

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 292

By: Pugh

AS INTRODUCED

An Act relating to tax; 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 certain income tax rate for certain tax years; modifying certain withholding requirement for certain tax years; amending 68 O.S. 2021, Section 2370, which relates to the banking privilege tax; modifying tax rate for certain tax years; updating statutory references; updating statutory language; 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:

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           1.   METHOD 1.

2           a.   Single individuals and married individuals filing  
3           separately not deducting federal income tax:

4           (1)   1/2% tax on first \$1,000.00 or part thereof,

5           (2)   1% tax on next \$1,500.00 or part thereof,

6           (3)   2% tax on next \$1,250.00 or part thereof,

7           (4)   3% tax on next \$1,150.00 or part thereof,

8           (5)   4% tax on next \$1,300.00 or part thereof,

9           (6)   5% tax on next \$1,500.00 or part thereof,

10          (7)   6% tax on next \$2,300.00 or part thereof, and

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

12                       31, 1998, and before January 1, 2002, 6.75%  
13                       tax on the remainder,

14                       (b)   for taxable years beginning on or after

15                       January 1, 2002, and before January 1, 2004,  
16                       7% tax on the remainder, and

17                       (c)   for taxable years beginning on or after

18                       January 1, 2004, 6.65% tax on the remainder.

19          b.   Married individuals filing jointly and surviving  
20          spouse to the extent and in the manner that a  
21          surviving spouse is permitted to file a joint return  
22          under the provisions of the Internal Revenue Code of  
23          1986, as amended, and heads of households as defined  
24

1 in the Internal Revenue Code of 1986, as amended, not  
2 deducting federal income tax:

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

4 (2) 1% tax on next \$3,000.00 or part thereof,

5 (3) 2% tax on next \$2,500.00 or part thereof,

6 (4) 3% tax on next \$2,300.00 or part thereof,

7 (5) 4% tax on next \$2,400.00 or part thereof,

8 (6) 5% tax on next \$2,800.00 or part thereof,

9 (7) 6% tax on next \$6,000.00 or part thereof, and

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

11 31, 1998, and before January 1, 2002, 6.75%

12 tax on the remainder,

13 (b) for taxable years beginning on or after

14 January 1, 2002, and before January 1, 2004,

15 7% tax on the remainder, and

16 (c) for taxable years beginning on or after

17 January 1, 2004, 6.65% tax on the remainder.

18 2. METHOD 2.

19 a. Single individuals and married individuals filing  
20 separately deducting federal income tax:

21 (1) 1/2% tax on first \$1,000.00 or part thereof,

22 (2) 1% tax on next \$1,500.00 or part thereof,

23 (3) 2% tax on next \$1,250.00 or part thereof,

24 (4) 3% tax on next \$1,150.00 or part thereof,

- 1 (5) 4% tax on next \$1,200.00 or part thereof,
- 2 (6) 5% tax on next \$1,400.00 or part thereof,
- 3 (7) 6% tax on next \$1,500.00 or part thereof,
- 4 (8) 7% tax on next \$1,500.00 or part thereof,
- 5 (9) 8% tax on next \$2,000.00 or part thereof,
- 6 (10) 9% tax on next \$3,500.00 or part thereof, and
- 7 (11) 10% tax on the remainder.

8 b. Married individuals filing jointly and surviving  
9 spouse to the extent and in the manner that a  
10 surviving spouse is permitted to file a joint return  
11 under the provisions of the Internal Revenue Code of  
12 1986, as amended, and heads of households as defined  
13 in the Internal Revenue Code of 1986, as amended,  
14 deducting federal income tax:

- 15 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 16 (2) 1% tax on the next \$3,000.00 or part thereof,
- 17 (3) 2% tax on the next \$2,500.00 or part thereof,
- 18 (4) 3% tax on the next \$1,400.00 or part thereof,
- 19 (5) 4% tax on the next \$1,500.00 or part thereof,
- 20 (6) 5% tax on the next \$1,600.00 or part thereof,
- 21 (7) 6% tax on the next \$1,250.00 or part thereof,
- 22 (8) 7% tax on the next \$1,750.00 or part thereof,
- 23 (9) 8% tax on the next \$3,000.00 or part thereof,
- 24 (10) 9% tax on the next \$6,000.00 or part thereof, and

1 (11) 10% tax on the remainder.

