

FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB4358 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Jeff Boatman

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 FLOOR SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 4358

By: Boatman and Hill of the
House

6 and

7 Quinn of the Senate

8
9 FLOOR SUBSTITUTE

10 An Act relating to revenue and taxation; amending 68
11 O.S. 2021, Sections 2355, 2355.1P-4, 2370, and 2805,
12 which relate to modification of the corporate income
13 tax rate; modifying rate of corporate income tax;
14 specifying tax rate by tax year; providing for
15 imposition of income tax rate based upon certain
16 corporate characteristics; prohibiting acquisition of
17 tax credits on or after effective date; providing for
18 inapplicability of certain provisions to public
19 service corporations; providing for income tax rate
20 after utilization of tax credits; modifying
21 provisions related to tax levied upon certain pass-
22 through entities; providing for termination of tax
23 levied on certain pass-through entities; providing
24 for filing of required returns by pass-through
entities and other entities; modifying rate of tax
imposed on certain financial institutions in lieu of
income tax; specifying rate of tax by year; providing
for payment of fee in lieu of personal property tax
beginning on or after specified date; providing for
apportionment of revenue to the State Public Common
School Building Equalization Fund; and providing an
effective date.

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

1 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, is
2 amended to read as follows:

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

8 1. METHOD 1.

9 a. Single individuals and married individuals filing
10 separately not deducting federal income tax:

11 (1) 1/2% tax on first \$1,000.00 or part thereof,

12 (2) 1% tax on next \$1,500.00 or part thereof,

13 (3) 2% tax on next \$1,250.00 or part thereof,

14 (4) 3% tax on next \$1,150.00 or part thereof,

15 (5) 4% tax on next \$1,300.00 or part thereof,

16 (6) 5% tax on next \$1,500.00 or part thereof,

17 (7) 6% tax on next \$2,300.00 or part thereof, and

18 (8) (a) for taxable years beginning after December
19 31, 1998, and before January 1, 2002, 6.75%
20 tax on the remainder,

21 (b) for taxable years beginning on or after
22 January 1, 2002, and before January 1, 2004,
23 7% tax on the remainder, and
24

1 (c) for taxable years beginning on or after
2 January 1, 2004, 6.65% 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 not deducting federal income tax:

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

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

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

12 (4) 3% tax on next \$2,300.00 or part thereof,

13 (5) 4% tax on next \$2,400.00 or part thereof,

14 (6) 5% tax on next \$2,800.00 or part thereof,

15 (7) 6% tax on next \$6,000.00 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 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,

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

7 B. Individuals. For all taxable years beginning on or after
8 January 1, 2008, and ending any tax year which begins after December
9 31, 2015, for which the determination required pursuant to Sections
10 4 and 5 of this act is made by the State Board of Equalization, a
11 tax is hereby imposed upon the Oklahoma taxable income of every
12 resident or nonresident individual, which tax shall be computed as
13 follows:

14 1. Single individuals and married individuals filing
15 separately:

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

1 (h) 5.25% tax on the remainder for the 2009 and subsequent
2 tax years. The decrease in the top marginal
3 individual income tax rate otherwise authorized by
4 this subparagraph shall be contingent upon the
5 determination required to be made by the State Board
6 of Equalization pursuant to Section 2355.1A of this
7 title.

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

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

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

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

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

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

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

19 (g) 5.50% tax on the remainder for the 2008 tax year and
20 any subsequent tax year unless the rate prescribed by
21 subparagraph (h) of this paragraph is in effect, and

22 (h) 5.25% tax on the remainder for the 2009 and subsequent
23 tax years. The decrease in the top marginal
24 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. For all taxable years beginning on or after
6 January 1, 2016, and for which the determination required pursuant
7 to Sections 4 and 5 of this act is made by the State Board of
8 Equalization, a tax is hereby imposed upon the Oklahoma taxable
9 income of every resident or nonresident individual, which tax shall
10 be computed as follows:

