

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 1856

By: Deever

6 AS INTRODUCED

7 An Act relating to tax; amending 68 O.S. 2021,  
8 Section 2355, as last amended by Section 2, Chapter  
9 307, O.S.L. 2025 (68 O.S. Supp. 2025, Section 2355),  
10 which relates to income tax; requiring income tax  
11 rate reduction upon certification of collections in  
excess of prior year collections; prescribing  
thresholds for reduction amounts; prescribing  
calculation of collection amounts; updating statutory  
reference; and providing an effective date.

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

15 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as  
16 last amended by Section 2, Chapter 307, O.S.L. 2025 (68 O.S. Supp.  
17 2025, Section 2355), is amended to read as follows:

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

23 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.

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 2355.1F and 2355.1G of this title is made by the State Board of  
5 Equalization, a tax is hereby imposed upon the Oklahoma taxable  
6 income of every resident or nonresident individual, which tax shall  
7 be computed as 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

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 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.

1 C. Individuals. For tax years 2024 and 2025, a tax is hereby  
2 imposed upon the Oklahoma taxable income of every resident or  
3 nonresident individual, which tax shall be computed as follows:

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

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

12 2. Married individuals filing jointly and surviving spouse to  
13 the extent and in the manner that a surviving spouse is permitted to  
14 file a joint return under the provisions of the Internal Revenue  
15 Code of 1986, as amended, and heads of households as defined in the  
16 Internal Revenue Code of 1986, as amended:

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

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

1       D. Individuals. For tax year 2026 and for subsequent tax years  
2 subject to rate reductions as provided by subsection subsections E  
3 and L of this section, a tax is hereby imposed upon the Oklahoma  
4 taxable income of every resident or nonresident individual, which  
5 tax shall be computed as follows:

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

- 8           (a) 0% tax on first \$3,750.00 or part thereof,
- 9           (b) 2.5% tax on the next \$1,150.00 or part thereof,
- 10          (c) 3.5% tax on next \$2,300.00 or part thereof, and
- 11          (d) 4.5% tax on the remainder.

12       2. Married individuals filing jointly and surviving spouse to  
13 the extent and in the manner that a surviving spouse is permitted to  
14 file a joint return under the provisions of the Internal Revenue  
15 Code of 1986, as amended, and heads of households as defined in the  
16 Internal Revenue Code of 1986, as amended:

- 17           (a) 0% tax on first \$7,500.00 or part thereof,
- 18           (b) 2.5% tax on the next \$2,300.00 or part thereof,
- 19           (c) 3.5% tax on next \$4,600.00 or part thereof, and
- 20           (d) 4.5% tax on the remainder.

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

23       E. As provided by subsection D of Section 34.103 of Title 62 of  
24 the Oklahoma Statutes, if the comparison year total collections

1 exceeds the base year total collections plus the income tax rate  
2 reduction threshold, as certified by the State Board of Equalization  
3 pursuant to paragraph 2 of subsection D of Section 34.103 of Title  
4 62 of the Oklahoma Statutes, the tax rates otherwise prescribed in  
5 paragraphs 1 and 2 of subsection D of this section shall each be  
6 reduced by twenty-five one-hundredths (0.25) of a percentage point  
7 (0.0025) until the applicable rate equals zero percent (0%). Each  
8 successive certification by the State Board of Equalization with  
9 respect to which the comparison year total collections exceeds the  
10 base year total collections plus the income tax rate reduction  
11 threshold, as determined by the State Board of Equalization as  
12 provided by subsection D of Section 34.103 of Title 62 of the  
13 Oklahoma Statutes, shall further reduce the individual income tax  
14 rates by twenty-five one-hundredths (0.25) of a percentage point  
15 (0.0025) until the applicable rate equals zero percent (0%). Any  
16 reduction in the income tax rates authorized by this section and by  
17 ~~this act~~ Sections 34.103 and 34.103A of Title 62 of the Oklahoma  
18 Statutes shall take effect on January 1 following the final  
19 certification by the State Board of Equalization, if any, made  
20 during its meeting in February each year.

