

FLOOR AMENDMENT  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1539 \_\_\_\_\_  
Of the printed Bill  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: \_\_\_\_\_  
\_\_\_\_\_  
Reading Clerk

Amendment submitted by: Jim Olsen  
\_\_\_\_\_

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

FLOOR SUBSTITUTE  
FOR

HOUSE BILL NO. 1539

By: Lepak of the House

and

Bergstrom of the Senate

FLOOR SUBSTITUTE

An Act relating to revenue and taxation; amending 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), which relates to income tax rates; prescribing method for reduction of individual income tax rates; defining terms; providing for incremental reduction based on certain revenue determination by the State Board of Equalization; prescribing procedures for computation of certain revenue amounts; 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 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:

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

6       1. METHOD 1.

7           a. Single individuals and married individuals filing  
8 separately not deducting federal income tax:

9               (1) 1/2% tax on first \$1,000.00 or part thereof,

10              (2) 1% tax on next \$1,500.00 or part thereof,

11              (3) 2% tax on next \$1,250.00 or part thereof,

12              (4) 3% tax on next \$1,150.00 or part thereof,

13              (5) 4% tax on next \$1,300.00 or part thereof,

14              (6) 5% tax on next \$1,500.00 or part thereof,

15              (7) 6% tax on next \$2,300.00 or part thereof, and

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

17                       31, 1998, and before January 1, 2002, 6.75%

18                       tax on the remainder,

19              (b) for taxable years beginning on or after

20                       January 1, 2002, and before January 1, 2004,

21                       7% tax on the remainder, and

22              (c) for taxable years beginning on or after

23                       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 4 and 5 of this act is made by the State Board of Equalization, 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) 1/2% tax on first \$1,000.00 or part thereof,
- (b) 1% tax on next \$1,500.00 or part thereof,
- (c) 2% tax on next \$1,250.00 or part thereof,
- (d) 3% tax on next \$1,150.00 or part thereof,
- (e) 4% tax on next \$2,300.00 or part thereof,
- (f) 5% tax on next \$1,500.00 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.

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) 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

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

3 C. Individuals. For all taxable years beginning on or after  
4 January 1, 2024, and except as provided pursuant to the provisions  
5 of subsection D of this section, a tax is hereby imposed upon the  
6 Oklahoma taxable income of every resident or nonresident individual,  
7 which tax shall be computed as follows:

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

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

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

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



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

2 (f) 4.75% tax on the remainder.

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

5 D. 1. "Qualifying cumulative revenue growth" means an increase  
6 of at least Four Hundred Twenty-five Million Dollars  
7 (\$425,000,000.00) in excess of the applicable base year amount,  
8 which shall include any decrease in the total collections amount for  
9 any fiscal year which reflects a decline in total revenue  
10 collections. If the total revenue collections equal or exceed Four  
11 Hundred Twenty-five Million Dollars (\$425,000,000.00) using either a  
12 comparison of one fiscal year to the next succeeding fiscal year or  
13 equal or exceed Four Hundred Twenty-five Million Dollars  
14 (\$425,000,000.00) as a result of multiple successive comparisons,  
15 which shall take into account any comparison which results in an  
16 increase of less than Four Hundred Twenty-five Million Dollars  
17 (\$425,000,000.00) or which results in a decline in total collections  
18 from the preceding year, then if such cumulative net total,  
19 including any year in which total collections declined, equals or  
20 exceeds Four Hundred Twenty-five Million Dollars (\$425,000,000.00)  
21 then the next decrease in the income tax rates as described by this  
22 subsection shall be implemented.

23 2. "Total revenue collections" includes all revenue sources  
24 reported in the annual report of the Oklahoma Tax Commission

1 excluding any tax collected by the Commission from levies imposed by  
2 counties, cities, towns or any other entity of local government.

3 3. Except as otherwise provided by this subsection, for all  
4 taxable years beginning on or after January 1, 2026, a tax is hereby  
5 imposed upon the Oklahoma taxable income of every resident or  
6 nonresident individual, which tax shall be as prescribed in  
7 paragraphs 1 and 2 of subsection C of this section reduced in each  
8 of the rates as prescribed by paragraph 1 or paragraph 2 of  
9 subsection C of this section by one percent (0.01), expressed as a  
10 decimal, for purposes of the reduction, for any income tax year  
11 beginning on the January 1 date immediately succeeding a fiscal year  
12 ending on the preceding June 30 for which the State Board of  
13 Equalization makes a certification, at its December meeting, that  
14 total revenue collections for such fiscal year exceeded the  
15 qualifying cumulative revenue growth by Four Hundred Twenty-five  
16 Million Dollars (\$425,000,000.00) or more.

