

STATE OF OKLAHOMA

1st Extraordinary Session of the 56th Legislature (2017)

HOUSE BILL 1016

By: Inman

AS INTRODUCED

An Act relating to revenue and taxation; ordering a legislative referendum pursuant to the Oklahoma Constitution; amending 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2017, Section 2355), which relates to classes of taxpayers and tax rates; modifying tax rates for certain tax years; increasing the number of rates applicable to certain classes of taxpayers; clarifying language; providing ballot title; and directing filing.

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

SECTION 1. Pursuant to Section 3 of Article V of the Oklahoma Constitution, there is hereby ordered the following legislative referendum which shall be filed with the Secretary of State and addressed to the Governor of the state, who shall submit the same to the people for their approval or rejection at the next General Election.

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2017, 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.

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 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-; or

2. METHOD 2.

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

- 3 (1) 1/2% tax on first \$1,000.00 or part thereof,
4 (2) 1% tax on next \$1,500.00 or part thereof,
5 (3) 2% tax on next \$1,250.00 or part thereof,
6 (4) 3% tax on next \$1,150.00 or part thereof,
7 (5) 4% tax on next \$1,200.00 or part thereof,
8 (6) 5% tax on next \$1,400.00 or part thereof,
9 (7) 6% tax on next \$1,500.00 or part thereof,
10 (8) 7% tax on next \$1,500.00 or part thereof,
11 (9) 8% tax on next \$2,000.00 or part thereof,
12 (10) 9% tax on next \$3,500.00 or part thereof, and
13 (11) 10% tax on the remainder.

14 b. Married individuals filing jointly and surviving
15 spouse to the extent and in the manner that a
16 surviving spouse is permitted to file a joint return
17 under the provisions of the Internal Revenue Code and
18 heads of households as defined in the Internal Revenue
19 Code deducting federal income tax:

- 20 (1) 1/2% tax on the first \$2,000.00 or part thereof,
21 (2) 1% tax on the next \$3,000.00 or part thereof,
22 (3) 2% tax on the next \$2,500.00 or part thereof,
23 (4) 3% tax on the next \$1,400.00 or part thereof,
24 (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~~ Section 2355.1F of this act ~~act~~ title 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)~~ a. 1/2% tax on first \$1,000.00 or part thereof,
- ~~(b)~~ b. 1% tax on next \$1,500.00 or part thereof,
- ~~(c)~~ c. 2% tax on next \$1,250.00 or part thereof,
- ~~(d)~~ d. 3% tax on next \$1,150.00 or part thereof,
- ~~(e)~~ e. 4% tax on next \$2,300.00 or part thereof,
- ~~(f)~~ f. 5% tax on next \$1,500.00 or part thereof,
- ~~(g)~~ g. 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph ~~(h)~~ h of this paragraph is in effect, and

~~(h)~~ 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-; and

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

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

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

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

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

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

~~(g)~~ 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)~~ 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

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

5 C. Individuals.

6 1. For all taxable years beginning on or after January 1, 2016,
7 ~~and for which the determination required pursuant to Sections 4 and~~
8 ~~5 of this act is made by the State Board of Equalization before~~
9 January 1, 2019, a tax is hereby imposed upon the Oklahoma taxable
10 income of every resident or nonresident individual, which tax shall
11 be computed as follows:

12 ~~1. Single~~

13 a. single individuals and married individuals filing
14 separately:

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

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

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

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

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

20 ~~(f)~~ (6) 5% tax on the remainder ~~if the State Board of~~
21 ~~Equalization makes a determination pursuant to~~
22 ~~Section 4 of this act or four and eighty-five~~
23 ~~hundredths (4.85%) tax on the remainder if the~~
24

~~State Board of Equalization makes a determination pursuant to Section 5 of this act., and~~

~~2. Married~~

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:

- ~~(a)~~ (1) 1/2% tax on first \$2,000.00 or part thereof,
- ~~(b)~~ (2) 1% tax on next \$3,000.00 or part thereof,
- ~~(c)~~ (3) 2% tax on next \$2,500.00 or part thereof,
- ~~(d)~~ (4) 3% tax on next \$2,300.00 or part thereof,
- ~~(e)~~ (5) 4% tax on next \$2,400.00 or part thereof, and
- ~~(f)~~ (6) 5% tax on the remainder ~~if the State Board of Equalization makes a determination pursuant to Section 4 of this act or four and eighty-five hundredths percent (4.85%) tax on the remainder if the State Board of Equalization makes a determination pursuant to Section 5 of this act.~~

