

1 ENGROSSED HOUSE
2 BILL NO. 2949

By: McCall and Lepak of the
House

3 and

4 Daniels of the Senate
5

6
7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Section 2355, as last amended by Section
9 1, Chapter 27, 1st Extraordinary Session of the 59th
10 Oklahoma Legislature, O.S.L. 2023 (68 O.S. Supp.
11 2023, Section 2355), which relates to income tax
12 rates for individuals and other entities; modifying
13 income tax rate for designated tax year; providing
14 for reductions in income tax rates based upon certain
15 determination with respect to tax collections;
16 providing for further reductions in income tax rates
17 using prescribed formula; and providing an effective
18 date.

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

20 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as
21 last amended by Section 1, Chapter 27, 1st Extraordinary Session,
22 O.S.L. 2023 (68 O.S. Supp. 2023, Section 2355), is amended to read
23 as follows:

24 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 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 2 (2) 1% tax on next \$3,000.00 or part thereof,
- 3 (3) 2% tax on next \$2,500.00 or part thereof,
- 4 (4) 3% tax on next \$2,300.00 or part thereof,
- 5 (5) 4% tax on next \$2,400.00 or part thereof,
- 6 (6) 5% tax on next \$2,800.00 or part thereof,
- 7 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

17 a. Single individuals and married individuals filing
18 separately deducting federal income tax:

- 19 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 20 (2) 1% tax on next \$1,500.00 or part thereof,
- 21 (3) 2% tax on next \$1,250.00 or part thereof,
- 22 (4) 3% tax on next \$1,150.00 or part thereof,
- 23 (5) 4% tax on next \$1,200.00 or part thereof,
- 24 (6) 5% tax on next \$1,400.00 or part thereof,

- 1 (7) 6% tax on next \$1,500.00 or part thereof,
- 2 (8) 7% tax on next \$1,500.00 or part thereof,
- 3 (9) 8% tax on next \$2,000.00 or part thereof,
- 4 (10) 9% tax on next \$3,500.00 or part thereof, and
- 5 (11) 10% tax on the remainder.

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

- 12 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 13 (2) 1% tax on the next \$3,000.00 or part thereof,
- 14 (3) 2% tax on the next \$2,500.00 or part thereof,
- 15 (4) 3% tax on the next \$1,400.00 or part thereof,
- 16 (5) 4% tax on the next \$1,500.00 or part thereof,
- 17 (6) 5% tax on the next \$1,600.00 or part thereof,
- 18 (7) 6% tax on the next \$1,250.00 or part thereof,
- 19 (8) 7% tax on the next \$1,750.00 or part thereof,
- 20 (9) 8% tax on the next \$3,000.00 or part thereof,
- 21 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 22 (11) 10% tax on the remainder.

23 B. Individuals. For all taxable years beginning on or after
24 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, 2024, and except as provided pursuant to the provisions
24 of subsections D and E of this section, a tax is hereby imposed upon

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

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

- 5 (a) 0.25% tax on first \$1,000.00 or part thereof,
- 6 (b) 0.75% tax on next \$1,500.00 or part thereof,
- 7 (c) 1.75% tax on next \$1,250.00 or part thereof,
- 8 (d) 2.75% tax on next \$1,150.00 or part thereof,
- 9 (e) 3.75% tax on next \$2,300.00 or part thereof,
- 10 (f) 4.75% tax on the remainder.

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

- 16 (a) 0.25% tax on first \$2,000.00 or part thereof,
- 17 (b) 0.75% tax on next \$3,000.00 or part thereof,
- 18 (c) 1.75% tax on next \$2,500.00 or part thereof,
- 19 (d) 2.75% tax on next \$2,300.00 or part thereof,
- 20 (e) 3.75% tax on next \$4,600.00 or part thereof,
- 21 (f) 4.75% tax on the remainder.

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

24

1 D. Individuals. For all taxable years beginning on or after
2 January 1, 2025, and except as provided pursuant to the provisions
3 of subsection E of this section, a tax is hereby imposed upon the
4 Oklahoma taxable income of every resident or nonresident individual,
5 which tax shall be computed as follows:

6 1. Single individuals and married individuals filing
7 separately:

8 (a) 0.25% tax on first \$1,000.00 or part thereof,

9 (b) 0.75% tax on next \$1,500.00 or part thereof,

10 (c) 1.75% tax on next \$1,250.00 or part thereof,

11 (d) 2.75% tax on next \$1,150.00 or part thereof,

12 (e) 3.75% tax on next \$2,300.00 or part thereof,

13 (f) 4.75% tax on the remainder.

