof,
- (e) 4% tax on next \$2,400.00 or part thereof,



- 1 (f) 5% tax on next \$2,800.00 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 C. Individuals. For all taxable years beginning on or after

13 January 1, 2016, and for which the determination required pursuant

14 to Sections 4 and 5 of this act is made by the State Board of

15 Equalization, 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 the remainder if the State Board of  
2        Equalization makes a determination pursuant to Section  
3        4 of this act or four and eighty-five hundredths  
4        (4.85%) tax on the remainder if the State Board of  
5        Equalization makes a determination pursuant to Section  
6        5 of this act.

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

12       (a) 1/2% tax on first \$2,000.00 or part thereof,  
13       (b) 1% tax on next \$3,000.00 or part thereof,  
14       (c) 2% tax on next \$2,500.00 or part thereof,  
15       (d) 3% tax on next \$2,300.00 or part thereof,  
16       (e) 4% tax on next \$2,400.00 or part thereof,  
17       (f) 5% tax on the remainder if the State Board of  
18       Equalization makes a determination pursuant to Section  
19       4 of this act or four and eighty-five hundredths  
20       percent (4.85%) tax on the remainder if the State  
21       Board of Equalization makes a determination pursuant  
22       to Section 5 of this act.

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

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

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

1 sums herein required to be withheld or paid shall be personally and  
2 individually liable therefor to the State of Oklahoma.

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

8 There shall be no additional Oklahoma income tax imposed on  
9 accumulated taxable income or on undistributed personal holding  
10 company income as those terms are defined in the Internal Revenue  
11 Code.

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

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

20 ~~G.~~ H. Tax rate tables. For all taxable years beginning after  
21 December 31, 1991, in lieu of the tax imposed by subsection A ~~or~~, B  
22 or C of this section, as applicable there is hereby imposed for each  
23 taxable year on the taxable income of every individual, whose  
24 taxable income for such taxable year does not exceed the ceiling

1 amount, a tax determined under tables, applicable to such taxable  
2 year which shall be prescribed by the Tax Commission and which shall  
3 be in such form as it determines appropriate. In the table so  
4 prescribed, the amounts of the tax shall be computed on the basis of  
5 the rates prescribed by ~~subsections~~ subsection A and, B or C of this  
6 section. For purposes of this subsection, the term "ceiling amount"  
7 means, with respect to any taxpayer, the amount determined by the  
8 Tax Commission for the tax rate category in which such taxpayer  
9 falls.

10 SECTION 3. REPEALER Section 3, Chapter 253, O.S.L. 2013  
11 (68 O.S. Supp. 2013, Section 2355.1E), is hereby repealed.

12 SECTION 4. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 2355.1F of Title 68, unless  
14 there is created a duplication in numbering, reads as follows:

15 A. The provisions of this section shall be applicable with  
16 respect to the implementation of the five percent (5%) top marginal  
17 rate of individual income tax otherwise authorized pursuant to the  
18 provisions of subparagraph (f) of paragraphs 1 and 2 of subsection C  
19 of Section 2355 of Title 68 of the Oklahoma Statutes, which shall be  
20 contingent upon a determination by the State Board of Equalization  
21 made by a comparison described by this section which shall be  
22 conducted until the income tax rate of five percent (5%) is  
23 effective.  
24

1       B. In addition to any other duties prescribed by law, at the  
2 meeting required by paragraph 1 of Section 23 of Article X of the  
3 Oklahoma Constitution to be held in December 2014, and for any  
4 subsequent December meeting of the State Board of Equalization, if  
5 the five percent (5%) top marginal income tax rate prescribed by  
6 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
7 2355 of Title 68 of the Oklahoma Statutes has not become effective,  
8 the State Board of Equalization shall compare:

9       1. The total General Revenue Fund proposed estimate for fiscal  
10 year 2014 which was certified at the State Board of Equalization  
11 meeting held in February 2013; and

12       2. The total General Revenue Fund proposed estimate for fiscal  
13 year 2016, or if the five percent (5%) top marginal income tax rate  
14 prescribed by subparagraph (f) of paragraphs 1 and 2 of subsection C  
15 of Section 2355 of Title 68 of the Oklahoma Statutes has not become  
16 effective, the fiscal year for which the Board is certifying a  
17 proposed estimate.

