

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL 1200

By: Maynard, Kendrix, Lepak,
Burns, Hill, Fetgatter,
Townley, Boles, and
Cantrell of the House

6 and

7 Rader of the Senate
8
9

10 COMMITTEE SUBSTITUTE

11 [taxation - certification - income tax - tax rates -
12 effective date]
13

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

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

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

22 1. For the revenue derived from the tax levied on oil pursuant
23 to Section 1001 of Title 68 of the Oklahoma Statutes, which would
24 otherwise be apportioned to the General Revenue Fund, the average

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

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

20 3. For the revenue derived from the corporate income tax levied
21 pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which
22 would otherwise be apportioned to the General Revenue Fund, the
23 average annual amount of actual revenue apportioned to the General
24 Revenue Fund for the previous five (5) fiscal years. For any year

1 after the first year during which a deposit to the Revenue
2 Stabilization Fund is made, the amount of any deposit to the Revenue
3 Stabilization Fund shall be disregarded for purposes of this
4 paragraph and the average shall be computed using the total amount
5 of revenue that was available to be apportioned to the General
6 Revenue Fund for the applicable period of time.

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

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

19 1. Twenty-five percent (25%) of such amount in excess of the
20 five-year average, which would otherwise be apportioned to the
21 General Revenue Fund, shall be deposited to the credit of the
22 Constitutional Reserve Fund unless such deposit would exceed the
23 maximum balance permitted pursuant to Section 23 of Article X of the
24 Oklahoma Constitution and in such case the amount in excess of the

1 maximum balance shall be deposited to the credit of the Revenue
2 Stabilization Fund; and

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

9 D. In addition to any other duties prescribed by law, at the
10 meeting required by Section 23 of Article X of the Oklahoma
11 Constitution to be held in February of 2026, and at the February
12 meeting of the State Board of Equalization each year thereafter, the
13 State Board of Equalization shall certify:

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

16 2. For the revenue derived from all taxes levied by this state,
17 whether the difference between the itemized estimate certified
18 pursuant to paragraph 1 of this subsection and the actual
19 collections in fiscal year 2023 exceeds Four Hundred Million Dollars
20 (\$400,000,000.00) in growth, until a reduction in the marginal tax
21 rates occurs pursuant to subsection D of Section 2355 of Title 68 of
22 the Oklahoma Statutes; and

23 3. For the revenue derived from all taxes levied by this state,
24 whether the difference between the itemized estimate certified

pursuant to paragraph 1 of this subsection and the actual
collections in the latest full fiscal year before the most recent
reduction in the marginal tax rates pursuant to subsection D of
Section 2355 of Title 68 of the Oklahoma Statutes exceeds Four
Hundred Million Dollars (\$400,000,000.00) in growth.

On July 1, 2035, and every ten (10) years thereafter, the
threshold of Four Hundred Million Dollars (\$400,000,000.00) provided
in paragraphs 2 and 3 of this subsection shall be adjusted for
inflation to reflect the percentage change in the Consumer Price
Index published by the Bureau of Labor Statistics of the United
States Department of Labor for that period.

SECTION 2. AMENDATORY 68 O.S. 2021, Section 2355, as
last amended by Section 1, Chapter 27, 1st Extraordinary Session,
O.S.L. 2023 (68 O.S. Supp. 2024, 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 of 1986, as amended, and heads of households as defined in the Internal Revenue Code of 1986, as amended, 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 of 1986, as amended, and heads of households as defined in the Internal Revenue Code of 1986, as amended, 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 4 2355.1F and 5 2355.1G of this ~~act~~ title is made by the State Board

1 of Equalization, a tax is hereby imposed upon the Oklahoma taxable
2 income of every resident or nonresident individual, which tax shall
3 be computed as follows:

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

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

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

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

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

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

11 (f) 5% tax on next \$1,500.00 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 2. Married individuals filing jointly and surviving spouse to
23 the extent and in the manner that a surviving spouse is permitted to
24 file a joint return under the provisions of the Internal Revenue

