

STATE OF OKLAHOMA

2nd Extraordinary Session of the 59th Legislature (2023)

HOUSE BILL 1007

By: Wolfley

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, O.S.L. 2023, 1st Extraordinary Session of the 59th Oklahoma Legislature, (68 O.S. Supp. 2023, Section 2355), which relates to income tax rates modifying individual income tax rates for certain tax years; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, O.S.L. 2023, 1st Extraordinary Session of the 59th Oklahoma Legislature, (68 O.S. Supp. 2023, 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 31, 2015, for which the determination required pursuant to Sections

1 4 and 5 of this act is made by the State Board of Equalization, a
2 tax is hereby imposed upon the Oklahoma taxable income of every
3 resident or nonresident individual, which tax shall be computed as
4 follows:

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

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

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

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

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

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

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

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

14 any subsequent tax year unless the rate prescribed by

15 subparagraph (h) of this paragraph is in effect, and

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

17 tax years. The decrease in the top marginal

18 individual income tax rate otherwise authorized by

19 this subparagraph shall be contingent upon the

20 determination required to be made by the State Board

21 of Equalization pursuant to Section 2355.1A of this

22 title.

23 2. Married individuals filing jointly and surviving spouse to
24 the extent and in the manner that a surviving spouse is permitted to

1 file a joint return under the provisions of the Internal Revenue
2 Code and heads of households as defined in the Internal Revenue
3 Code:

- 4 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 5 (b) 1% tax on next \$3,000.00 or part thereof,
- 6 (c) 2% tax on next \$2,500.00 or part thereof,
- 7 (d) 3% tax on next \$2,300.00 or part thereof,
- 8 (e) 4% tax on next \$2,400.00 or part thereof,
- 9 (f) 5% tax on next \$2,800.00 or part thereof,
- 10 (g) 5.50% tax on the remainder for the 2008 tax year and
11 any subsequent tax year unless the rate prescribed by
12 subparagraph (h) of this paragraph is in effect, and
13 (h) 5.25% tax on the remainder for the 2009 and subsequent
14 tax years. The decrease in the top marginal
15 individual income tax rate otherwise authorized by
16 this subparagraph shall be contingent upon the
17 determination required to be made by the State Board
18 of Equalization pursuant to Section 2355.1A of this
19 title.

20 C. Individuals. For all taxable years beginning on or after
21 January 1, 2024, and ending not later than December 31, 2025, a tax
22 is hereby imposed upon the Oklahoma taxable income of every resident
23 or nonresident individual, which tax shall be computed as follows:

1 1. Single individuals and married individuals filing
2 separately:

- 3 (a) ~~0.25%~~ 0.00% tax on first ~~\$1,000.00~~ \$7,200.00 or part
4 thereof,
5 (b) ~~0.75% tax on next \$1,500.00 or part thereof,~~
6 ~~(c) 1.75% tax on next \$1,250.00 or part thereof,~~
7 ~~(d) 2.75% tax on next \$1,150.00 or part thereof,~~
8 ~~(e) 3.75% tax on next \$2,300.00 or part thereof,~~
9 ~~(f) 4.75% tax on the remainder.~~

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

- 15 (a) ~~0.25%~~ 0.00% tax on first ~~\$2,000.00~~ \$14,400.00 or part
16 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.

1 D. Individuals. For all taxable years beginning on or after
2 January 1, 2026, a tax is hereby imposed upon the Oklahoma taxable
3 income of every resident or nonresident individual, which tax shall
4 be computed as follows:

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

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

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

- 18 (a) 0.25% tax on first \$2,000.00 or part thereof,
19 (b) 0.75% tax on next \$3,000.00 or part thereof,
20 (c) 1.75% tax on next \$2,500.00 or part thereof,
21 (d) 2.75% tax on next \$2,300.00 or part thereof,
22 (e) 3.75% tax on next \$4,600.00 or part thereof,
23 (f) 4.75% tax on the remainder.
24

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

3 E. Nonresident aliens. In lieu of the rates set forth in
4 ~~subsection A above~~ this section, there shall be imposed on
5 nonresident aliens, as defined in the Internal Revenue Code, a tax
6 of eight percent (8%) instead of thirty percent (30%) as used in the
7 Internal Revenue Code, with respect to the Oklahoma taxable income
8 of such nonresident aliens as determined under the provision of the
9 Oklahoma Income Tax Act.

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

1 tax and such other information as the Tax Commission may require.

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

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

10 There shall be no additional Oklahoma income tax imposed on
11 accumulated taxable income or on undistributed personal holding
12 company income as those terms are defined in the Internal Revenue
13 Code.

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

22 Every payer of amounts covered by this subsection shall deduct
23 and withhold from such amounts paid each payee an amount equal to
24 four percent (4%) thereof. Every payer required to deduct and

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

17 ~~G.~~ H. Fiduciaries. A tax is hereby imposed upon the Oklahoma
18 taxable income of every trust and estate at the same rates as are
19 provided in subsection B ~~or~~, C or D of this section for single
20 individuals. Fiduciaries are not allowed a deduction for any
21 federal income tax paid.

22 ~~H.~~ I. Tax rate tables. For all taxable years beginning after
23 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,
24 C or D of this section, as applicable there is hereby imposed for

1 each taxable year on the taxable income of every individual, whose
2 taxable income for such taxable year does not exceed the ceiling
3 amount, a tax determined under tables, applicable to such taxable
4 year which shall be prescribed by the Tax Commission and which shall
5 be in such form as it determines appropriate. In the table so
6 prescribed, the amounts of the tax shall be computed on the basis of
7 the rates prescribed by subsection A, B ~~or~~, C or D of this section.
8 For purposes of this subsection, the term "ceiling amount" means,
9 with respect to any taxpayer, the amount determined by the Tax
10 Commission for the tax rate category in which such taxpayer falls.

11 SECTION 2. It being immediately necessary for the preservation
12 of the public peace, health or safety, an emergency is hereby
13 declared to exist, by reason whereof this act shall take effect and
14 be in full force from and after its passage and approval.

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16 59-2EX-70015 MAH 09/28/23
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