

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 SENATE BILL 1228

By: Bergstrom

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5
6 AS INTRODUCED

7 An Act relating to taxation; amending 62 O.S. 2021,
8 Section 34.103, which relates to the duties of the
9 State Board of Equalization; requiring certification
10 of certain collections in certain fiscal years;
11 amending 68 O.S. 2021, Section 2355, as amended by
12 Section 1, Chapter 27, 1st Extraordinary Session,
13 O.S.L. 2023 (68 O.S. Supp. 2023, Section 2355), which
14 relates to income tax; modifying tax rates for
15 certain tax years; requiring the reduction of tax
16 rates for certain tax years upon certain
17 certification by the State Board of Equalization;
18 prohibiting reduction of certain rates upon
19 declaration of revenue failure; updating statutory
20 language and references; and declaring an emergency.

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

22 SECTION 1. AMENDATORY 62 O.S. 2021, Section 34.103, is
23 amended to read as follows:

24 Section 34.103. A. In addition to any other duties prescribed
by law, at the meeting required by Section 23 of Article X of the
Oklahoma Constitution to be held in February of 2017, and at the
February meeting of the State Board of Equalization each year
thereafter, the State Board of Equalization shall certify:

1 1. For the revenue derived from the tax levied on oil pursuant
2 to Section 1001 of Title 68 of the Oklahoma Statutes, which would
3 otherwise be apportioned to the General Revenue Fund, the average
4 annual amount of actual revenue apportioned to the General Revenue
5 Fund for the immediately preceding five (5) complete fiscal years.
6 For any year after the first year during which a deposit to the
7 Revenue Stabilization Fund is made, the amount of any deposit to the
8 Revenue Stabilization Fund shall be disregarded for purposes of this
9 paragraph and the average shall be computed using the total amount
10 of revenue that was available to be apportioned to the General
11 Revenue Fund for the applicable period of time;

12 2. For the revenue derived from the tax levied on natural gas
13 pursuant to Section 1001 of Title 68 of the Oklahoma Statutes, which
14 would otherwise be apportioned to the General Revenue Fund, the
15 average annual amount of actual revenue apportioned to the General
16 Revenue Fund for the previous five (5) fiscal years. For any year
17 after the first year during which a deposit to the Revenue
18 Stabilization Fund is made, the amount of any deposit to the Revenue
19 Stabilization Fund shall be disregarded for purposes of this
20 paragraph and the average shall be computed using the total amount
21 of revenue that was available to be apportioned to the General
22 Revenue Fund for the applicable period of time; and

23 3. For the revenue derived from the corporate income tax levied
24 pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which

1 would otherwise be apportioned to the General Revenue Fund, the
2 average annual amount of actual revenue apportioned to the General
3 Revenue Fund for the previous five (5) fiscal years. For any year
4 after the first year during which a deposit to the Revenue
5 Stabilization Fund is made, the amount of any deposit to the Revenue
6 Stabilization Fund shall be disregarded for purposes of this
7 paragraph and the average shall be computed using the total amount
8 of revenue that was available to be apportioned to the General
9 Revenue Fund for the applicable period of time.

10 B. If the amount of revenue available for apportionment to the
11 General Revenue Fund for the next ensuing fiscal year exceeds the
12 amounts certified pursuant to paragraph 1 or 2 of subsection A of
13 this section, with respect to each such revenue source, one hundred
14 percent (100%) of such amount in excess of the separately computed
15 five-year average, which would otherwise be apportioned to the
16 General Revenue Fund, shall be deposited to the credit of the
17 Revenue Stabilization Fund.

18 C. If the amount of revenue available for apportionment to the
19 General Revenue Fund for the next ensuing fiscal year exceeds the
20 amount certified pursuant to paragraph 3 of subsection A of this
21 section:

22 1. Twenty-five percent (25%) of such amount in excess of the
23 five-year average, which would otherwise be apportioned to the
24 General Revenue Fund, shall be deposited to the credit of the

1 Constitutional Reserve Fund unless such deposit would exceed the
2 maximum balance permitted pursuant to Section 23 of Article X of the
3 Oklahoma Constitution and in such case the amount in excess of the
4 maximum balance shall be deposited to the credit of the Revenue
5 Stabilization Fund; and

6 2. Seventy-five percent (75%) of such amount in excess of the
7 five-year average, which would otherwise be apportioned to the
8 General Revenue Fund, shall be deposited to the credit of the
9 Revenue Stabilization Fund, together with any amount required for
10 deposit pursuant to the provisions of paragraph 1 of this
11 subsection.

