

1 STATE OF OKLAHOMA

2 1st Extraordinary Session of the 56th Legislature (2017)

3 HOUSE BILL 1096

By: Thomsen

4
5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 2355, as last amended by Section
9 2, Chapter 194, O.S.L. 2014 and 2352, as last amended
10 by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp.
11 2017, Sections 2355 and 2352), which relate to income
12 tax rates and apportionments; providing for income
13 tax rates and brackets; specifying rates applicable
14 based on filing status; providing for applicability
15 of rates and brackets to certain income tax years;
16 modifying references; and providing an effective
17 date.

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

19 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
20 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
21 2017, Section 2355), is amended to read as follows:

22 Section 2355. A. Individuals. For all taxable years beginning
23 after December 31, 1998, and before January 1, 2006, a tax is hereby
24 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.

- 1 a. Single individuals and married individuals filing
2 separately not deducting federal income tax:
- 3 (1) 1/2% tax on first \$1,000.00 or part thereof,
4 (2) 1% tax on next \$1,500.00 or part thereof,
5 (3) 2% tax on next \$1,250.00 or part thereof,
6 (4) 3% tax on next \$1,150.00 or part thereof,
7 (5) 4% tax on next \$1,300.00 or part thereof,
8 (6) 5% tax on next \$1,500.00 or part thereof,
9 (7) 6% tax on next \$2,300.00 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 b. Married individuals filing jointly and surviving
19 spouse to the extent and in the manner that a
20 surviving spouse is permitted to file a joint return
21 under the provisions of the Internal Revenue Code and
22 heads of households as defined in the Internal Revenue
23 Code not deducting federal income tax:
24 (1) 1/2% tax on first \$2,000.00 or part thereof,

- 1 (2) 1% tax on next \$3,000.00 or part thereof,
- 2 (3) 2% tax on next \$2,500.00 or part thereof,
- 3 (4) 3% tax on next \$2,300.00 or part thereof,
- 4 (5) 4% tax on next \$2,400.00 or part thereof,
- 5 (6) 5% tax on next \$2,800.00 or part thereof,
- 6 (7) 6% tax on next \$6,000.00 or part thereof, and
- 7 (8) (a) for taxable years beginning after December
- 8 31, 1998, and before January 1, 2002, 6.75%
- 9 tax on the remainder,
- 10 (b) for taxable years beginning on or after
- 11 January 1, 2002, and before January 1, 2004,
- 12 7% tax on the remainder, and
- 13 (c) for taxable years beginning on or after
- 14 January 1, 2004, 6.65% tax on the remainder.

15 2. METHOD 2.

16 a. Single individuals and married individuals filing
17 separately deducting federal income tax:

- 18 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 19 (2) 1% tax on next \$1,500.00 or part thereof,
- 20 (3) 2% tax on next \$1,250.00 or part thereof,
- 21 (4) 3% tax on next \$1,150.00 or part thereof,
- 22 (5) 4% tax on next \$1,200.00 or part thereof,
- 23 (6) 5% tax on next \$1,400.00 or part thereof,
- 24 (7) 6% tax on next \$1,500.00 or part thereof,

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

5 b. Married individuals filing jointly and surviving
6 spouse to the extent and in the manner that a
7 surviving spouse is permitted to file a joint return
8 under the provisions of the Internal Revenue Code and
9 heads of households as defined in the Internal Revenue
10 Code deducting federal income tax:

- 11 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 12 (2) 1% tax on the next \$3,000.00 or part thereof,
- 13 (3) 2% tax on the next \$2,500.00 or part thereof,
- 14 (4) 3% tax on the next \$1,400.00 or part thereof,
- 15 (5) 4% tax on the next \$1,500.00 or part thereof,
- 16 (6) 5% tax on the next \$1,600.00 or part thereof,
- 17 (7) 6% tax on the next \$1,250.00 or part thereof,
- 18 (8) 7% tax on the next \$1,750.00 or part thereof,
- 19 (9) 8% tax on the next \$3,000.00 or part thereof,
- 20 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 21 (11) 10% tax on the remainder.