11 1. Single individuals and married individuals filing
12 separately:

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

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

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

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

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

18 (f) 5% tax on the remainder if the State Board of

19 Equalization makes a determination pursuant to Section

20 4 of this act or four and eighty-five hundredths

21 (4.85%) tax on the remainder if the State Board of

22 Equalization makes a determination pursuant to Section

23 5 of this act.
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 the remainder if the State Board of
12 Equalization makes a determination pursuant to Section
13 4 of this act or four and eighty-five hundredths
14 percent (4.85%) tax on the remainder if the State
15 Board of Equalization makes a determination pursuant
16 to Section 5 of this act.

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

19 D. Nonresident aliens. In lieu of the rates set forth in
20 subsection A above, there shall be imposed on nonresident aliens, as
21 defined in the Internal Revenue Code, a tax of eight percent (8%)
22 instead of thirty percent (30%) as used in the Internal Revenue
23 Code, with respect to the Oklahoma taxable income of such
24

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. Corporations. ~~For~~ 1. Except as otherwise provided by
23 paragraph 2 of this subsection, for all taxable years beginning
24 after December 31, 2021, a tax is hereby imposed upon the Oklahoma

1 taxable income of every corporation doing business within this state
2 or deriving income from sources within this state in an amount equal
3 to four percent (4%) thereof.

4 2. Except as provided by paragraph 3 of this subsection, for
5 all taxable years beginning after December 31, 2022, a tax is hereby
6 imposed upon the Oklahoma taxable income of every corporation doing
7 business within this state or deriving income from sources within
8 this state in an amount as follows:

- 9 a. three and five-tenths percent (3.5%) for tax years
10 beginning not later than December 31, 2023,
- 11 b. three percent (3.0%) for tax years beginning not later
12 than December 31, 2024,
- 13 c. two and five-tenths percent (2.5%) for tax years
14 beginning not later than December 31, 2025,
- 15 d. two percent (2.0%) for tax years beginning not later
16 than December 31, 2026,
- 17 e. one and five-tenths percent (1.5%) for tax years
18 beginning not later than December 31, 2027,
- 19 f. one percent (1.0%) for tax years beginning not later
20 than December 31, 2028,
- 21 g. five-tenths percent (0.5%) for tax years beginning not
22 later than December 31, 2029, and
- 23 h. zero percent (0%) for tax years beginning on or after
24 January 1, 2030.

1 There shall be no additional Oklahoma income tax imposed on
2 accumulated taxable income or on undistributed personal holding
3 company income as those terms are defined in the Internal Revenue
4 Code.

5 3. Notwithstanding subsection I of this section and except as
6 provided by paragraph 5 or paragraph 6 of this subsection, unless
7 state General Revenue Fund revenue collections for the fiscal year
8 immediately preceding the current tax filing year exceed one hundred
9 two percent (102%) of General Revenue Fund revenue collections for
10 the second fiscal year preceding the current tax filing year, the tax
11 rate set forth in paragraph 1 of this subsection shall apply for a
12 corporation that:

13 a. participates in the filing of a publicly traded
14 company's financial statements prepared in accordance
15 with generally accepted accounting principles, and

16 b.
17 (1) the corporation has Oklahoma tax credit
18 carryforwards in excess of Fifty Million Dollars
19 (\$50,000,000.00) that have an indefinite
20 carryforward period, as of the effective date of
21 this act, or

22 (2) is a component member of an affiliated group
23 filing a consolidated Oklahoma income tax return
24 under the provisions of Section 2367 of this

1 title, and the component members of such
2 affiliated group have, in the aggregate, Oklahoma
3 tax credit carryforwards in excess of Fifty
4 Million Dollars (\$50,000,000.00) that have an
5 indefinite carryforward period, as of the
6 effective date of this act.

7 4. No corporation as described by paragraph 3 of this
8 subsection shall acquire any tax credit authorized pursuant to the
9 provisions of the Oklahoma Statutes on or after the effective date
10 of this act.