12 D. In addition to any other duties prescribed by law, at the
13 meeting required by Section 23 of Article X of the Oklahoma
14 Constitution to be held in February of 2025, and at the February
15 meeting of the State Board of Equalization each year thereafter, the
16 State Board of Equalization shall certify:

17 1. For the revenue derived from all taxes levied by this state,
18 an itemized estimate of collections for the ensuing fiscal year;

19 2. For the revenue derived from all taxes levied by this state,
20 whether the difference between the itemized estimate certified
21 pursuant to paragraph 1 of this subsection and the actual
22 collections in fiscal year 2023 exceeds Four Hundred Million Dollars
23 (\$400,000,000.00) in growth, until a reduction in the marginal tax
24 rates occurs pursuant to subsection D of Section 2 of this act; and

1 3. For the revenue derived from all taxes levied by this state,
2 whether the difference between the itemized estimate certified
3 pursuant to paragraph 1 of this subsection and the actual
4 collections in the latest full fiscal year before the most recent
5 reduction in the marginal tax rates pursuant to subsection D of
6 Section 2 of this act exceeds Four Hundred Million Dollars
7 (\$400,000,000.00) in growth.

8 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2355, as
9 amended by Section 1, Chapter 27, 1st Extraordinary Session, O.S.L.
10 2023 (68 O.S. Supp. 2023, Section 2355), is amended to read as
11 follows:

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

- 17 1. METHOD 1.
- 18 a. Single individuals and married individuals filing
19 separately not deducting federal income tax:
- 20 (1) 1/2% tax on first \$1,000.00 or part thereof,
 - 21 (2) 1% tax on next \$1,500.00 or part thereof,
 - 22 (3) 2% tax on next \$1,250.00 or part thereof,
 - 23 (4) 3% tax on next \$1,150.00 or part thereof,
 - 24 (5) 4% tax on next \$1,300.00 or part thereof,

- 1 (6) 5% tax on next \$1,500.00 or part thereof,
2 (7) 6% tax on next \$2,300.00 or part thereof, and
3 (8) (a) for taxable years beginning after December
4 31, 1998, and before January 1, 2002, 6.75%
5 tax on the remainder,
6 (b) for taxable years beginning on or after
7 January 1, 2002, and before January 1, 2004,
8 7% tax on the remainder, and
9 (c) for taxable years beginning on or after
10 January 1, 2004, 6.65% tax on the remainder.

11 b. Married individuals filing jointly and surviving
12 spouse to the extent and in the manner that a
13 surviving spouse is permitted to file a joint return
14 under the provisions of the Internal Revenue Code and
15 heads of households as defined in the Internal Revenue
16 Code not deducting federal income tax:

- 17 (1) 1/2% tax on first \$2,000.00 or part thereof,
18 (2) 1% tax on next \$3,000.00 or part thereof,
19 (3) 2% tax on next \$2,500.00 or part thereof,
20 (4) 3% tax on next \$2,300.00 or part thereof,
21 (5) 4% tax on next \$2,400.00 or part thereof,
22 (6) 5% tax on next \$2,800.00 or part thereof,
23 (7) 6% tax on next \$6,000.00 or part thereof, and
24

- 1 (8) (a) for taxable years beginning after December
2 31, 1998, and before January 1, 2002, 6.75%
3 tax on the remainder,
4 (b) for taxable years beginning on or after
5 January 1, 2002, and before January 1, 2004,
6 7% tax on the remainder, and
7 (c) for taxable years beginning on or after
8 January 1, 2004, 6.65% tax on the remainder.

9 2. METHOD 2.

10 a. Single individuals and married individuals filing
11 separately deducting federal income tax:

- 12 (1) 1/2% tax on first \$1,000.00 or part thereof,
13 (2) 1% tax on next \$1,500.00 or part thereof,
14 (3) 2% tax on next \$1,250.00 or part thereof,
15 (4) 3% tax on next \$1,150.00 or part thereof,
16 (5) 4% tax on next \$1,200.00 or part thereof,
17 (6) 5% tax on next \$1,400.00 or part thereof,
18 (7) 6% tax on next \$1,500.00 or part thereof,
19 (8) 7% tax on next \$1,500.00 or part thereof,
20 (9) 8% tax on next \$2,000.00 or part thereof,
21 (10) 9% tax on next \$3,500.00 or part thereof, and
22 (11) 10% tax on the remainder.

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

1 surviving spouse is permitted to file a joint return
2 under the provisions of the Internal Revenue Code and
3 heads of households as defined in the Internal Revenue
4 Code deducting federal income tax:

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

16 B. Individuals. For all taxable years beginning on or after
17 January 1, 2008, and ending any tax year which begins after December
18 31, 2015, for which the determination required pursuant to Sections
19 4 2355.1F and 5 Section 2355.1G of this ~~act~~ title is made by the
20 State Board of Equalization, a tax is hereby imposed upon the
21 Oklahoma taxable income of every resident or nonresident individual,
22 which tax shall be computed as follows:

23 1. Single individuals and married individuals filing
24 separately:

- 1 (a) 1/2% tax on first \$1,000.00 or part thereof,
2 (b) 1% tax on next \$1,500.00 or part thereof,
3 (c) 2% tax on next \$1,250.00 or part thereof,
4 (d) 3% tax on next \$1,150.00 or part thereof,
5 (e) 4% tax on next \$2,300.00 or part thereof,
6 (f) 5% tax on next \$1,500.00 or part thereof,
7 (g) 5.50% tax on the remainder for the 2008 tax year and
8 any subsequent tax year unless the rate prescribed by
9 subparagraph (h) of this paragraph is in effect, and
10 (h) 5.25% tax on the remainder for the 2009 and subsequent
11 tax years. The decrease in the top marginal
12 individual income tax rate otherwise authorized by
13 this subparagraph shall be contingent upon the
14 determination required to be made by the State Board
15 of Equalization pursuant to Section 2355.1A of this
16 title.

