

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

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JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

HB2764

By: Caldwell (Trey) et al of the House

Hall et al of the Senate

Title: Public finance; Budget and Finance Act of 2025; effective date.

Coauthored By: Add as coauthor Representative Lepak

Add as coauthor Representative CrosswhiteHader

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



Chr.
Representative Trey Caldwell

YEAS: 23

Bashore, Boles, Burns, Caldwell (C), Caldwell (T), Ford, Grego, Hilbert, Kane, Kendrix, Lawson, Manger, Miller, Moore, Newton, Osburn, Pae, Pfeiffer, Sterling, Strom, West (J), West (K), West (T)

NAYS: 5

Bennett, Blancett, Munson, Provenzano, Ranson

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT**

May 19, 2025

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

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By: Hall et al of the Senate and Caldwell (Trey) et al of the House

Title: Public finance; Budget and Finance Act of 2025; effective date.

Recommendation: **DO PASS AS AMENDED BY CS**

AYES: 17

Daniels, Gollihare, Green, Hall, Haste, Murdock, Paxton, Pederson, Prieto, Pugh, Reinhardt, Sacchieri, Seifried, Stanley, Stewart, Thompson, Weaver

NAYS: 7

Dossett, Goodwin, Hicks, Howard, Jech, Kirt, Rader

CONSTITUTIONAL PRIVILEGE: 0

Senator Chuck Hall, Chair

AMD HB2764 PCS - ADOPTED (Request No: 13775)

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2764

By: Caldwell (Trey) and Kane of
the House

and

Hall and Haste of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 62 O.S. 2021, Section 34.103, which relates to the duties of the State Board of Equalization; defining terms; requiring certification of certain revenue amounts in certain fiscal years; requiring determination with respect to certain fiscal year; 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; modifying tax rates for certain tax years; requiring the reduction of tax rates for certain tax years upon certain certification by the State Board of Equalization; prohibiting reduction of certain rates upon declaration of revenue failure; updating statutory language and references; imposing duties upon State Board of Equalization; requiring assistance by government entities; and providing an effective date.

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

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

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

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

17 2. For the revenue derived from the tax levied on natural gas
18 pursuant to Section 1001 of Title 68 of the Oklahoma Statutes, which
19 would otherwise be apportioned to the General Revenue Fund, the
20 average annual amount of actual revenue apportioned to the General
21 Revenue Fund for the previous five (5) fiscal years. For any year
22 after the first year during which a deposit to the Revenue
23 Stabilization Fund is made, the amount of any deposit to the Revenue
24 Stabilization Fund shall be disregarded for purposes of this

1 paragraph and the average shall be computed using the total amount
2 of revenue that was available to be apportioned to the General
3 Revenue Fund for the applicable period of time; and

4 3. For the revenue derived from the corporate income tax levied
5 pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which
6 would otherwise be apportioned to the General Revenue Fund, the
7 average annual amount of actual revenue apportioned to the General
8 Revenue Fund for the previous five (5) fiscal years. For any year
9 after the first year during which a deposit to the Revenue
10 Stabilization Fund is made, the amount of any deposit to the Revenue
11 Stabilization Fund shall be disregarded for purposes of this
12 paragraph and the average shall be computed using the total amount
13 of revenue that was available to be apportioned to the General
14 Revenue Fund for the applicable period of time.

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

23 C. If the amount of revenue available for apportionment to the
24 General Revenue Fund for the next ensuing fiscal year exceeds the

1 amount certified pursuant to paragraph 3 of subsection A of this
2 section:

3 1. Twenty-five percent (25%) 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 Constitutional Reserve Fund unless such deposit would exceed the
7 maximum balance permitted pursuant to Section 23 of Article X of the
8 Oklahoma Constitution and in such case the amount in excess of the
9 maximum balance shall be deposited to the credit of the Revenue
10 Stabilization Fund; and

11 2. Seventy-five percent (75%) of such amount in excess of the
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, together with any amount required for
15 deposit pursuant to the provisions of paragraph 1 of this
16 subsection.