11 5. The provisions of paragraph 3 of this subsection shall not
12 be applicable to any public service corporation the rates of which
13 are subject to the regulatory jurisdiction of the Oklahoma
14 Corporation Commission.

15 6. If a corporation which is subject to the provisions of
16 paragraph 3 of this subsection or a corporation which makes an
17 election to be subject to the income tax rate prescribed by
18 paragraph 1 of this subsection has fully utilized all tax credits
19 available to it pursuant to applicable provisions of law, the income
20 tax rate for the corporation for the first tax year beginning after
21 the end of the final tax year with respect to which any such credits
22 have been claimed and used to reduce an income tax liability amount
23 shall be zero percent (0%) and the rate shall be zero percent (0%)
24 thereafter.

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, 2021, there shall be imposed on
4 foreign corporations, as defined in the Internal Revenue Code, a tax
5 ~~of four percent (4%)~~ imposed at the same rate for the applicable
6 income tax year as prescribed by subsection E of this section
7 instead of thirty percent (30%) as used in the Internal Revenue
8 Code, where such income is received from sources within Oklahoma, in
9 accordance with the provisions of the Internal Revenue Code and the
10 Oklahoma Income Tax Act.

11 Every payer of amounts covered by this subsection shall deduct
12 and withhold from such amounts paid each payee an amount equal to
13 ~~four percent (4%) thereof~~ a rate equal to the rate prescribed by
14 subsection E of this section based on the applicable tax year.

15 Every payer required to deduct and withhold taxes under this
16 subsection shall for each quarterly period on or before the last day
17 of the month following the close of each such quarterly period, pay
18 over the amount so withheld as taxes to the Tax Commission, and
19 shall file a return with each such payment. Such return shall be in
20 such form as the Tax Commission shall prescribe. Every payer
21 required under this subsection to deduct and withhold a tax from a
22 payee shall, as to the total amounts paid to each payee during the
23 calendar year, furnish to such payee, on or before January 31, of
24 the succeeding year, a written statement showing the name of the

1 payer, the name of the payee and the payee's social security account
2 number, if any, the total amounts paid subject to taxation, the
3 total amount deducted and withheld as tax and such other information
4 as the Tax Commission may require. Any payer who fails to withhold
5 or pay to the Tax Commission any sums herein required to be withheld
6 or paid shall be personally and individually liable therefor to the
7 State of Oklahoma.

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

13 H. Tax rate tables. For all taxable years beginning after
14 December 31, 1991, in lieu of the tax imposed by subsection A, B or
15 C of this section, as applicable there is hereby imposed for each
16 taxable year on the taxable income of every individual, whose
17 taxable income for such taxable year does not exceed the ceiling
18 amount, a tax determined under tables, applicable to such taxable
19 year which shall be prescribed by the Tax Commission and which shall
20 be in such form as it determines appropriate. In the table so
21 prescribed, the amounts of the tax shall be computed on the basis of
22 the rates prescribed by subsection A, B or C of this section. For
23 purposes of this subsection, the term "ceiling amount" means, with
24

1 respect to any taxpayer, the amount determined by the Tax Commission
2 for the tax rate category in which such taxpayer falls.

3 I. Not later than June 30, 2023, for entities in existence as
4 of the effective date of this act, and not later than sixty (60)
5 days after the formation of an entity subject to taxation pursuant
6 to subsection E of this section which occurs after the effective
7 date of this act, a taxpayer shall make an election, which shall be
8 irrevocable, on such form as may be prescribed for such purpose by
9 the Oklahoma Tax Commission, and except as otherwise provided by
10 this section, to be subject to the rate of tax at four percent (4%)
11 imposed pursuant to paragraph 1 of subsection E of this section and
12 to continue to be subject to such rate of income taxation for all
13 subsequent taxable years or to be subject to the rate of tax imposed
14 pursuant to paragraph 2 of subsection E of this section based upon
15 the applicable taxable year.