17 4. The State Board of Equalization, at its December meeting  
18 each year, shall make a determination regarding the possibility of a  
19 decrease in the income tax rate otherwise prescribed by this  
20 subsection. If the revenue conditions prescribed by this subsection  
21 are met, which shall be included as part of the findings of the  
22 State Board of Equalization, then the income tax rates otherwise  
23 prescribed by paragraphs 1 and 2 of subsection C of this section  
24 shall be reduced by one percent (0.01) effective on January 1 of the

1 calendar year immediately following the year during which the State  
2 Board of Equalization makes the finding that qualifying cumulative  
3 revenue growth as defined by this subsection is sufficient to reduce  
4 the income tax rates otherwise prescribed by paragraphs 1 and 2 of  
5 subsection C of this section. For purposes of this subsection, the  
6 total collections from all revenue sources for the fiscal year  
7 ending June 30, 2023, shall be the initial base year amount.

8       5. Beginning with the December 2025 meeting of the State Board  
9 of Equalization and at each succeeding December meeting, the State  
10 Board shall compare the total revenue collections amount for the  
11 fiscal year ending on the immediately preceding June 30 date, to the  
12 applicable base year total collections amount. If there is an  
13 increase in the total collections amount equal to or greater than  
14 Four Hundred Twenty-five Million Dollars (\$425,000,000.00) compared  
15 to the initial base year total collections amount, the income tax  
16 rates otherwise prescribed by paragraphs 1 and 2 of subsection C of  
17 this section shall be reduced effective January 1 of the immediately  
18 succeeding calendar year. If there is not an increase of at least  
19 Four Hundred Twenty-five Million Dollars (\$425,000,000.00) in the  
20 total collections amount as reflected in the December certification  
21 of total collections compared to the applicable base year total  
22 collection amount, there shall be no modification of such income tax  
23 rates.

1       6. For any fiscal year with respect to which the qualifying  
2 cumulative revenue growth as determined at the December meeting  
3 equals or exceeds the applicable base year total collection amount  
4 by Four Hundred Twenty-five Million Dollars (\$425,000,000.00) or  
5 more, the applicable base year total collections amount shall be  
6 adjusted for purposes of any succeeding comparison by adding Four  
7 Hundred Twenty-five Million Dollars (\$425,000,000.00) plus the  
8 increment of all revenues exceeding Four Hundred Twenty-five Million  
9 Dollars (\$425,000,000.00) to the prior base year amount and the  
10 resulting sum shall become the adjusted base year amount for  
11 purposes of future computations required by this subsection.

12       7. After an adjustment is made to any base year amount, a  
13 reduction in the income tax rate otherwise prescribed pursuant to  
14 this subsection, in increments of one percent (0.01), may only occur  
15 if there is a subsequent increase of Four Hundred Twenty-five  
16 Million Dollars (\$425,000,000.00) or more in the qualifying  
17 cumulative revenue growth as defined by this subsection. Subject to  
18 the determinations regarding the increase in total collections as  
19 defined by this subsection, the reductions prescribed by this  
20 subsection shall be made for all applicable income tax years until  
21 the rates of individual income tax as prescribed by paragraphs 1 and  
22 2 of subsection C of this section equals zero (0).

23       8. For purposes of reporting total collections for purposes of  
24 this subsection, the Oklahoma Tax Commission shall use the same

1 methodology used to report estimated revenues to the State Board of  
2 Equalization that was used to make the report for the December, 2024  
3 meeting.

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

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

1 subject to taxation, and the total amount deducted and withheld as  
2 tax and such other information as the Tax Commission may require.

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

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

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

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

23 Every payer of amounts covered by this subsection shall deduct  
24 and withhold from such amounts paid each payee an amount equal to

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

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

23 ~~H.~~ I. Tax rate tables. For all taxable years beginning after  
24 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,

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

12 SECTION 2. This act shall become effective November 1, 2025.

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