Code of 1986, as amended, and heads of households as defined in the
Internal Revenue Code of 1986, as amended:

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

C. Individuals. 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) 0.25% tax on first \$1,000.00 or part thereof,
- (b) 0.75% tax on next \$1,500.00 or part thereof,
- (c) 1.75% tax on next \$1,250.00 or part thereof,
- (d) 2.75% tax on next \$1,150.00 or part thereof,
- (e) 3.75% tax on next \$2,300.00 or part thereof, and
- (f) 4.75% 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 of 1986, as amended, and heads of households as defined in the Internal Revenue Code of 1986, as amended:

- (a) 0.25% tax on first \$2,000.00 or part thereof,
- (b) 0.75% tax on next \$3,000.00 or part thereof,
- (c) 1.75% tax on next \$2,500.00 or part thereof,
- (d) 2.75% tax on next \$2,300.00 or part thereof,
- (e) 3.75% tax on next \$4,600.00 or part thereof, and
- (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 provided for in subsection E of this section, for tax year 2026 and subsequent tax years, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

1 1. Single individuals and married individuals filing

2 separately:

3 (a) 0% tax on first \$3,750.00 or part thereof,

4 (b) 2.75% tax on next \$1,150.00 or part thereof,

5 (c) 3.75% tax on next \$2,300.00 or part thereof, and

6 (d) 4.7% tax on the remainder.

7 2. Married individuals filing jointly and surviving spouse to

8 the extent and in the manner that a surviving spouse is permitted to

9 file a joint return under the provisions of the Internal Revenue

10 Code of 1986, as amended, and heads of households as defined in the

11 Internal Revenue Code of 1986, as amended:

12 (a) 0% tax on first \$7,500.00 or part thereof,

13 (b) 2.75% tax on next \$2,300.00 or part thereof,

14 (c) 3.75% tax on next \$4,600.00 or part thereof, and

15 (d) 4.7% tax on the remainder.

16 No deduction for federal income taxes paid shall be allowed to

17 any taxpayer to arrive at taxable income.

18 E. If the difference between collections exceeds Four Hundred

19 Million Dollars (\$400,000,000.00) in growth, as adjusted for

20 inflation pursuant to subsection D of Section 34.103 of Title 62 of

21 the Oklahoma Statutes, and as certified by the State Board of

22 Equalization pursuant to paragraph 2 of subsection D of Section

23 34.103 of Title 62 of the Oklahoma Statutes, the marginal tax rates

24 provided in paragraphs 1 and 2 of subsection D of this section shall

each be reduced by twenty-five hundredths (0.25) of a percentage point unless the rate equals zero percent (0%) for the immediate succeeding tax year and subsequent tax years. Each successive certification of growth exceeding Four Hundred Million Dollars (\$400,000,000.00) by the Board, as adjusted for inflation, shall further reduce the marginal tax rates by twenty-five hundredths (0.25) of a percentage point until the rate equals zero percent (0%) in the immediate succeeding tax year and subsequent tax years. If a revenue failure is declared pursuant to the provisions of Section 34.49 of Title 62 of the Oklahoma Statutes prior to the end of the calendar year in which the Board makes a certification pursuant to paragraphs 2 and 3 of subsection D of Section 34.103 of Title 62 of the Oklahoma Statutes, the reduction in marginal tax rates, as provided for in this subsection, shall not occur until a subsequent certification is made by the Board pursuant to paragraphs 2 and 3 of subsection D of Section 34.103 of Title 62 of the Oklahoma Statutes. In the event the federal government reduces the federal medical assistance percentage (FMAP) rate for Medicaid expansion below ninety percent (90%) for enrollees enrolled pursuant to Section 1 et seq. of Article XXV-A of the Oklahoma Constitution, there shall be no reductions made to the income tax rates pursuant to this subsection.