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

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

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

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

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

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

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

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

17 (g) 5.50% tax on the remainder for the 2008 tax year and  
18 any subsequent tax year unless the rate prescribed by  
19 subparagraph (h) of this paragraph is in effect, and

20 (h) 5.25% tax on the remainder for the 2009 and subsequent  
21 tax years. The decrease in the top marginal  
22 individual income tax rate otherwise authorized by  
23 this subparagraph shall be contingent upon the  
24 determination required to be made by the State Board

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

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

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

9 (b) 1% tax on next \$3,000.00 or part thereof,

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

11 (d) 3% tax on next \$2,300.00 or part thereof,

12 (e) 4% tax on next \$2,400.00 or part thereof,

13 (f) 5% tax on next \$2,800.00 or part thereof,

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

15 any subsequent tax year unless the rate prescribed by  
16 subparagraph (h) of this paragraph is in effect, and

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

18 tax years. The decrease in the top marginal

19 individual income tax rate otherwise authorized by

20 this subparagraph shall be contingent upon the

21 determination required to be made by the State Board

22 of Equalization pursuant to Section 2355.1A of this

23 title.  
24  
25

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

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

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

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

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

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

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

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

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

5 E. Corporations. ~~For all taxable years beginning after~~  
6 ~~December 31, 2021, a~~ A tax is hereby imposed upon the Oklahoma  
7 taxable income of every corporation doing business within this state  
8 or deriving income from sources within this state in an amount equal  
9 to four percent (4%) thereof for tax years 2022 through 2025 and  
10 zero percent (0%) thereof for tax year 2026 and subsequent tax  
11 years.

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

16 F. Certain foreign corporations. In lieu of the tax imposed in  
17 the first paragraph of subsection D of this section, ~~for all taxable~~  
18 ~~years beginning after December 31, 2021,~~ there shall be imposed on  
19 foreign corporations, as defined in the Internal Revenue Code of  
20 1986, as amended, a tax of four percent (4%) for tax years 2022  
21 through 2025 and zero percent (0%) for tax year 2026 and subsequent  
22 tax years instead of thirty percent (30%) as used in the Internal  
23 Revenue Code of 1986, as amended, where such income is received from  
24 sources within Oklahoma, in accordance with the provisions of the

1 Internal Revenue Code of 1986, as amended, and the Oklahoma Income  
2 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~~ the percentage rate of the tax imposed by  
6 this subsection of the amount thereof. Every payer required to  
7 deduct and withhold taxes under this subsection shall for each  
8 quarterly period on or before the last day of the month following  
9 the close of each such quarterly period, pay over the amount so  
10 withheld as taxes to the Tax Commission, and shall file a return  
11 with each such payment. Such return shall be in such form as the  
12 Tax Commission shall prescribe. Every payer required under this  
13 subsection to deduct and withhold a tax from a payee shall, as to  
14 the total amounts paid to each payee during the calendar year,  
15 furnish to such payee, on or before January 31<sup>7</sup> of the succeeding  
16 year, a written statement showing the name of the payer, the name of  
17 the payee and the payee's Social Security account number, if any,  
18 the total amounts paid subject to taxation, the total amount  
19 deducted and withheld as tax, and such other information as the Tax  
20 Commission may require. Any payer who fails to withhold or pay to  
21 the Tax Commission any sums herein required to be withheld or paid  
22 shall be personally and individually liable therefor to the State of  
23 Oklahoma.

1 G. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
2 taxable income of every trust and estate at the same rates as are  
3 provided in subsection B or C of this section for single  
4 individuals. Fiduciaries are not allowed a deduction for any  
5 federal income tax paid.

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

19 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2370, is  
20 amended to read as follows:

21 Section 2370. A. For ~~taxable years beginning after December~~  
22 ~~31, 2021, for~~ the privilege of doing business within this state,  
23 every state banking association, national banking association and  
24 credit union organized under the laws of this state, located or

1 doing business within the limits of ~~the State of Oklahoma~~ this state  
2 shall annually pay to this state a privilege tax at the rate of four  
3 percent (4%) for tax years 2022 through 2025 and zero percent (0%)  
4 for tax year 2026 and subsequent tax years of the amount of the  
5 taxable income as provided in this section.