22 B. Individuals. For all taxable years beginning on or after
23 January 1, 2008, and ending any tax year which begins after December
24 31, 2015, for which the determination required pursuant to Sections

1 4 and 5 of this act is made by the State Board of Equalization, a
2 tax is hereby imposed upon the Oklahoma taxable income of every
3 resident or nonresident individual, which tax shall be computed as
4 follows:

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

- 7 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 8 (b) 1% tax on next \$1,500.00 or part thereof,
- 9 (c) 2% tax on next \$1,250.00 or part thereof,
- 10 (d) 3% tax on next \$1,150.00 or part thereof,
- 11 (e) 4% tax on next \$2,300.00 or part thereof,
- 12 (f) 5% tax on next \$1,500.00 or part thereof,
- 13 (g) 5.50% tax on the remainder for the 2008 tax year and
14 any subsequent tax year unless the rate prescribed by
15 subparagraph (h) of this paragraph is in effect, and
- 16 (h) 5.25% tax on the remainder for the 2009 and subsequent
17 tax years. The decrease in the top marginal
18 individual income tax rate otherwise authorized by
19 this subparagraph shall be contingent upon the
20 determination required to be made by the State Board
21 of Equalization pursuant to Section 2355.1A of this
22 title.

23 2. Married individuals filing jointly and surviving spouse to
24 the extent and in the manner that a surviving spouse is permitted to

1 file a joint return under the provisions of the Internal Revenue
2 Code and heads of households as defined in the Internal Revenue
3 Code:

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

20 C. Individuals. For all taxable years beginning on or after
21 January 1, 2016, and ending not later than December 31, 2017, and
22 for which the determination required pursuant to Sections 4 and 5 of
23 this act is made by the State Board of Equalization, a tax is hereby
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1 imposed upon the Oklahoma taxable income of every resident or
2 nonresident individual, which tax shall be computed as follows:

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

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

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

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

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

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

10 (f) 5% tax on the remainder if the State Board of
11 Equalization makes a determination pursuant to Section
12 4 of this act or four and eighty-five hundredths
13 (4.85%) tax on the remainder if the State Board of
14 Equalization makes a determination pursuant to Section
15 5 of this act.

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

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

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

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

- 1 (e) 4% tax on next \$2,400.00 or part thereof,
2 (f) 5% tax on the remainder if the State Board of
3 Equalization makes a determination pursuant to Section
4 4 of this act or four and eighty-five hundredths
5 percent (4.85%) tax on the remainder if the State
6 Board of Equalization makes a determination pursuant
7 to Section 5 of this act.

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

10 D. Individuals. For all taxable years beginning on or after
11 January 1, 2018, a tax is hereby imposed upon the Oklahoma taxable
12 income of every resident or nonresident individual, which tax shall
13 be computed as follows:

14 1. Single individuals and married individuals filing separate
15 returns:

- 16 (a) 1/2% tax on first \$1,199.00 or part thereof,
17 (b) 1% tax on the next amount equal to or greater than
18 \$1,200.00 but less than \$3,000.00,
19 (c) 2% tax on the next amount equal to or greater than
20 \$3,000.00 but less than \$4,500.00,
21 (d) 3% tax on the next amount equal to or greater than
22 \$4,500.00, but less than \$5,900.00,
23 (e) 4% tax on the next amount equal to or greater than
24 \$5,900.00, but less than \$8,650.00,

1 (f) 5% tax on the next amount equal to or greater than
2 \$8,650.00, but less than \$10,150.00, and

3 (g) 5.5% tax on the next amount equal to or greater than
4 \$10,150.00.

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

10 (a) 1/2% tax on first \$2,399.00 or part thereof,

11 (b) 1% tax on the next amount equal to or greater than
12 \$2,400.00, but less than \$6,000.00,

13 (c) 2% tax on the next amount equal to or greater than
14 \$6,000.00, but less than \$9,000.00,

15 (d) 3% tax on the next amount equal to or greater than
16 \$9,000.00, but less than \$11,800.00,

17 (e) 4% tax on the next amount equal to or greater than
18 \$11,800.00, but less than \$17,300.00,

19 (f) 5% tax on the next amount equal to or greater than
20 \$17,300.00, but less than \$20,300.00, and

21 (g) 5.50% tax on the next amount equal to or greater than
22 \$20,300.00.