18       If the amount determined pursuant to the provisions of paragraph  
19 2 of this subsection is equal to or greater than the amount  
20 determined pursuant to the provisions of paragraph 1 of this  
21 subsection, the Board shall make a finding that the revenue  
22 computations required by this section will authorize the  
23 implementation of the five percent (5%) top marginal income tax rate  
24 prescribed by subparagraph (f) of paragraphs 1 and 2 of subsection C

1 of Section 2355 of Title 68 of the Oklahoma Statutes beginning on  
2 the second January 1 following the December meeting.

3 If the amount determined pursuant to the provisions of paragraph  
4 2 of this subsection is less than the amount determined pursuant to  
5 the provisions of paragraph 1 of this subsection, the Board shall  
6 make a finding that the revenue computations required by this  
7 section will not authorize the implementation of the five percent  
8 (5%) top marginal income tax rate prescribed by subparagraph (f) of  
9 paragraphs 1 and 2 of subsection C of Section 2355 of Title 68 of  
10 the Oklahoma Statutes beginning on the second January 1 following  
11 the December meeting.

12 C. If the Board makes a finding that the revenue computations  
13 required by this section do not authorize the implementation of the  
14 5% top marginal income tax rate prescribed by of subparagraph (f) of  
15 paragraphs 1 and 2 of subsection C of Section 2355 of Title 68 of  
16 the Oklahoma Statutes beginning with calendar year 2016 pursuant to  
17 the provisions of subsection B of this section, such procedures  
18 shall be repeated by the State Board of Equalization for each  
19 successive two-year comparison until the rate is implemented.

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

23 A. The provisions of this section shall be applicable with  
24 respect to the implementation of the four and eighty-five hundredths



1 percent (4.85%) top marginal rate of individual income tax otherwise  
2 authorized pursuant to the provisions of subparagraph (f) of  
3 paragraphs 1 and 2 of subsection C of Section 2355 of Title 68 of  
4 the Oklahoma Statutes, which shall be contingent upon a  
5 determination by the State Board of Equalization made by a  
6 comparison of the revenue computations described by this section  
7 which shall be conducted until the income tax rate of four and  
8 eighty-five hundredths percent (4.85%) is effective.

9 B. In addition to any other duties prescribed by law, at the  
10 meeting required by paragraph 1 of Section 23 of Article X of the  
11 Oklahoma Constitution to be held in December of the year in which  
12 the five percent (5%) top marginal income tax rate prescribed by  
13 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
14 2355 of Title 68 of the Oklahoma Statutes becomes effective, and for  
15 any subsequent December meeting of the State Board of Equalization,  
16 if the four and eighty-five hundredths percent (4.85%) top marginal  
17 income tax rate prescribed by subparagraph (f) of paragraphs 1 and 2  
18 of subsection C of Section 2355 of Title 68 of the Oklahoma Statutes  
19 has not become effective, the State Board of Equalization shall  
20 determine:

21 1. The amount of estimated revenue growth in the General  
22 Revenue Fund of the State Treasury for the fiscal year beginning on  
23 the next ensuing July 1; and  
24

1        2. The amount by which the income tax revenue for the tax year  
2 which will begin on the second January 1 following such December  
3 meeting is estimated to be reduced by a fifteen hundredths percent  
4 (0.15%) decrease in the top marginal income tax rate, in order for a  
5 top marginal income tax rate of four and eighty-five hundredths  
6 percent (4.85%) to be effective.