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

19 (a) 0.25% tax on first \$2,000.00 or part thereof,

20 (b) 0.75% tax on next \$3,000.00 or part thereof,

21 (c) 1.75% tax on next \$2,500.00 or part thereof,

22 (d) 2.75% tax on next \$2,300.00 or part thereof,

23 (e) 3.75% tax on next \$4,600.00 or part thereof,

24 (f) 4.75% tax on the remainder.

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

3 E. Individuals. 1. Except as otherwise provided by this
4 subsection, for all taxable years beginning on or after January 1,
5 2026, a tax is hereby imposed upon the Oklahoma taxable income of
6 every resident or nonresident individual, which tax shall be at the
7 rates prescribed in paragraphs 1 and 2 of subsection D of this
8 section reduced by 0.0025, for purposes of any reduction, for any
9 income tax year beginning on the January 1 date immediately
10 succeeding a fiscal year ending on the preceding June 30 for which
11 the State Board of Equalization makes a certification, at its
12 December meeting, that total tax collections for such fiscal year
13 exceeded the total tax collections for the immediately preceding
14 fiscal year by Four Hundred Million Dollars (\$400,000,000.00) or
15 more. Subject to the determinations regarding the increase in total
16 tax collections as prescribed by this paragraph, the reductions
17 prescribed by this paragraph shall be made for all applicable income
18 tax years until the rate of individual income tax as prescribed by
19 subparagraph f of both paragraphs 1 and 2 of subsection D of this
20 section equals three percent (3.0%).

21 2. If the individual income tax rate prescribed by subparagraph
22 f of paragraphs 1 and 2 of subsection D of this section reaches
23 three percent (3.0%) as provided by paragraph 1 of this subsection,
24 such income tax rate shall be in effect for the income tax year

1 beginning on the January 1 date immediately following the income tax
2 year for which the rate of income tax was three and twenty-five
3 hundredths percent (3.25%), and the rate of three percent (3.0%)
4 shall be reduced each succeeding income tax year by 0.3, such
5 subtraction to be made from the whole number three (3). Such
6 reduction shall be made for each of the ten (10) succeeding income
7 tax years, each beginning January 1, until the rate of individual
8 income tax equals zero percent (0%). The provisions of this
9 paragraph shall also be applicable to any other rate of income tax,
10 as previously reduced, imposed pursuant to subparagraphs a through e
11 of paragraphs 1 and 2 of subsection D of this section until each
12 rate of tax also equals zero (0). If the rate of tax prescribed by
13 subparagraph f of paragraphs 1 and 2 of subsection D of this section
14 reaches three percent (3.0%), then any remaining rate prescribed by
15 any other subparagraph of paragraph 1 or 2 of subsection D of this
16 section shall be divided by the whole number ten (10). The result
17 of that computation, expressed as a decimal, shall be the amount
18 subtracted from any such remaining income tax rate until each such
19 rate also equals zero (0).

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

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. G. Corporations. For all taxable years beginning after
23 December 31, 2021, a tax is hereby imposed upon the Oklahoma taxable
24 income of every corporation doing business within this state or

1 deriving income from sources within this state in an amount equal to
2 four percent (4%) thereof.

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

7 ~~F.~~ H. Certain foreign corporations. In lieu of the tax imposed
8 in the first paragraph of subsection ~~D~~ G of this section, for all
9 taxable years beginning after December 31, 2021, there shall be
10 imposed on foreign corporations, as defined in the Internal Revenue
11 Code, a tax of four percent (4%) instead of thirty percent (30%) as
12 used in the Internal Revenue Code, where such income is received
13 from sources within Oklahoma, in accordance with the provisions of
14 the Internal Revenue Code and the Oklahoma Income Tax Act.

15 Every payer of amounts covered by this subsection shall deduct
16 and withhold from such amounts paid each payee an amount equal to
17 four percent (4%) thereof. Every payer required to deduct and
18 withhold taxes under this subsection shall for each quarterly period
19 on or before the last day of the month following the close of each
20 such quarterly period, pay over the amount so withheld as taxes to
21 the Tax Commission, and shall file a return with each such payment.
22 Such return shall be in such form as the Tax Commission shall
23 prescribe. Every payer required under this subsection to deduct and
24 withhold a tax from a payee shall, as to the total amounts paid to

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

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

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

1 this section. For purposes of this subsection, the term "ceiling
2 amount" means, with respect to any taxpayer, the amount determined
3 by the Tax Commission for the tax rate category in which such
4 taxpayer falls.

5 SECTION 2. This act shall become effective January 1, 2025.

6 Passed the House of Representatives the 13th day of March, 2024.

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Presiding Officer of the House
of Representatives

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11 Passed the Senate the ____ day of _____, 2024.

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Presiding Officer of the Senate

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