17 D. 1. As used in this subsection and as used in subsection D
18 of Section 2355 of Title 68 of the Oklahoma Statutes:

19 a. "base year total collections" means the amount of
20 revenue certified by the State Board of Equalization
21 at its December meeting and includes all revenue
22 sources reported in the annual report of the Oklahoma
23 Tax Commission excluding any tax collected by the
24 Commission from levies imposed by counties, cities,

1 towns or any other entity of local government, which
2 for purposes of implementation of any income tax rate
3 reductions otherwise authorized by this act shall be
4 the highest preceding total collections amount as
5 defined by subparagraph b of this paragraph. For
6 purposes of reporting total collections for purposes
7 of this subsection, the Oklahoma Tax Commission shall
8 use the same methodology used to report estimated
9 revenues to the State Board of Equalization that was
10 used to make the report for the December 2024 meeting,

11 b. "highest preceding total collections" means the
12 largest amount of revenue reported for any single
13 fiscal year prior to the immediately preceding full
14 fiscal year, determined by the State Board of
15 Equalization at its December meeting and including all
16 revenue sources reported in the annual report of the
17 Oklahoma Tax Commission excluding any tax collected by
18 the Commission from levies imposed by counties,
19 cities, towns or any other entity of local government.
20 For purposes of reporting total collections for
21 purposes of this subsection, the Oklahoma Tax
22 Commission shall use the same methodology used to
23 report estimated revenues to the State Board of
24

1 Equalization that was used to make the report for the
2 December 2024 meeting,

3 c. "income tax rate reduction threshold" means the amount
4 of revenue determined by the Oklahoma Tax Commission
5 for twelve (12) months comprising a single tax year
6 predicted to be foregone as a result of any reduction
7 in income tax rates pursuant to the provisions of this
8 act, including the provisions of subsection D of
9 Section 2355 of Title 68 of the Oklahoma Statutes
10 multiplied by the number one and twenty-five
11 hundredths (1.25). The income tax rate reduction cost
12 threshold shall not be less than the amount of revenue
13 loss attributable to a reduction in the income tax
14 rates for the previous fiscal year and shall not be
15 greater than such revenue loss for the previous fiscal
16 year multiplied by the number one and twenty-five
17 hundredths (1.25), and

18 d. "comparison year total collections" means the amount
19 of revenue determined by the State Board of
20 Equalization at its December meeting for the
21 immediately preceding fiscal year and includes all
22 revenue sources reported in the annual report of the
23 Oklahoma Tax Commission excluding any tax collected by
24 the Commission from levies imposed by counties,

1 cities, towns or any other entity of local government.
2 For purposes of reporting total collections for
3 purposes of this subsection, the Oklahoma Tax
4 Commission shall use the same methodology used to
5 report estimated revenues to the State Board of
6 Equalization that was used to make the report for the
7 December 2024 meeting.

8 2. In addition to any other duties prescribed by law, at the
9 meeting required by Section 23 of Article X of the Oklahoma
10 Constitution to be held in December of 2026, and at the December
11 meeting of the State Board of Equalization each year thereafter, the
12 State Board of Equalization shall make a preliminary certification:

13 a. and report the base year total collections, the income
14 tax rate reduction threshold, and the comparison year
15 total collections,

16 b. If the comparison year total collections amount
17 exceeds the base year total collections amount plus
18 the income tax reduction cost threshold, the tax rates
19 otherwise prescribed pursuant to subsection D of
20 Section 2355 of Title 68 of the Oklahoma Statutes
21 shall be reduced according to the provisions of
22 Section 2355 of Title 68 of the Oklahoma Statutes and
23 any reduction in such rates shall become effective on
24 the January 1 date following the final February

1 certification by the State Board of Equalization that
2 an income tax rate reduction is authorized by the
3 provisions of this act, and

4 c. with respect to all subsequent meetings of the Board,
5 the Board shall make a preliminary finding at its
6 December meeting each year and, if the requirements of
7 this act are fulfilled, the State Board shall make a
8 final determination at its February meeting each year
9 whether the comparison year total collections exceeds
10 the base year total collections plus the income tax
11 reduction cost threshold, and a reduction in the
12 income tax rates otherwise prescribed pursuant to
13 paragraphs 1 and 2 of subsection D of Section 2355 of
14 Title 68 of the Oklahoma Statutes shall be implemented
15 and any reduction in such rates shall become effective
16 on the January 1 date following the final February
17 certification by the State Board of Equalization that
18 an income tax rate reduction is authorized by the
19 provisions of this act.

20 3. In addition to any other requirements of this act for the
21 implementation of a reduction of individual income tax rates
22 pursuant to this subsection and pursuant to subsection E of Section
23 2355 of Title 68 of the Oklahoma Statutes, at the State Board of
24 Equalization meeting to be held in December 2026, the State Board

1 must certify that the revenues accruing to certified funds during
2 the first five and one-half (5 1/2) months of fiscal year ending
3 June 30, 2027, were within ninety-five percent (95%) of the estimate
4 made in February 2026, and no revenue failure was declared.

5 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2355, as
6 last amended by Section 1, Chapter 27, 1st Extraordinary Session,
7 O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), is amended to read
8 as follows:

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

14 1. METHOD 1.