21 F. If a revenue failure is declared pursuant to the provisions  
22 of Section 34.49 of Title 62 of the Oklahoma Statutes prior to the  
23 end of the calendar year in which the Board makes a certification  
24 pursuant to paragraph 2 of subsection D of Section 34.103 of Title

1 62 of the Oklahoma Statutes, the reduction in tax rates, as  
2 otherwise provided for in this section, shall not occur until a  
3 subsequent certification is made by the State Board of Equalization  
4 pursuant to paragraph 2 of subsection D of Section 34.103 of Title  
5 62 of the Oklahoma Statutes.

6 G. Nonresident aliens. In lieu of the rates set forth in  
7 subsection A above, there shall be imposed on nonresident aliens, as  
8 defined in the Internal Revenue Code of 1986, as amended, a tax of  
9 eight percent (8%) instead of thirty percent (30%) as used in the  
10 Internal Revenue Code of 1986, as amended, with respect to the  
11 Oklahoma taxable income of such nonresident aliens as determined  
12 under the provision of the Oklahoma Income Tax Act.

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

1 statement showing the name of the payer, the name of the payee and  
2 the payee's Social Security account number, if any, the total amount  
3 paid subject to taxation, and the total amount deducted and withheld  
4 as tax and such other information as the Tax Commission may require.  
5 Any payer who fails to withhold or pay to the Tax Commission any  
6 sums herein required to be withheld or paid shall be personally and  
7 individually liable therefor to the State of Oklahoma.

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

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

17 I. Certain foreign corporations. In lieu of the tax imposed in  
18 the first paragraph of subsection G of this section, for all taxable  
19 years beginning after December 31, 2021, there shall be imposed on  
20 foreign corporations, as defined in the Internal Revenue Code of  
21 1986, as amended, a tax of four percent (4%) instead of thirty  
22 percent (30%) as used in the Internal Revenue Code of 1986, as  
23 amended, where such income is received from sources within this

1 state, in accordance with the provisions of the Internal Revenue  
2 Code of 1986, as amended, and the Oklahoma Income Tax Act.

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

22 J. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
23 taxable income of every trust and estate at the same rates as are  
24 provided in subsections B through D of this section for single

1 individuals. Fiduciaries are not allowed a deduction for any  
2 federal income tax paid.

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

16       L. 1. Beginning tax year 2027, in addition to any rate  
17 reductions provided for in subsection E of this section, if the  
18 comparison year total collections reported pursuant to the  
19 provisions of Section 34.103 of Title 62 of the Oklahoma Statutes  
20 for the December meeting of the State Board of Equalization  
21 immediately preceding the tax year exceed the comparison year total  
22 collections reported in the immediate preceding December meeting by  
23 at least Two Hundred Million Dollars (\$200,000,000.00), the tax  
24 rates otherwise prescribed in paragraphs 1 and 2 of subsection D of

this section shall each be reduced by the following percentage

points until the applicable rate equals zero percent (0%):

- a. if the excess is at least Two Hundred Million Dollars (\$200,000,000.00) but less than Three Hundred Million Dollars (\$300,000,000.00), one hundred twenty-five one-thousandths (0.125) of a percentage point,
- b. if the excess is at least Three Hundred Million Dollars (\$300,000,000.00) but less than Four Hundred Million Dollars (\$400,000,000.00), twenty-five one-hundredths (0.25) of a percentage point,
- c. if the excess is at least Four Hundred Million Dollars (\$400,000,000.00) but less than Five Hundred Million Dollars (\$500,000,000.00), three hundred seventy-five one-thousandths (0.375) of a percentage point, and
- d. if the excess is at least Five Hundred Million Dollars (\$500,000,000.00), fifty one-hundredths (0.50) of a percentage point.

2. Any increment of comparison year total collections above the

minimum thresholds provided pursuant to subparagraphs a through c of paragraph 1 of this subsection that do not exceed the minimum threshold of the subsequent subparagraph, or any increment above the minimum threshold provided by subparagraph d of paragraph 1 of this subsection, shall be added to the comparison year total collections certified in the subsequent December meeting of the State Board of

1      Equalization for the purpose of calculating the rate reductions  
2      required by this subsection.

3      SECTION 2. This act shall become effective November 1, 2026.

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