F. Nonresident aliens. In lieu of the rates set forth in subsection A above, there shall be imposed on nonresident aliens, as

1 defined in the Internal Revenue Code of 1986, as amended, a tax of
2 eight percent (8%) instead of thirty percent (30%) as used in the
3 Internal Revenue Code of 1986, as amended, with respect to the
4 Oklahoma taxable income of such nonresident aliens as determined
5 under the provision of the Oklahoma Income Tax Act.

6 Every payer of amounts covered by this subsection shall deduct
7 and withhold from such amounts paid each payee an amount equal to
8 eight percent (8%) thereof. Every payer required to deduct and
9 withhold taxes under this subsection shall for each quarterly period
10 on or before the last day of the month following the close of each
11 such quarterly period, pay over the amount so withheld as taxes to
12 the Oklahoma Tax Commission, and shall file a return with each such
13 payment. Such return shall be in such form as the Tax Commission
14 shall prescribe. Every payer required under this subsection to
15 deduct and withhold a tax from a payee shall, as to the total
16 amounts paid to each payee during the calendar year, furnish to such
17 payee, on or before January 31⁷ of the succeeding year, a written
18 statement showing the name of the payer, the name of the payee and
19 the payee's Social Security account number, if any, the total amount
20 paid subject to taxation, and the total amount deducted and withheld
21 as tax and such other information as the Tax Commission may require.
22 Any payer who fails to withhold or pay to the Tax Commission any
23 sums herein required to be withheld or paid shall be personally and
24 individually liable therefor to ~~the State of Oklahoma~~ this state.

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

6 There shall be no additional Oklahoma income tax imposed on
7 accumulated taxable income or on undistributed personal holding
8 company income as those terms are defined in the Internal Revenue
9 Code of 1986, as amended.

10 ~~F.~~ H. Certain foreign corporations. In lieu of the tax imposed
11 in the first paragraph of subsection ~~D~~ F of this section, for all
12 taxable years beginning after December 31, 2021, there shall be
13 imposed on foreign corporations, as defined in the Internal Revenue
14 Code of 1986, as amended, a tax of four percent (4%) instead of
15 thirty percent (30%) as used in the Internal Revenue Code of 1986,
16 as amended, where such income is received from sources within
17 ~~Oklahoma~~ this state, in accordance with the provisions of the
18 Internal Revenue Code of 1986, as amended, and the Oklahoma Income
19 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 four percent (4%) 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 Tax Commission, and shall file a return with each such payment.
3 Such return shall be in such form as the Tax Commission shall
4 prescribe. Every payer required under this subsection to deduct and
5 withhold a tax from a payee shall, as to the total amounts paid to
6 each payee during the calendar year, furnish to such payee, on or
7 before January 31~~7~~ of the succeeding year, a written statement
8 showing the name of the payer, the name of the payee and the payee's
9 Social Security account number, if any, the total amounts paid
10 subject to taxation, the total amount deducted and withheld as tax,
11 and such other information as the Tax Commission may require. Any
12 payer who fails to withhold or pay to the Tax Commission any sums
13 herein required to be withheld or paid shall be personally and
14 individually liable therefor to the State of Oklahoma.

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

20 ~~H.~~ J. Tax rate tables. For all taxable years beginning after
21 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,
22 C, D, or E of this section, as applicable there is hereby imposed
23 for each taxable year on the taxable income of every individual,
24 whose taxable income for such taxable year does not exceed the

1 ceiling amount, a tax determined under tables, applicable to such
2 taxable year which shall be prescribed by the Tax Commission and
3 which shall be in such form as it determines appropriate. In the
4 table so prescribed, the amounts of the tax shall be computed on the
5 basis of the rates prescribed by subsection A, B ~~or~~, C, D, or E of
6 this section. For purposes of this subsection, the term "ceiling
7 amount" means, with respect to any taxpayer, the amount determined
8 by the Tax Commission for the tax rate category in which such
9 taxpayer falls.

10 SECTION 3. This act shall become effective November 1, 2025.
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