2. For all taxable years beginning on or after January 1, 2019,
a tax is hereby imposed upon the Oklahoma taxable income of every
resident or nonresident individual, which tax shall be computed as
follows:

1 a. single individuals and married individuals filing
2 separately:

- 3 (1) 1/2% tax on first \$1,000.00 or part thereof,
4 (2) 1% tax on next \$1,500.00 or part thereof,
5 (3) 2% tax on next \$1,250.00 or part thereof,
6 (4) 3% tax on next \$1,150.00 or part thereof,
7 (5) 4% tax on next \$2,300.00 or part thereof,
8 (6) 5% tax on next \$92,800.00 or part thereof,
9 (7) 6% tax on next \$100,000.00 or part thereof, and
10 (8) 7% tax on the remainder, and

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

- 17 (1) 1/2% tax on first \$2,000.00 or part thereof,
18 (2) 1% tax on next \$3,000.00 or part thereof,
19 (3) 2% tax on next \$2,500.00 or part thereof,
20 (4) 3% tax on next \$2,300.00 or part thereof,
21 (5) 4% tax on next \$2,400.00 or part thereof,
22 (6) 5% tax on next \$187,800.00 or part thereof,
23 (7) 6% tax on next \$200,000.00 or part thereof, and
24 (8) 7% tax on the remainder.

1 3. No deduction for federal income taxes paid shall be allowed
2 to any taxpayer to arrive at taxable income.

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

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

1 tax and such other information as the Tax Commission may require.

2 Any payer who fails to withhold or pay to the Tax Commission any
3 sums herein required to be withheld or paid shall be personally and
4 individually liable therefor to the State of Oklahoma.

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

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

14 F. Certain foreign corporations. In lieu of the tax imposed in
15 the first paragraph of subsection D of this section, for all taxable
16 years beginning after December 31, 1989, there shall be imposed on
17 foreign corporations, as defined in the Internal Revenue Code, a tax
18 of six percent (6%) instead of thirty percent (30%) as used in the
19 Internal Revenue Code, where such income is received from sources
20 within Oklahoma, in accordance with the provisions of the Internal
21 Revenue Code and the Oklahoma Income Tax Act.

22 Every payer of amounts covered by this subsection shall deduct
23 and withhold from such amounts paid each payee an amount equal to
24 six percent (6%) thereof. Every payer required to deduct and

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

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

22 H. Tax rate tables. For all taxable years beginning after
23 December 31, 1991, in lieu of the tax imposed by subsection A, B or
24 C of this section, as applicable there is hereby imposed for each

1 taxable year on the taxable income of every individual, whose
2 taxable income for such taxable year does not exceed the ceiling
3 amount, a tax determined under tables, applicable to such taxable
4 year which shall be prescribed by the Tax Commission and which shall
5 be in such form as it determines appropriate. In the table so
6 prescribed, the amounts of the tax shall be computed on the basis of
7 the rates prescribed by subsection A, B or C of this section. For
8 purposes of this subsection, the term "ceiling amount" means, with
9 respect to any taxpayer, the amount determined by the Tax Commission
10 for the tax rate category in which such taxpayer falls.

11 SECTION 3. The Ballot Title for the proposed act shall be in
12 the following form:

13 BALLOT TITLE

14 Legislative Referendum No. _____ State Question No. _____

15 THE GIST OF THE PROPOSITION IS AS FOLLOWS:

16 The measure creates new income tax brackets of 6% and 7%. For
17 single individuals and married individuals filing separately the
18 6% rate will apply to taxable income greater than \$100,000 and
19 less than or equal to \$200,000; the 7% rate will apply to
20 taxable income greater than \$200,000. For married individuals
21 and surviving spouses filing a joint return the 6% rate will
22 apply to taxable income greater than \$200,000 and less than or
23 equal to \$400,000; the 7% rate will apply to taxable income
24 greater than \$400,000.

1 SHALL THE PROPOSAL BE APPROVED?

2 FOR THE PROPOSAL — YES _____

3 AGAINST THE PROPOSAL — NO _____

4 SECTION 4. The Chief Clerk of the House of Representatives,
5 immediately after the passage of this act, shall prepare and file
6 one copy thereof, including the Ballot Title set forth in SECTION 3
7 hereof, with the Secretary of State and one copy with the Attorney
8 General.

9
10 56-1EX-50021 JM 09/24/17