16 J. The irrevocable election required by subsection I of this
17 section shall be binding upon any subsidiary entity of the taxpayer
18 making such election unless otherwise provided by this section.

19 K. The irrevocable election otherwise prescribed by subsection
20 I of this section shall not be binding with respect to an entity
21 which was a subsidiary of an entity making such election during any
22 period of time the former subsidiary was not acquired by any other
23 entity.

1 L. If a former subsidiary of an entity making an election
2 pursuant to subsection I of this section is acquired by another
3 entity, the entity having acquired such former subsidiary shall be
4 authorized to make an irrevocable election which is binding upon the
5 former subsidiary of the previous entity.

6 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2355.1P-4,
7 is amended to read as follows:

8 Section 2355.1P-4 A. For tax years beginning on or after
9 January 1, ~~2022~~ 2023, there is hereby levied on each electing pass-
10 through entity the pass-through entity tax which shall be calculated
11 as follows:

12 1. With regard to each member of an electing pass-through
13 entity, the electing pass-through entity shall multiply such
14 member's Oklahoma distributive share of the electing pass-through
15 entity's Oklahoma net entity income for the tax year by:

16 a. the highest Oklahoma marginal income tax rate levied
17 on the taxable income of natural persons pursuant to
18 Section 2355 of this title if the member is an
19 individual, trust, or estate,

20 b. ~~four percent (4%)~~ if the member is classified as a
21 corporation pursuant to the Internal Revenue Code, and
22 is not classified as an S corporation, a rate as
23 follows:

24

- (1) three and five-tenths percent (3.5%) for tax years beginning not later than December 31, 2023,
- (2) three percent (3.0%) for tax years beginning not later than December 31, 2024,
- (3) two and five-tenths percent (2.5%) for tax years beginning not later than December 31, 2025,
- (4) two percent (2.0%) for tax years beginning not later than December 31, 2026,
- (5) one and five-tenths percent (1.5%) for tax years beginning not later than December 31, 2027,
- (6) one percent (1.0%) for tax years beginning not later than December 31, 2028,
- (7) five-tenths percent (0.5%) for tax years beginning not later than December 31, 2029, and
- (8) zero percent (0%) for tax years beginning on or after January 1, 2030,

c. ~~four percent (4%)~~ if the member is a pass-through entity, a rate as follows:

- (1) three and five-tenths percent (3.5%) for tax years beginning not later than December 31, 2023,
- (2) three percent (3.0%) for tax years beginning not later than December 31, 2024,
- (3) two and five-tenths percent (2.5%) for tax years beginning not later than December 31, 2025,

1 (4) two percent (2.0%) for tax years beginning not
2 later than December 31, 2026,

3 (5) one and five-tenths percent (1.5%) for tax years
4 beginning not later than December 31, 2027,

5 (6) one percent (1.0%) for tax years beginning not
6 later than December 31, 2028,

7 (7) five-tenths percent (0.5%) for tax years
8 beginning not later than December 31, 2029, and

9 (8) zero percent (0%) for tax years beginning on or
10 after January 1, 2030,

11 d. ~~four percent (4%)~~ if the member is a financial
12 institution subject to tax imposed pursuant to the
13 provisions of Section 2370 of this title, the rate
14 prescribed by Section 2370 of this title, and

15 e. the highest Oklahoma marginal income tax rate that
16 would be applicable to any item of the electing pass-
17 through entity's income or gain without the election
18 made pursuant to subsection F of this section, if the
19 member is an organization described in Section 2359 of
20 this title; and

21 2. The electing pass-through entity shall aggregate the amounts
22 determined with respect to all members pursuant to paragraph 1 of
23 this subsection and the pass-through entity tax for the applicable
24

1 tax year shall be equal to such aggregated tax amount for the tax
2 year with respect to which the election has been made.

