

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 SENATE BILL NO. 1155

By: Bergstrom

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5  
6 AS INTRODUCED

7 An Act relating to income tax; amending 68 O.S. 2011,  
8 Section 2355, as last amended by Section 2, Chapter  
9 195, O.S.L. 2014 (68 O.S. Supp. 2019, Section 2355),  
10 which relates to computation of income tax; updating  
11 references and deleting obsolete language; modifying  
12 dollar amount of specified bracket for certain tax  
13 years; updating statutory references; and providing  
14 an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as  
17 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.  
18 2019, Section 2355), is amended to read as follows:

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

24 1. METHOD 1.

- 25 a. Single individuals and married individuals filing  
26 separately not deducting federal income tax:

- 1 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 2 (2) 1% tax on next \$1,500.00 or part thereof,
- 3 (3) 2% tax on next \$1,250.00 or part thereof,
- 4 (4) 3% tax on next \$1,150.00 or part thereof,
- 5 (5) 4% tax on next \$1,300.00 or part thereof,
- 6 (6) 5% tax on next \$1,500.00 or part thereof,
- 7 (7) 6% tax on next \$2,300.00 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 b. Married individuals filing jointly and surviving  
17 spouse to the extent and in the manner that a  
18 surviving spouse is permitted to file a joint return  
19 under the provisions of the Internal Revenue Code and  
20 heads of households as defined in the Internal Revenue  
21 Code not deducting federal income tax:

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

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

13 2. METHOD 2.

- 14 a. Single individuals and married individuals filing  
15 separately 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 \$1,200.00 or part thereof,  
21 (6) 5% tax on next \$1,400.00 or part thereof,  
22 (7) 6% tax on next \$1,500.00 or part thereof,  
23 (8) 7% tax on next \$1,500.00 or part thereof,  
24 (9) 8% tax on next \$2,000.00 or part thereof,  
25

1 (10) 9% tax on next \$3,500.00 or part thereof, and

2 (11) 10% tax on the remainder.

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

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

10 (2) 1% tax on the next \$3,000.00 or part thereof,

11 (3) 2% tax on the next \$2,500.00 or part thereof,

12 (4) 3% tax on the next \$1,400.00 or part thereof,

13 (5) 4% tax on the next \$1,500.00 or part thereof,

14 (6) 5% tax on the next \$1,600.00 or part thereof,

15 (7) 6% tax on the next \$1,250.00 or part thereof,

16 (8) 7% tax on the next \$1,750.00 or part thereof,

17 (9) 8% tax on the next \$3,000.00 or part thereof,

18 (10) 9% tax on the next \$6,000.00 or part thereof, and

19 (11) 10% tax on the remainder.

20 B. Individuals. For all taxable years beginning on or after  
21 January 1, 2008, and ending any tax year which begins after December  
22 31, 2015, for which the determination required pursuant to ~~Sections~~  
23 ~~4 and 5~~ Section 2355.1F of this ~~act~~ title is made by the State Board  
24 of Equalization, a tax is hereby imposed upon the Oklahoma taxable

1 income of every resident or nonresident individual, which tax shall  
2 be computed as follows:

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

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

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

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

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

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

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

11 (g) 5.50% tax on the remainder for the 2008 tax year and

12 any subsequent tax year unless the rate prescribed by  
13 subparagraph (h) of this paragraph is in effect, and

14 (h) 5.25% tax on the remainder for the 2009 and subsequent

15 tax years. The decrease in the top marginal

16 individual income tax rate otherwise authorized by

17 this subparagraph shall be contingent upon the

18 determination required to be made by the State Board

19 of Equalization pursuant to Section 2355.1A of this

20 title.

21 2. Married individuals filing jointly and surviving spouse to  
22 the extent and in the manner that a surviving spouse is permitted to  
23 file a joint return under the provisions of the Internal Revenue  
24

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 next \$2,800.00 or part thereof,
- 9 (g) 5.50% tax on the remainder for the 2008 tax year and  
10 any subsequent tax year unless the rate prescribed by  
11 subparagraph (h) of this paragraph is in effect, and
- 12 (h) 5.25% tax on the remainder for the 2009 and subsequent  
13 tax years. The decrease in the top marginal  
14 individual income tax rate otherwise authorized by  
15 this subparagraph shall be contingent upon the  
16 determination required to be made by the State Board  
17 of Equalization pursuant to Section 2355.1A of this  
18 title.

19 C. Individuals. For all taxable years beginning on or after  
20 January 1, 2016, except as otherwise provided in subparagraph e of  
21 paragraph 2 of this subsection, and for which the determination  
22 required pursuant to ~~Sections 4 and 5~~ Section 2355.1F of this ~~act~~  
23 title is made by the State Board of Equalization, a tax is hereby  
24

1 imposed upon the Oklahoma taxable income of every resident or  
2 nonresident individual, which tax shall be computed as follows:

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

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

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

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

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

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

10 (f) 5% tax on the remainder if the State Board of  
11 Equalization makes a determination pursuant to Section  
12 ~~4 2355.1F of this act or four and eighty-five~~  
13 ~~hundredths (4.85%) tax on the remainder if the State~~  
14 ~~Board of Equalization makes a determination pursuant~~  
15 ~~to Section 5 of this act title.~~

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

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

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

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

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

1 (e) 4% tax on next \$2,400.00 or part thereof for taxable  
2 years ending on or before December 31, 2020, and  
3 \$4,600.00 for taxable years beginning on and after  
4 January 1, 2021,

5 (f) 5% tax on the remainder if the State Board of  
6 Equalization makes a determination pursuant to Section  
7 4 2355.1F of this act ~~or four and eighty-five~~  
8 ~~hundredths percent (4.85%) tax on the remainder if the~~  
9 ~~State Board of Equalization makes a determination~~  
10 ~~pursuant to Section 5 of this act~~ title.

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

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

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

20 There shall be no additional Oklahoma income tax imposed on  
21 accumulated taxable income or on undistributed personal holding  
22 company income as those terms are defined in the Internal Revenue  
23 Code.

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

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

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

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

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

22 SECTION 2. This act shall become effective November 1, 2020.  
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