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

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

14 C. Individuals. ~~For~~ Except as provided for in subsection D of
15 this section, for all taxable years beginning on or after January 1,
16 2024, a tax is hereby imposed upon the Oklahoma taxable income of
17 every resident or nonresident individual, which tax shall be
18 computed as follows:

19 1. Single individuals and married individuals filing
20 separately:

- 21 (a) ~~0.25%~~ 0% tax on first \$1,000.00 or part thereof,
22 (b) ~~0.75%~~ 0.5% tax on next \$1,500.00 or part thereof,
23 (c) ~~1.75%~~ 1.5% tax on next \$1,250.00 or part thereof,
24 (d) ~~2.75%~~ 2.5% tax on next \$1,150.00 or part thereof,

1 (e) ~~3.75%~~ 3.5% tax on next \$2,300.00 or part thereof, and

2 (f) ~~4.75%~~ 4.5% tax on the remainder.

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) ~~0.25%~~ 0% tax on first \$2,000.00 or part thereof,

9 (b) ~~0.75%~~ 0.5% tax on next \$3,000.00 or part thereof,

10 (c) ~~1.75%~~ 1.5% tax on next \$2,500.00 or part thereof,

11 (d) ~~2.75%~~ 2.5% tax on next \$2,300.00 or part thereof,

12 (e) ~~3.75%~~ 3.5% tax on next \$4,600.00 or part thereof, and

13 (f) ~~4.75%~~ 4.5% tax on the remainder.

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

16 D. If the difference between collections exceeds Four Hundred
17 Million Dollars (\$400,000,000.00) in growth, as certified by the
18 State Board of Equalization pursuant to paragraph 2 of subsection D
19 of Section 1 of this act, the marginal tax rates provided in
20 paragraphs 1 and 2 of subsection C of this section shall each be
21 reduced by twenty-five hundredths of a percentage point, unless the
22 rate equals zero percent (0%), for the immediate succeeding tax year
23 and subsequent tax years. Each successive certification of growth
24 exceeding Four Hundred Million Dollars (\$400,000,000.00) by the

1 Board, pursuant to paragraph 3 of subsection D of Section 1 of this
2 act, shall further reduce the marginal tax rates by twenty-five
3 hundredths of a percentage point, until the rate equals zero percent
4 (0%), in the immediate succeeding tax year and subsequent tax years.
5 If a revenue failure is declared pursuant to the provisions of
6 Section 34.49 of Title 62 of the Oklahoma Statutes, prior to the end
7 of the calendar year in which the Board makes a certification
8 pursuant to paragraphs 2 and 3 of subsection D of Section 1 of this
9 act, the reduction in marginal tax rates, as provided for in this
10 subsection, shall not occur until a subsequent certification is made
11 by the Board pursuant to paragraphs 2 and 3 of subsection D of
12 Section 1 of this act.

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

20 Every payer of amounts covered by this subsection shall deduct
21 and withhold from such amounts paid each payee an amount equal to
22 eight percent (8%) thereof. Every payer required to deduct and
23 withhold taxes under this subsection shall for each quarterly period
24 on or before the last day of the month following the close of each

1 such quarterly period, pay over the amount so withheld as taxes to
2 the Oklahoma Tax Commission, and shall file a return with each such
3 payment. Such return shall be in such form as the Tax Commission
4 shall prescribe. Every payer required under this subsection to
5 deduct and withhold a tax from a payee shall, as to the total
6 amounts paid to each payee during the calendar year, furnish to such
7 payee, on or before January 31⁷ of the succeeding year, a written
8 statement showing the name of the payer, the name of the payee and
9 the payee's Social Security account number, if any, the total amount
10 paid subject to taxation, and the total amount deducted and withheld
11 as tax and such other information as the Tax Commission may require.
12 Any payer who fails to withhold or pay to the Tax Commission any
13 sums herein required to be withheld or paid shall be personally and
14 individually liable therefor to ~~the State of Oklahoma~~ this state.

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

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

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1 ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed
2 in the first paragraph of subsection ~~D~~ E of this section, for all
3 taxable years beginning after December 31, 2021, there shall be
4 imposed on foreign corporations, as defined in the Internal Revenue
5 Code, a tax of four percent (4%) instead of thirty percent (30%) as
6 used in the Internal Revenue Code, where such income is received
7 from sources within ~~Oklahoma~~ this state, in accordance with the
8 provisions of the Internal Revenue Code and the Oklahoma Income Tax
9 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 four percent (4%) 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~~7~~, 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 amounts paid
24 subject to taxation, the total amount deducted and withheld as tax

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

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

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

23 SECTION 3. It being immediately necessary for the preservation
24 of the public peace, health or safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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