6 B. 1. The privilege tax levied by this section shall be in  
7 addition to the Business Activity Tax levied in Section 1218 of this  
8 title and the franchise tax levied in Article 12 of this title and  
9 in lieu of the tax levied by Section 2355 of this title and in lieu  
10 of all taxes levied by ~~the State of Oklahoma~~ this state, or any  
11 subdivision thereof, upon the shares of stock or personal property  
12 of any banking association or credit union subject to taxation under  
13 this section.

14 2. Nothing in this section shall be construed to exempt the  
15 real property of any banking associations or credit unions from  
16 taxation to the same extent, according to its value, as other real  
17 property is taxed. Nothing herein shall be construed to exempt an  
18 association from payment of any fee or tax authorized or levied  
19 pursuant to the banking laws.

20 3. Personal property which is subject to a lease agreement  
21 between a bank or credit union, as lessor, and a nonbanking business  
22 entity or individual, as lessee, is not exempt from personal  
23 property ad valorem taxation. Provided further, that it shall be  
24 the duty of the lessee of such personal property to return sworn  
25

1 lists or schedules of their taxable property within each county to  
2 the county assessor of such county as provided in Sections 2433 and  
3 2434 of this title.

4 C. Any tax levied under this section shall accrue on the last  
5 day of the taxable year and be payable as provided in Section 2375  
6 of this title. The accrual of such tax for the first taxable year  
7 to which ~~this act~~ the Oklahoma Income Tax Act applies, shall apply  
8 notwithstanding the prior accrual of a tax in the same taxable year  
9 based upon the net income of the next preceding taxable year;  
10 provided, however, any additional deduction enuring to the benefit  
11 of the taxpayer shall be deducted in accordance with the optional  
12 transitional deduction procedures in Section 2354 of this title.

13 D. The basis of the tax shall be United States taxable income  
14 as defined in paragraph 10 of Section 2353 of this title and any  
15 adjustments thereto under the provisions of Section 2358 of this  
16 title with the following adjustments:

17 1. There shall be deducted all interest income on obligations  
18 of the United States government and agencies thereof not otherwise  
19 exempted and all interest income on obligations of ~~the State of~~  
20 ~~Oklahoma~~ this state or political subdivisions thereof, including  
21 public trust authorities, not otherwise exempted under the laws of  
22 this state; and

23 2. Expense deductions claimed in arriving at taxable income  
24 under paragraph 10 of Section 2353 of this title shall be reduced by

1 an amount equal to fifty percent (50%) of excluded interest income  
2 on obligations of the United States government or agencies thereof  
3 and obligations of ~~the State of Oklahoma~~ this state or political  
4 subdivisions thereof.

5 E. 1. Except as otherwise provided in paragraph 2 of this  
6 subsection, before January 1, 2017, there shall be allowed a credit  
7 against the tax levied in subsection A of this section in an amount  
8 equal to the amount of taxable income received by a participating  
9 financial institution as defined in Section 90.2 of Title 62 of the  
10 Oklahoma Statutes pursuant to a loan made under the Rural Economic  
11 Development Loan Act. Such credit shall be limited each year to  
12 five percent (5%) of the amount of annual payroll certified by the  
13 Oklahoma Rural Economic Development Loan Program Review Board  
14 pursuant to the provisions of paragraph 3 of subsection B of Section  
15 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan  
16 made by the participating financial institution and may be claimed  
17 for any number of years necessary until the amount of total credits  
18 claimed is equal to the total amount of taxable income received by  
19 the participating financial institution pursuant to the loan. Any  
20 credit allowed but not used in a taxable year may be carried forward  
21 for a period not to exceed five (5) taxable years. In no event  
22 shall a credit allowed pursuant to the provisions of this subsection  
23 be transferable or refundable.

1           2. No credit otherwise authorized by the provisions of this  
2 subsection may be claimed for any event, transaction, investment,  
3 expenditure or other act occurring on or after July 1, 2010, for  
4 which the credit would otherwise be allowable. The provisions of  
5 this paragraph shall cease to be operative on July 1, 2012.  
6 Beginning July 1, 2012, the credit authorized by this subsection may  
7 be claimed for any event, transaction, investment, expenditure or  
8 other act occurring on or after July 1, 2012, according to the  
9 provisions of this subsection.

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

12           60-1-433           QD           12/30/2024 11:22:22 PM