15 a. Single individuals and married individuals filing
16 separately not deducting federal income tax:

- 17 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 18 (2) 1% tax on next \$1,500.00 or part thereof,
- 19 (3) 2% tax on next \$1,250.00 or part thereof,
- 20 (4) 3% tax on next \$1,150.00 or part thereof,
- 21 (5) 4% tax on next \$1,300.00 or part thereof,
- 22 (6) 5% tax on next \$1,500.00 or part thereof,
- 23 (7) 6% tax on next \$2,300.00 or part thereof, and

- 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 b. Married individuals filing jointly and surviving
10 spouse to the extent and in the manner that a
11 surviving spouse is permitted to file a joint return
12 under the provisions of the Internal Revenue Code of
13 1986, as amended, and heads of households as defined
14 in the Internal Revenue Code of 1986, as amended, not
15 deducting federal income tax:

- 16 (1) 1/2% tax on first \$2,000.00 or part thereof,
17 (2) 1% tax on next \$3,000.00 or part thereof,
18 (3) 2% tax on next \$2,500.00 or part thereof,
19 (4) 3% tax on next \$2,300.00 or part thereof,
20 (5) 4% tax on next \$2,400.00 or part thereof,
21 (6) 5% tax on next \$2,800.00 or part thereof,
22 (7) 6% tax on next \$6,000.00 or part thereof, and
23
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 of
3 1986, as amended, and heads of households as defined
4 in the Internal Revenue Code of 1986, as amended,
5 deducting federal income tax:

- 6 (1) 1/2% tax on the first \$2,000.00 or part thereof,
7 (2) 1% tax on the next \$3,000.00 or part thereof,
8 (3) 2% tax on the next \$2,500.00 or part thereof,
9 (4) 3% tax on the next \$1,400.00 or part thereof,
10 (5) 4% tax on the next \$1,500.00 or part thereof,
11 (6) 5% tax on the next \$1,600.00 or part thereof,
12 (7) 6% tax on the next \$1,250.00 or part thereof,
13 (8) 7% tax on the next \$1,750.00 or part thereof,
14 (9) 8% tax on the next \$3,000.00 or part thereof,
15 (10) 9% tax on the next \$6,000.00 or part thereof, and
16 (11) 10% tax on the remainder.

17 B. Individuals. For all taxable years beginning on or after
18 January 1, 2008, and ending any tax year which begins after December
19 31, 2015, for which the determination required pursuant to Sections
20 ~~4~~ 2355.1F and ~~5~~ 2355.1G of this ~~act~~ title is made by the State Board
21 of Equalization, a tax is hereby imposed upon the Oklahoma taxable
22 income of every resident or nonresident individual, which tax shall
23 be computed as follows:
24

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

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

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

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

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

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

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

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

10 any subsequent tax year unless the rate prescribed by

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

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

13 tax years. The decrease in the top marginal

14 individual income tax rate otherwise authorized by

15 this subparagraph shall be contingent upon the

16 determination required to be made by the State Board

17 of Equalization pursuant to Section 2355.1A of this

18 title.

19 2. Married individuals filing jointly and surviving spouse to
20 the extent and in the manner that a surviving spouse is permitted to
21 file a joint return under the provisions of the Internal Revenue
22 Code of 1986, as amended, and heads of households as defined in the
23 Internal Revenue Code of 1986, as amended:

24 (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~~ tax years 2024 and 2025, 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. For tax year 2026 and for subsequent tax years subject to rate reductions as provided by subsection E of this section, 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% tax on first \$3,750.00 or part thereof,

1 (b) 2.5% tax on the next \$1,150.00 or part thereof,

2 (c) 3.5% tax on next \$2,300.00 or part thereof, and

3 (d) 4.5% tax on the remainder.

4 2. Married individuals filing jointly and surviving spouse to
5 the extent and in the manner that a surviving spouse is permitted to
6 file a joint return under the provisions of the Internal Revenue
7 Code of 1986, as amended, and heads of households as defined in the
8 Internal Revenue Code of 1986, as amended:

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

10 (b) 2.5% tax on the next \$2,300.00 or part thereof,

11 (c) 3.5% tax on next \$4,600.00 or part thereof, and

12 (d) 4.5% tax on the remainder.