3 B. Sections 2385.29, 2385.30 and 2385.31 of this title shall
4 not be applicable to an electing pass-through entity.

5 C. The pass-through entity tax shall be due and payable on the
6 same date as provided for the filing of the electing pass-through
7 entity's Oklahoma income tax return, and for tax years beginning on
8 or after January 1, 2020, estimated tax payments shall be required
9 as provided in Section 2385.9 of this title.

10 D. If the pass-through entity election results in a net entity
11 loss for Oklahoma income tax purposes in any tax year, the net
12 entity loss may be carried back and carried forward by the electing
13 pass-through entity for Oklahoma income tax purposes as set forth in
14 subparagraph b of paragraph 3 of subsection A of Section 2358 of
15 this title.

16 E. Notwithstanding paragraph 2 of subsection C of Section 2368
17 of this title, a nonresident individual who is a member of an
18 electing pass-through entity is not required to file an Oklahoma
19 income tax return, if, for the taxable year, the only source of
20 income allocable or apportionable to this state for the member, or,
21 if a joint income tax return is filed, the member and his or her
22 spouse, is from one or more electing pass-through entities, and each
23 electing pass-through entity files and pays the taxes due under this
24 section.

1 F. Any entity required to file an Oklahoma partnership income
2 tax return or an Oklahoma S corporation income tax return may elect
3 to become an electing pass-through entity. The election shall be
4 made on such form and in such manner as the Oklahoma Tax Commission
5 may prescribe, and any election under this subsection shall have
6 priority over and revoke any election to file a composite Oklahoma
7 partnership return or requirement of a Subchapter S corporation to
8 report and pay tax on behalf of a nonresident shareholder for the
9 same tax year.

10 G. Pursuant to procedures prescribed by the Tax Commission, if
11 the amount of tax required to be paid by a pass-through entity
12 pursuant to the provisions of this section is not paid when due, the
13 Oklahoma Tax Commission may revoke the pass-through entity's
14 election under subsection F of this section effective for the first
15 year for which the tax is not paid.

16 H. The election authorized by the provisions of this section
17 shall be made pursuant to procedures prescribed by the Tax
18 Commission and shall be filed (i) within sixty (60) days of
19 enactment and pursuant to procedures prescribed by the Oklahoma Tax
20 Commission for any income tax year beginning on or after January 1,
21 2019, and prior to January 1, 2020, or (ii) for any income tax year
22 beginning on or after January 1, 2020, at any time during the
23 preceding tax year or two (2) months and fifteen (15) days after the
24 beginning of the tax year. Any such election shall be binding until

1 revoked pursuant to procedures prescribed by the Tax Commission.
2 The effective date of a revocation (i) made within two (2) months
3 and fifteen (15) days of the electing pass-through entity's taxable
4 year shall be the first day of such taxable year and (ii) made
5 during the electing pass-through entity's taxable year but after
6 such fifteenth day shall be effective on the first day of the
7 following taxable year. No election made by a pass-through entity
8 with respect to income tax to be paid by such entity using the
9 calculations prescribed by this section shall be binding on any
10 other pass-through entity, and each pass-through entity shall be
11 able to make an election under the provisions of this act
12 independently.

13 I. The provisions of this section shall cease to have the force
14 and effect of law after the expiration of the last date the
15 applicable tax return is filed, including any extensions, with
16 respect to the final taxable year for which any entity having made
17 an election to be subject to the provisions of this section is
18 required to file a return with the Oklahoma Tax Commission,
19 including the period of time required for any person or entity
20 receiving a distribution of income or an allocation of loss from a
21 pass-through entity is required to file a return with the Oklahoma
22 Tax Commission, including any extensions.