7        If the amount determined pursuant to the provisions of paragraph  
8 1 of this subsection is equal to or greater than the amount  
9 determined pursuant to the provisions of paragraph 2 of this  
10 subsection, the Board shall make a preliminary finding that the  
11 Board anticipates that a finding will be made at the February  
12 meeting immediately subsequent to the December meeting that the  
13 revenue computations required by this section will authorize the  
14 implementation of the four and eighty-five hundredths percent  
15 (4.85%) top marginal rate pursuant to subparagraph (f) of paragraphs  
16 1 and 2 of subsection C of Section 2355 of Title 68 of the Oklahoma  
17 Statutes beginning on the second January 1 following the December  
18 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 four and  
2 eighty-five hundredths percent (4.85%) top marginal income tax rate  
3 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
4 2355 of Title 68 of the Oklahoma Statutes beginning on the second  
5 January 1 following the December meeting.

6 C. In addition to any other duties prescribed by law, at the  
7 meeting required by paragraph 3 of Section 23 of Article X of the  
8 Oklahoma Constitution to be held in February following the year in  
9 which the five percent (5%) top marginal income tax rate prescribed  
10 by subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
11 2355 of Title 68 of the Oklahoma Statutes becomes effective, and for  
12 any subsequent February meeting of the State Board of Equalization,  
13 if the four and eighty-five hundredths percent (4.85%) top marginal  
14 income tax rate prescribed by subparagraph (f) of paragraphs 1 and 2  
15 of subsection C of Section 2355 of Title 68 of the Oklahoma Statutes  
16 has not become effective, the State Board of Equalization shall  
17 determine:

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

21 2. The amount by which the income tax revenue for the tax year  
22 which will begin on the January 1 immediately following the February  
23 meeting is estimated to be reduced by a fifteen hundredths percent  
24 (.15%) decrease in the top marginal income tax rate, in order for a

1 top marginal income tax rate of four and eighty-five hundredths  
2 percent (4.85%) to be effective.

3 If the amount determined pursuant to the provisions of paragraph  
4 1 of this subsection is equal to or greater than the amount  
5 determined pursuant to the provisions of paragraph 2 of this  
6 subsection, the Board shall make a finding that the revenue  
7 computations required by this section will authorize the  
8 implementation of the four and eighty-five hundredths percent  
9 (4.85%) top marginal income tax rate pursuant to subparagraph (f) of  
10 paragraphs 1 and 2 of subsection C of Section 2355 of Title 68 of  
11 the Oklahoma Statutes beginning on the January 1 immediately  
12 following the February meeting.

13 If the amount determined pursuant to the provisions of paragraph  
14 1 of this subsection is less than the amount determined pursuant to  
15 the provisions of paragraph 2 of this subsection, the Board shall  
16 make a finding that the revenue computations required by this  
17 section do not authorize the implementation of the four and eighty-  
18 five hundredths percent (4.85%) top marginal income tax rate  
19 pursuant to subparagraph (f) of paragraphs 1 and 2 of subsection C  
20 of Section 2355 of Title 68 of the Oklahoma Statutes beginning with  
21 the January 1 immediately following the February meeting.

22 D. If the Board makes a finding that the revenue computations  
23 required by this section do not authorize the implementation of the  
24 four and eighty-five hundredths percent (4.85%) top marginal income

1 tax rate pursuant to subparagraph (f) of paragraphs 1 and 2 of  
2 subsection C of Section 2355 of Title 68 of the Oklahoma Statutes  
3 beginning with calendar year 2018 pursuant to the provisions of  
4 subsection C of this section, the procedures prescribed by  
5 subsection A, subsection B, and subsection C of this section shall  
6 be repeated by the State Board of Equalization for each successive  
7 two-year comparison. Once the four and eighty-five hundredths  
8 percent (4.85%) top marginal income tax rate otherwise authorized  
9 pursuant to subparagraph (f) of paragraphs 1 and 2 of subsection C  
10 of Section 2355 of Title 68 of the Oklahoma Statutes has been  
11 implemented, such income tax rate shall be in effect for all  
12 subsequent tax years.

13 Passed the Senate the 27th day of February, 2014.

14

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\_\_\_\_\_  
Presiding Officer of the Senate

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17 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
18 2014.

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\_\_\_\_\_  
Presiding Officer of the House  
of Representatives

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