

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 2087

By: Echols

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 2355, as amended by Section 45, Chapter 228, O.S.L. 2022 (68 O.S. Supp. 2022, Section 2355), which relates to income taxation of individuals and entities; reducing certain income tax rates with respect to designated tax year; providing for further reduction of certain income tax rates based upon determination of revenue growth by the State Board of Equalization; prescribing procedures for determination of revenue growth; providing for implementation of further income tax rate reduction; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as amended by Section 45, Chapter 228, O.S.L. 2022 (68 O.S. Supp. 2022, 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

1 nonresident individual, which tax shall be computed at the option of  
2 the taxpayer under one of the two following methods:

3 1. METHOD 1.

4 a. Single individuals and married individuals filing  
5 separately not deducting federal income tax:

6 (1) 1/2% tax on first \$1,000.00 or part thereof,

7 (2) 1% tax on next \$1,500.00 or part thereof,

8 (3) 2% tax on next \$1,250.00 or part thereof,

9 (4) 3% tax on next \$1,150.00 or part thereof,

10 (5) 4% tax on next \$1,300.00 or part thereof,

11 (6) 5% tax on next \$1,500.00 or part thereof,

12 (7) 6% tax on next \$2,300.00 or part thereof, and

13 (8) (a) for taxable years beginning after December

14 31, 1998, and before January 1, 2002, 6.75%

15 tax on the remainder,

16 (b) for taxable years beginning on or after

17 January 1, 2002, and before January 1, 2004,

18 7% tax on the remainder, and

19 (c) for taxable years beginning on or after

20 January 1, 2004, 6.65% tax on the remainder.

21 b. Married individuals filing jointly and surviving

22 spouse to the extent and in the manner that a

23 surviving spouse is permitted to file a joint return

24 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.

1       B. Individuals. For all taxable years beginning on or after  
2 January 1, 2008, and ending any tax year which begins after December  
3 31, 2015, for which the determination required pursuant to Sections  
4 4 and 5 of this act is made by the State Board of Equalization, a  
5 tax is hereby imposed upon the Oklahoma taxable income of every  
6 resident or nonresident individual, which tax shall be computed as  
7 follows:

8       1. Single individuals and married individuals filing  
9 separately:

- 10           (a) 1/2% tax on first \$1,000.00 or part thereof,
- 11           (b) 1% tax on next \$1,500.00 or part thereof,
- 12           (c) 2% tax on next \$1,250.00 or part thereof,
- 13           (d) 3% tax on next \$1,150.00 or part thereof,
- 14           (e) 4% tax on next \$2,300.00 or part thereof,
- 15           (f) 5% tax on next \$1,500.00 or part thereof,
- 16           (g) 5.50% tax on the remainder for the 2008 tax year and  
17               any subsequent tax year unless the rate prescribed by  
18               subparagraph (h) of this paragraph is in effect, and
- 19           (h) 5.25% tax on the remainder for the 2009 and subsequent  
20               tax years. The decrease in the top marginal  
21               individual income tax rate otherwise authorized by  
22               this subparagraph shall be contingent upon the  
23               determination required to be made by the State Board

1 of Equalization pursuant to Section 2355.1A of this  
2 title.

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

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

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

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

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

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

13 (f) 5% tax on next \$2,800.00 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 C. Individuals. ~~For~~ Except as otherwise provided by subsection  
2 D or subsection E of this section, for all taxable years beginning  
3 on or after January 1, 2022, and ending not later than December 31,  
4 2023, a tax is hereby imposed upon the Oklahoma taxable income of  
5 every resident or nonresident individual, which tax shall be  
6 computed as follows:

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

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

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

- 20 (a) 0.25% tax on first \$2,000.00 or part thereof,
- 21 (b) 0.75% tax on next \$3,000.00 or part thereof,
- 22 (c) 1.75% tax on next \$2,500.00 or part thereof,
- 23 (d) 2.75% tax on next \$2,300.00 or part thereof,
- 24 (e) 3.75% tax on next \$2,400.00 or part thereof,

(f) 4.75% tax on the remainder.