23 SECTION 3. AMENDATORY 68 O.S. 2021, Section 2370, is
24 amended to read as follows:

1 Section 2370. A. ~~For taxable years beginning after December~~
2 ~~31, 2021, for~~ For the privilege of doing business within this state,
3 every state banking association, national banking association and
4 credit union organized under the laws of this state, located or
5 doing business within the limits of the State of Oklahoma shall
6 annually pay to this state a privilege tax at the rate ~~of four~~
7 ~~percent (4%) of the amount of the~~ upon taxable income as provided in
8 this ~~section~~ subsection as follows:

9 1. Three and five-tenths percent (3.5%) for tax years beginning
10 not later than December 31, 2023;

11 2. Three percent (3.0%) for tax years beginning not later than
12 December 31, 2024;

13 3. Two and five-tenths percent (2.5%) for tax years beginning
14 not later than December 31, 2025;

15 4. Two percent (2.0%) for tax years beginning not later than
16 December 31, 2026;

17 5. One and five-tenths percent (1.5%) for tax years beginning
18 not later than December 31, 2027;

19 6. One percent (1.0%) for tax years beginning not later than
20 December 31, 2028;

21 7. Five-tenths percent (0.5%) for tax years beginning not later
22 than December 31, 2029; and

23 8. Zero percent (0%) for tax years beginning on or after
24 January 1, 2030.

1 B. 1. The privilege tax levied by this section shall be in
2 addition to the Business Activity Tax levied in Section 1218 of this
3 title and the franchise tax levied in Article 12 of this title and
4 in lieu of the tax levied by Section 2355 of this title and in lieu
5 of all taxes levied by the State of Oklahoma, or any subdivision
6 thereof, upon the shares of stock or personal property of any
7 banking association or credit union subject to taxation under this
8 section.

9 2. Nothing in this section shall be construed to exempt the
10 real property of any banking associations or credit unions from
11 taxation to the same extent, according to its value, as other real
12 property is taxed. Nothing herein shall be construed to exempt an
13 association from payment of any fee or tax authorized or levied
14 pursuant to the banking laws.

15 3. Personal property which is subject to a lease agreement
16 between a bank or credit union, as lessor, and a nonbanking business
17 entity or individual, as lessee, is not exempt from personal
18 property ad valorem taxation. Provided further, that it shall be
19 the duty of the lessee of such personal property to return sworn
20 lists or schedules of their taxable property within each county to
21 the county assessor of such county as provided in Sections 2433 and
22 2434 of this title.

23 4. For all tax years beginning on or after January 1, 2030, an
24 entity subject to the tax otherwise levied by the provisions of this

1 section shall pay an annual fee, in lieu of any other tax on the
2 personal property of the financial institution, in the amount of One
3 Hundred Dollars (\$100.00). Such fee shall be apportioned to the
4 State Public Common School Building Equalization Fund to be
5 distributed in the manner prescribed by Section 3-104 of Title 70 of
6 the Oklahoma Statutes.

7 C. Any tax levied under this section shall accrue on the last
8 day of the taxable year and be payable as provided in Section 2375
9 of this title. The accrual of such tax for the first taxable year
10 to which this act applies, shall apply notwithstanding the prior
11 accrual of a tax in the same taxable year based upon the net income
12 of the next preceding taxable year; provided, however, any
13 additional deduction enuring to the benefit of the taxpayer shall be
14 deducted in accordance with the optional transitional deduction
15 procedures in Section 2354 of this title.

16 D. The basis of the tax shall be United States taxable income
17 as defined in paragraph 10 of Section 2353 of this title and any
18 adjustments thereto under the provisions of Section 2358 of this
19 title with the following adjustments:

20 1. There shall be deducted all interest income on obligations
21 of the United States government and agencies thereof not otherwise
22 exempted and all interest income on obligations of the State of
23 Oklahoma or political subdivisions thereof, including public trust
24

1 authorities, not otherwise exempted under the laws of this state;
2 and

3 2. Expense deductions claimed in arriving at taxable income
4 under paragraph 10 of Section 2353 of this title shall be reduced by
5 an amount equal to fifty percent (50%) of excluded interest income
6 on obligations of the United States government or agencies thereof
7 and obligations of the State of Oklahoma or political subdivisions
8 thereof.

