

STATE OF OKLAHOMA

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

HOUSE BILL 1017

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.

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~~ Section 2355.1F of this 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) 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)~~ 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,
- (f) 5% tax on next \$2,800.00 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 C. Individuals.

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

10 ~~1. Single~~

11 a. single individuals and married individuals filing
12 separately:

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

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

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

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

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

18 ~~(f)~~ (6) 5% tax on the remainder ~~if the State Board of~~
19 ~~Equalization makes a determination pursuant to~~

20 ~~Section 4 of this act or four and eighty-five~~

21 ~~hundredths (4.85%) tax on the remainder if the~~

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

24 ~~2. Married~~

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:

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

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

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

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

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

12 ~~(f)~~ (6) 5% tax on the remainder ~~if the State Board of~~
13 ~~Equalization makes a determination pursuant to~~
14 ~~Section 4 of this act or four and eighty-five~~
15 ~~hundredths percent (4.85%) tax on the remainder~~
16 ~~if the State Board of Equalization makes a~~
17 ~~determination pursuant to Section 5 of this act.~~

18 2. For all taxable years beginning on or after January 1, 2019,

19 a tax is hereby imposed upon the Oklahoma taxable income of every
20 resident or nonresident individual, which tax shall be computed as
21 follows:

22 a. single individuals and married individuals filing
23 separately:

24 (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,
- (6) 5% tax on next \$72,800.00 or part thereof,
- (7) 5.5% tax on next \$120,000.00 or part thereof, and
- (8) 6% tax on the remainder, and

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,
- (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 \$147,800.00 or part thereof,
- (7) 5.5% tax on next \$240,000.00 or part thereof, and
- (8) 6% tax on the remainder.

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

1 D. Nonresident aliens. In lieu of the rates set forth in
2 subsection A ~~above~~ of this section, there shall be imposed on
3 nonresident aliens, as defined in the Internal Revenue Code, a tax
4 of eight percent (8%) instead of thirty percent (30%) as used in the
5 Internal Revenue Code, with respect to the Oklahoma taxable income
6 of such nonresident aliens as determined under the provision of the
7 Oklahoma 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 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 F. Certain foreign corporations. In lieu of the tax imposed in
13 the first paragraph of subsection D of this section, for all taxable
14 years beginning after December 31, 1989, there shall be imposed on
15 foreign corporations, as defined in the Internal Revenue Code, a tax
16 of six percent (6%) instead of thirty percent (30%) as used in the
17 Internal Revenue Code, where such income is received from sources
18 within Oklahoma, in accordance with the provisions of the Internal
19 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 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 H. Tax rate tables. For all taxable years beginning after
21 December 31, 1991, in lieu of the tax imposed by subsection A, B or
22 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 subsection A, B or C of this section. For
6 purposes of this subsection, the term "ceiling amount" means, with
7 respect to any taxpayer, the amount determined by the Tax Commission
8 for the tax rate category in which such taxpayer falls.

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

11 BALLOT TITLE

12 Legislative Referendum No. _____ State Question No. _____

13 THE GIST OF THE PROPOSITION IS AS FOLLOWS:

14 The measure creates new income tax brackets of 5.5% and 6%. For
15 single individuals and married individuals filing separately the
16 5.5% rate will apply to taxable income greater than \$80,000 and
17 less than or equal to \$200,000; the 6% rate will apply to
18 taxable income greater than \$200,000. For married individuals
19 and surviving spouses filing a joint return the 5.5% rate will
20 apply to taxable income greater than \$160,000 and less than or
21 equal to \$400,000; the 6% rate will apply to taxable income
22 greater than \$400,000.

23 SHALL THE PROPOSAL BE APPROVED?

24 FOR THE PROPOSAL — YES _____

1 AGAINST THE PROPOSAL — NO _____

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

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8 56-1EX-50020 JM 09/24/17
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