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

15 E. As provided by subsection D of Section 34.103 of Title 62 of
16 the Oklahoma Statutes, if the comparison year total collections
17 exceeds the base year total collections plus the income tax rate
18 reduction threshold, as certified by the State Board of Equalization
19 pursuant to paragraph 2 of subsection D of Section 34.103 of Title
20 62 of the Oklahoma Statutes, the tax rates otherwise prescribed in
21 paragraphs 1 and 2 of subsection D of this section shall each be
22 reduced by twenty-five one-hundredths (0.25) of a percentage point
23 (0.0025) until the applicable rate equals zero percent (0%). Each
24 successive certification by the State Board of Equalization with

1 respect to which the comparison year total collections exceeds the
2 base year total collections plus the income tax rate reduction
3 threshold, as determined by the State Board of Equalization as
4 provided by subsection D of Section 34.103 of Title 62 of the
5 Oklahoma Statutes, shall further reduce the individual income tax
6 rates by twenty-five one-hundredths (0.25) of a percentage point
7 (0.0025) until the applicable rate equals zero percent (0%). Any
8 reduction in the income tax rates authorized by this section and by
9 this act shall take effect on January 1 following the final
10 certification by the State Board of Equalization, if any, made
11 during its meeting in February each year.

12 F. If a revenue failure is declared pursuant to the provisions
13 of Section 34.49 of Title 62 of the Oklahoma Statutes prior to the
14 end of the calendar year in which the Board makes a certification
15 pursuant to paragraph 2 of subsection D of Section 34.103 of Title
16 62 of the Oklahoma Statutes, the reduction in tax rates, as
17 otherwise provided for in this section, shall not occur until a
18 subsequent certification is made by the State Board of Equalization
19 pursuant to paragraph 2 of subsection D of Section 34.103 of Title
20 62 of the Oklahoma Statutes.

21 G. Nonresident aliens. In lieu of the rates set forth in
22 subsection A above, there shall be imposed on nonresident aliens, as
23 defined in the Internal Revenue Code of 1986, as amended, a tax of
24 eight percent (8%) instead of thirty percent (30%) as used in the

1 Internal Revenue Code of 1986, as amended, with respect to the
2 Oklahoma taxable income of such nonresident aliens as determined
3 under the provision of the Oklahoma Income Tax Act.

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

23 ~~E. H.~~ Corporations. For all taxable years beginning after
24 December 31, 2021, a tax is hereby imposed upon the Oklahoma taxable

1 income of every corporation doing business within this state or
2 deriving income from sources within this state in an amount equal to
3 four percent (4%) thereof.

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

8 ~~F.~~ I. Certain foreign corporations. In lieu of the tax imposed
9 in the first paragraph of subsection ~~D~~ G of this section, for all
10 taxable years beginning after December 31, 2021, there shall be
11 imposed on foreign corporations, as defined in the Internal Revenue
12 Code of 1986, as amended, a tax of four percent (4%) instead of
13 thirty percent (30%) as used in the Internal Revenue Code of 1986,
14 as amended, where such income is received from sources within
15 ~~Oklahoma~~ this state, in accordance with the provisions of the
16 Internal Revenue Code of 1986, as amended, and the Oklahoma Income
17 Tax Act.

18 Every payer of amounts covered by this subsection shall deduct
19 and withhold from such amounts paid each payee an amount equal to
20 four percent (4%) thereof. Every payer required to deduct and
21 withhold taxes under this subsection shall for each quarterly period
22 on or before the last day of the month following the close of each
23 such quarterly period, pay over the amount so withheld as taxes to
24 the Tax Commission, and shall file a return with each such payment.

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

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

18 ~~H.~~ K. Tax rate tables. For all taxable years beginning after
19 December 31, 1991, in lieu of the tax imposed by ~~subsection A, B or~~
20 ~~C~~ subsections A through D of this section, as applicable there is
21 hereby imposed for each taxable year on the taxable income of every
22 individual, whose taxable income for such taxable year does not
23 exceed the ceiling amount, a tax determined under tables, applicable
24 to such taxable year which shall be prescribed by the Tax Commission

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

8 SECTION 3. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 34.103A of Title 62, unless
10 there is created a duplication in numbering, reads as follows:

11 In addition to the other duties imposed upon it by law and by
12 the provisions of this act, the State Board of Equalization shall
13 create an agenda item for its December 2025, meeting and its
14 February 2026 meeting to perform an analysis regarding the
15 provisions of this act as if the State Board were to be performing
16 the revenue analysis in order to comply with the provisions of this
17 act at its December 2026 meeting and its February 2027 meeting in
18 order to provide an opportunity for the State Board of Equalization,
19 the Office of Management and Enterprise Services, the Oklahoma Tax
20 Commission or other entities to establish procedures necessary for
21 the State Board of Equalization to perform the duties imposed upon
22 it pursuant to the provisions of subsection D of Section 34.103 of
23 Title 62 of the Oklahoma Statutes and any other applicable provision
24 of this act. All state government entities shall cooperate with the

1 State Board of Equalization to provide necessary information to
2 comply with the provisions of this section.

3 SECTION 4. This act shall become effective November 1, 2025.

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5 60-1-13809 JM 05/19/25

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