23 E. Nonresident aliens. In lieu of the rates set forth in
24 subsection A above subsections B, C and D of this section, there

1 shall be imposed on nonresident aliens, as defined in the Internal
2 Revenue Code, a tax of eight percent (8%) instead of thirty percent
3 (30%) as used in the Internal Revenue Code, 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 Tax Commission, and shall file a return with each such payment.
13 Such return shall be in such form as the Tax Commission shall
14 prescribe. Every payer required under this subsection to deduct and
15 withhold a tax from a payee shall, as to the total amounts paid to
16 each payee during the calendar year, furnish to such payee, on or
17 before January 31, of the succeeding year, a written statement
18 showing the name of the payer, the name of the payee and the payee's
19 social security account number, if any, the total amount paid
20 subject to taxation, and the total amount deducted and withheld as
21 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.

1 ~~E.~~ F. Corporations. For all taxable years beginning after
2 December 31, 1989, 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 six percent (6%) 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.

10 ~~F.~~ G. 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, 1989, there shall be
13 imposed on foreign corporations, as defined in the Internal Revenue
14 Code, a tax of six percent (6%) instead of thirty percent (30%) as
15 used in the Internal Revenue Code, where such income is received
16 from sources within Oklahoma, in accordance with the provisions of
17 the Internal Revenue Code and the Oklahoma Income 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 six percent (6%) 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 31, 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.~~ H. 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~~ or D of this section for single
16 individuals. Fiduciaries are not allowed a deduction for any
17 federal income tax paid.

18 ~~H.~~ I. Tax rate tables. For all taxable years beginning after
19 December 31, ~~1991~~ 2017, in lieu of the tax imposed by subsection ~~A~~,
20 B, ~~or C~~ or D of this section, as applicable there is hereby imposed
21 for each taxable year on the taxable income of every individual,
22 whose taxable income for such taxable year does not exceed the
23 ceiling amount, a tax determined under tables, applicable to such
24 taxable year which shall be prescribed by the Tax Commission and

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

8 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2352, as
9 last amended by Section 5, Chapter 337, O.S.L. 2016 (68 O.S. Supp.
10 2017, Section 2352), is amended to read as follows:

11 Section 2352. It is hereby declared to be the purpose of
12 Section 2351 et seq. of this title to provide revenue for general
13 governmental functions of state government; and, for that purpose
14 and to that end, it is expressly declared that the revenue derived
15 herefrom and penalties and interest thereon, subject to the
16 apportionment requirements for the Rebuilding Oklahoma Access and
17 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail
18 Revolving Fund and the Public Transit Revolving Fund to be derived
19 from income tax revenue that would otherwise be apportioned to the
20 General Revenue Fund as provided by Section 1521 of Title 69 of the
21 Oklahoma Statutes, subject to the apportionment requirements for the
22 Oklahoma Tax Commission and Office of Management and Enterprise
23 Services Joint Computer Enhancement Fund provided by Section 265 of
24 this title, and subject to the apportionment requirements for the

1 Oklahoma State Capitol Building Repair and Restoration Fund provided
2 by Section 19 of Title 73 of the Oklahoma Statutes, shall be
3 distributed as follows:

4 1. For the fiscal year beginning July 1, 2002, the first Five
5 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue
6 derived pursuant to the provisions of subsections ~~A, B and E~~ B, C, D
7 and F of Section 2355 of this title shall be apportioned to the
8 Education Reform Revolving Fund. The remainder of such revenue for
9 the fiscal year beginning July 1, 2002, and all such revenue for
10 each fiscal year thereafter shall be apportioned monthly as follows:

11 a. (1) the following amounts shall be paid to the State
12 Treasurer to be placed to the credit of the
13 General Revenue Fund of the state for such fiscal
14 year for the support of the state government to
15 be paid out only pursuant to appropriation by the
16 Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	87.12%
FY 2005	86.91%
FY 2006	86.66%
FY 2007	86.16%
FY 2008 and each fiscal year thereafter	85.66%

1 (2) in the event that additional monies are necessary
2 pursuant to paragraph 3 of this section, such
3 additional monies shall be deducted in the
4 proportion determined by the State Board of
5 Equalization pursuant to paragraph 3 of Section
6 2355.1B of this title from the monies apportioned
7 to the General Revenue Fund,

