

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

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CORRECTED

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

HB2960

By: McCall et al of the House

Thompson et al of the Senate

Title: Appropriations and budget; Budget Coordination Act of 2021;
effective date.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



Chr.
Representative Kevin Wallace

YEAS: 25

Baker, Boatman, Dills, Echols, Fetgatter, Ford, Hilbert, Hill, Kannady, Lepak, McBride, McDugle, McEntire, Miller, Mize, Newton, Osburn, Pfeiffer, Roberts (D), Russ, Sterling, Strom, Wallace, West (J), West (T)

NAYS: 7

Bennett, Blancett, Goodwin, Munson, Nichols, Virgin, Walke

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT**

May 17, 2021

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 2960

By: McCall of the House and Thompson of the Senate

Title: Appropriations and budget; Budget Coordination Act of 2021; effective date.

Recommendation: **DO PASS AS AMENDED**

Aye: Dugger, Haste, Jech, Montgomery, Newhouse, Pederson, Pemberton, Rader, Rosino, Simpson, Weaver, Hall, Thompson

Nay: Brooks, Dossett (J.J.), Floyd, Kirt

Constitutional Privilege:

Senator Roger Thompson, Chair

Committee Substitute, motion by Senator THOMPSON - Adopted (Request No: 8309)

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2960

By: McCall, Wallace and Hilbert
of the House

and

Treat, Thompson and Hall of
the Senate

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2020, Section 2355), which relates to income taxation; modifying income tax rate for corporations; 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. 2020, 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. METHOD 1.

a. Single individuals and married individuals filing separately not 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 \$1,300.00 or part thereof,

(6) 5% tax on next \$1,500.00 or part thereof,

(7) 6% tax on next \$2,300.00 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.

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

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

22 C. Individuals. For all taxable years beginning on or after
23 January 1, 2016, and for which the determination required pursuant
24 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 the remainder if the State Board of

Equalization makes a determination pursuant to Section 4 of this act or four and eighty-five hundredths

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

Equalization makes a determination pursuant to Section 5 of this act.

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,

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

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

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

18 Every payer of amounts covered by this subsection shall deduct
19 and withhold from such amounts paid each payee an amount equal to
20 eight percent (8%) thereof. Every payer required to deduct and
21 withhold taxes under this subsection shall for each quarterly period
22 on or before the last day of the month following the close of each
23 such quarterly period, pay over the amount so withheld as taxes to
24 the Tax Commission, and shall file a return with each such payment.

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

13 E. Corporations. For all taxable years beginning after
14 December 31, ~~1989~~ 2021, a tax is hereby imposed upon the Oklahoma
15 taxable income of every corporation doing business within this state
16 or deriving income from sources within this state in an amount equal
17 to ~~six percent (6%)~~ four percent (4%) thereof.

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

22 F. Certain foreign corporations. In lieu of the tax imposed in
23 the first paragraph of subsection D of this section, for all taxable
24 years beginning after December 31, ~~1989~~ 2021, there shall be imposed

1 on foreign corporations, as defined in the Internal Revenue Code, a
2 tax of ~~six percent (6%)~~ four percent (4%) instead of thirty percent
3 (30%) as used in the Internal Revenue Code, where such income is
4 received from sources within Oklahoma, in accordance with the
5 provisions of the Internal Revenue Code and the Oklahoma Income Tax
6 Act.

7 Every payer of amounts covered by this subsection shall deduct
8 and withhold from such amounts paid each payee an amount equal to
9 ~~six percent (6%)~~ four percent (4%) thereof. Every payer required to
10 deduct and withhold taxes under this subsection shall for each
11 quarterly period on or before the last day of the month following
12 the close of each such quarterly period, pay over the amount so
13 withheld as taxes to the Tax Commission, and shall file a return
14 with each such payment. Such return shall be in such form as the
15 Tax Commission shall prescribe. Every payer required under this
16 subsection to deduct and withhold a tax from a payee shall, as to
17 the total amounts paid to each payee during the calendar year,
18 furnish to such payee, on or before January 31, of the succeeding
19 year, a written statement showing the name of the payer, the name of
20 the payee and the payee's social security account number, if any,
21 the total amounts paid subject to taxation, the total amount
22 deducted and withheld as tax and such other information as the Tax
23 Commission may require. Any payer who fails to withhold or pay to
24 the Tax Commission any sums herein required to be withheld or paid

1 shall be personally and individually liable therefor to the State of
2 Oklahoma.

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

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

21 SECTION 2. This act shall become effective January 1, 2022.

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23 58-1-8340 JM 05/17/21

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