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

D. Individuals. Except as otherwise provide by subsection E of this section, for all taxable years beginning on or after January 1, 2024, 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) 0.00% tax on first \$1,000.00 or part thereof,

(b) 0.50% tax on next \$1,500.00 or part thereof,

(c) 1.50% tax on next \$1,250.00 or part thereof,

(d) 2.50% tax on next \$1,150.00 or part thereof,

(e) 3.50% tax on next \$2,300.00 or part thereof,

(f) 4.50% tax on the remainder.

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) 0.00% tax on first \$2,000.00 or part thereof,

(b) 0.50% tax on next \$3,000.00 or part thereof,

(c) 1.50% tax on next \$2,500.00 or part thereof,

1           (d) 2.50% tax on next \$2,300.00 or part thereof,

2           (e) 3.50% tax on next \$2,400.00 or part thereof,

3           (f) 4.50% tax on the remainder.

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

6           E. Individuals. Contingent upon the determination by the State  
7 Board of Equalization as provided in Section 2 of this act, for all  
8 taxable years beginning on or after January 1, 2025, a tax is hereby  
9 imposed upon the Oklahoma taxable income of every resident or  
10 nonresident individual, which tax shall be computed as follows:

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

13           (a) 0.00% tax on first \$1,000.00 or part thereof,

14           (b) 0.25% tax on next \$1,500.00 or part thereof,

15           (c) 1.25% tax on next \$1,250.00 or part thereof,

16           (d) 2.25% tax on next \$1,150.00 or part thereof,

17           (e) 3.25% tax on next \$2,300.00 or part thereof,

18           (f) 4.25% tax on the remainder.

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

24           (a) 0.00% tax on first \$2,000.00 or part thereof,

1           (b) 0.25% tax on next \$3,000.00 or part thereof,

2           (c) 1.25% tax on next \$2,500.00 or part thereof,

3           (d) 2.25% tax on next \$2,300.00 or part thereof,

4           (e) 3.25% tax on next \$2,400.00 or part thereof,

5           (f) 4.25% tax on the remainder.

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

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

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

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

19 ~~F.~~ H. Certain foreign corporations. In lieu of the tax  
20 imposed in the first paragraph of subsection ~~D~~ F of this section,  
21 for all taxable years beginning after December 31, 2021, there shall  
22 be imposed on foreign corporations, as defined in the Internal  
23 Revenue Code, a tax of four percent (4%) instead of thirty percent  
24 (30%) as used in the Internal Revenue Code, where such income is

1 received from sources within Oklahoma, in accordance with the  
2 provisions of the Internal Revenue Code and the Oklahoma Income Tax  
3 Act.

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

23 ~~G.~~ I. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
24 taxable income of every trust and estate at the same rates as are

1 provided in subsection B, ~~or~~ C, D or E of this section for single  
2 individuals. Fiduciaries are not allowed a deduction for any  
3 federal income tax paid.

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

17 SECTION 2. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 2355.1J of Title 68, unless  
19 there is created a duplication in numbering, reads as follows:

20 Beginning with the February, 2025, meeting of the State Board of  
21 Equalization, and at each successive February meeting of the State  
22 Board of Equalization that may require it, the State Board of  
23 Equalization shall make a finding regarding the ninety-five percent  
24 (95%) appropriation authority amount, as provided by Section 23 of

1 Article X of the Oklahoma Constitution, certified at the immediately  
2 preceding February meeting of the State Board of Equalization  
3 compared to the same ninety-five percent (95%) appropriation  
4 authority amount determined at the February meeting at which the  
5 finding required by this section is made. If there is an increase  
6 of five percent (5%) or more between the two appropriation authority  
7 amounts, the State Board of Equalization shall make a specific  
8 finding of this determination and include it in its report to the  
9 Governor, the Speaker of the Oklahoma House of Representatives, the  
10 President Pro Tempore of the Oklahoma State Senate, and to the  
11 Oklahoma Tax Commission. For the individual income tax year which  
12 begins on the January 1 date immediately following the calendar year  
13 during which the computation required by this section is made and  
14 which results in the finding of a five percent (5%) or greater  
15 increase as described by this section, there shall be implemented a  
16 reduction of 0.25 percentage points in each income tax bracket for  
17 persons subject to Oklahoma income tax in the manner specified in  
18 Section 2355 of Title 68 of the Oklahoma Statutes which is dependent  
19 on the finding by the State Board of Equalization required by this  
20 section.

21 SECTION 3. This act shall become effective November 1, 2023.

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23 59-1-6061 MAH 01/11/23  
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