8 b. for FY 2003 and each fiscal year thereafter, eight and
9 thirty-four one-hundredths percent (8.34%) shall be
10 paid to the State Treasurer to be placed to the credit
11 of the Education Reform Revolving Fund,

12 c. the following amounts shall be paid to the State
13 Treasurer to be placed to the credit of the Teachers'
14 Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

22 d. for FY 2003 and each fiscal year thereafter, one
23 percent (1%) shall be placed to the credit of the Ad
24 Valorem Reimbursement Fund;

1 2. Beginning July 1, 2003, for any period of time as certified
2 by the Oklahoma Development Finance Authority and the Oklahoma
3 Department of Commerce to be necessary for the repayment of
4 obligations issued by the Oklahoma Development Finance Authority
5 pursuant to Section 3654 of this title if the other sources of
6 revenue paid to or apportioned to the Quality Jobs Program Incentive
7 Leverage Fund are not adequate, including the proceeds from payment
8 pursuant to the guaranty required by subsection M of Section 3654 of
9 this title, an amount certified by the Oklahoma Development Finance
10 Authority to the Oklahoma Tax Commission shall be apportioned to the
11 Quality Jobs Program Incentive Leverage Fund before any other
12 apportionments are made as otherwise authorized by this paragraph.
13 The Oklahoma Development Finance Authority shall certify to the
14 Oklahoma Tax Commission the time as of which the revenue authorized
15 for apportionment pursuant to this paragraph is no longer required.
16 After the certification, the revenue derived from the income tax
17 shall be apportioned in the manner otherwise provided by this
18 section. Except as otherwise provided by this paragraph, for the
19 fiscal year beginning July 1, 2002, the first Forty-One Million One
20 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of
21 revenue derived pursuant to the provisions of subsections D, F and H
22 G of Section 2355 of this title shall be apportioned to the
23 Education Reform Revolving Fund. The remainder of such revenue for
24 the fiscal year beginning July 1, 2002, and all such revenue for

1 each fiscal year thereafter, subject to the apportionment
2 requirements for the Oklahoma Tax Commission and Office of
3 Management and Enterprise Services Joint Computer Enhancement Fund
4 provided by Section 265 of this title, shall be apportioned monthly
5 as follows:

6 a. the following amounts shall be paid to the State
7 Treasurer to be placed to the credit of the General
8 Revenue Fund of the state for such fiscal year for the
9 support of the state government to be paid out only
10 pursuant to appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	78.96%
FY 2005	78.75%
FY 2006	78.50%
FY 2007	78.0%

16 (1) FY 2018 and each fiscal
17 year thereafter until the
18 apportionment to the
19 General Revenue Fund
20 equals the moving five-
21 year average amount for
22 corporate income tax as
23 prescribed by paragraph 4
24 of this section 77.50%

(2) there shall be apportioned from the tax levy imposed on corporate income tax to the Revenue Stabilization Fund created by Section 1 of this act, or to the Constitutional Reserve Fund, as provided by Section 1 of this act, the amount of revenue, if any, which exceeds the moving five-year average amount as defined pursuant to paragraph 4 of this section,

b. for FY 2003 and each fiscal year thereafter, sixteen and five-tenths percent (16.5%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education,

c. the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

1 d. for FY 2003 and each fiscal year thereafter, one
2 percent (1%) shall be placed to the credit of the Ad
3 Valorem Reimbursement Fund;

4 3. During the first fiscal year after the State Board of
5 Equalization has made a determination as provided in Section 2355.1B
6 of this title, regarding a baseline amount of revenue apportioned
7 pursuant to subparagraph c of paragraph 1 of this section, and for
8 each fiscal year thereafter, in no event shall monies apportioned
9 pursuant to subparagraph c of paragraph 1 of this section, paragraph
10 3 of Section 1353 of this title and paragraph 3 of Section 1403 of
11 this title be less than such baseline amount; and

12 4. "Moving five-year average for corporate income tax" means,
13 for purposes of the apportionments prescribed by this section, the
14 amount of income tax on corporations, as determined by the State
15 Board of Equalization in the manner prescribed by Section 2 of this
16 act.

17 SECTION 3. This act shall become effective January 1, 2018.

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19 56-1EX-50070 MAH 09/24/17
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