9 E. 1. Except as otherwise provided in paragraph 2 of this
10 subsection, before January 1, 2017, there shall be allowed a credit
11 against the tax levied in subsection A of this section in an amount
12 equal to the amount of taxable income received by a participating
13 financial institution as defined in Section 90.2 of Title 62 of the
14 Oklahoma Statutes pursuant to a loan made under the Rural Economic
15 Development Loan Act. Such credit shall be limited each year to
16 five percent (5%) of the amount of annual payroll certified by the
17 Oklahoma Rural Economic Development Loan Program Review Board
18 pursuant to the provisions of paragraph 3 of subsection B of Section
19 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan
20 made by the participating financial institution and may be claimed
21 for any number of years necessary until the amount of total credits
22 claimed is equal to the total amount of taxable income received by
23 the participating financial institution pursuant to the loan. Any
24 credit allowed but not used in a taxable year may be carried forward

1 for a period not to exceed five (5) taxable years. In no event
2 shall a credit allowed pursuant to the provisions of this subsection
3 be transferable or refundable.

4 2. No credit otherwise authorized by the provisions of this
5 subsection may be claimed for any event, transaction, investment,
6 expenditure or other act occurring on or after July 1, 2010, for
7 which the credit would otherwise be allowable. The provisions of
8 this paragraph shall cease to be operative on July 1, 2012.

9 Beginning July 1, 2012, the credit authorized by this subsection may
10 be claimed for any event, transaction, investment, expenditure or
11 other act occurring on or after July 1, 2012, according to the
12 provisions of this subsection.

13 SECTION 4. AMENDATORY 68 O.S. 2021, Section 2805, is
14 amended to read as follows:

15 Section 2805. The following fees or taxes levied by the
16 provisions of the Oklahoma Statutes shall be in lieu of ad valorem
17 tax, whether in lieu of real property tax, personal property tax, or
18 both as provided by law:

19 1. The registration fees and taxes imposed upon aircraft by
20 Section 251 et seq. of Title 3 of the Oklahoma Statutes;

21 2. Registration fees for motor vehicles as provided in Section
22 1103 of Title 47 of the Oklahoma Statutes, except as otherwise
23 specifically provided;

24

1 3. The fee imposed upon transfers of used vehicles in lieu of
2 the ad valorem tax upon inventories of used motor vehicles by
3 Section 1137.1 of Title 47 of the Oklahoma Statutes;

4 4. The registration and license fees imposed upon vessels and
5 motors pursuant to the Oklahoma Vessel and Motor Registration Act,
6 Section 4001 et seq. of Title 63 of the Oklahoma Statutes;

7 5. The taxes levied upon the gross production of substances
8 pursuant to Section 1001 of this title;

9 6. The taxes levied upon the gross production of substances
10 pursuant to Section 1020 of this title;

11 7. The tax imposed upon gross receipts pursuant to Section 1803
12 of this title;

13 8. The tax imposed upon certain textile products pursuant to
14 Section 2001 of this title;

15 9. The tax imposed upon certain freight cars pursuant to
16 Section 2202 of this title;

17 10. The tax imposed on certain parts of the inventories, both
18 new and used items, owned and/or possessed for sale by retailers of
19 farm tractors and other equipment pursuant to Sections ~~4~~ 5401
20 through ~~4~~ 5404 of this ~~act~~ title;

21 11. The tax imposed upon inventories of new vehicles and
22 certain vessels pursuant to Section 5301 of this title; ~~and~~

23 12. The fee imposed pursuant to Section 2370 of this title for
24 applicable periods beginning on or after January 1, 2030; and

1 13. Such other fees or taxes as may be expressly provided by
2 law to be in lieu of ad valorem taxation.

3 SECTION 5. This act shall become effective January 1, 2023.

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