

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 HOUSE BILL 1551

By: Sears

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 2355, as last amended by Section
9 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2014,
10 Section 2355), which relates to income tax rates;
11 modifying rate of income tax applicable to
12 corporations; providing rate of tax to be equal to
13 certain income tax rate with respect to individuals;
14 and providing an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
17 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
18 2014, Section 2355), is amended to read as follows:

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

24 1. METHOD 1.

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

- 1 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 2 (2) 1% tax on next \$1,500.00 or part thereof,
- 3 (3) 2% tax on next \$1,250.00 or part thereof,
- 4 (4) 3% tax on next \$1,150.00 or part thereof,
- 5 (5) 4% tax on next \$1,300.00 or part thereof,
- 6 (6) 5% tax on next \$1,500.00 or part thereof,
- 7 (7) 6% tax on next \$2,300.00 or part thereof, and
- 8 (8) (a) for taxable years beginning after December
9 31, 1998, and before January 1, 2002, 6.75%
10 tax on the remainder,
11 (b) for taxable years beginning on or after
12 January 1, 2002, and before January 1, 2004,
13 7% tax on the remainder, and
14 (c) for taxable years beginning on or after
15 January 1, 2004, 6.65% tax on the remainder.

16 b. Married individuals filing jointly and surviving
17 spouse to the extent and in the manner that a
18 surviving spouse is permitted to file a joint return
19 under the provisions of the Internal Revenue Code and
20 heads of households as defined in the Internal Revenue
21 Code not deducting federal income tax:

- 22 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 23 (2) 1% tax on next \$3,000.00 or part thereof,
- 24 (3) 2% tax on next \$2,500.00 or part thereof,

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

13 2. METHOD 2.

14 a. Single individuals and married individuals filing
15 separately deducting federal income tax:

- 16 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 17 (2) 1% tax on next \$1,500.00 or part thereof,
- 18 (3) 2% tax on next \$1,250.00 or part thereof,
- 19 (4) 3% tax on next \$1,150.00 or part thereof,
- 20 (5) 4% tax on next \$1,200.00 or part thereof,
- 21 (6) 5% tax on next \$1,400.00 or part thereof,
- 22 (7) 6% tax on next \$1,500.00 or part thereof,
- 23 (8) 7% tax on next \$1,500.00 or part thereof,
- 24 (9) 8% tax on next \$2,000.00 or part thereof,

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

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

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

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

1 taxable income of every resident or nonresident individual, which
2 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 next \$1,500.00 or part thereof,

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

12 any subsequent tax year unless the rate prescribed by

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

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

15 tax years. The decrease in the top marginal

16 individual income tax rate otherwise authorized by

17 this subparagraph shall be contingent upon the

18 determination required to be made by the State Board

19 of Equalization pursuant to Section 2355.1A of this

20 title.

21 2. Married individuals filing jointly and surviving spouse to

22 the extent and in the manner that a surviving spouse is permitted to

23 file a joint return under the provisions of the Internal Revenue

24

1 Code and heads of households as defined in the Internal Revenue

2 Code:

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

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

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

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

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

8 (f) 5% tax on next \$2,800.00 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 C. Individuals. For all taxable years beginning on or after
20 January 1, 2016, and for which the determination required pursuant
21 to Sections ~~4 and 5~~ 2355.1F and 2355.1G of this ~~act~~ title is made by
22 the State Board of Equalization, a tax is hereby imposed upon the
23 Oklahoma taxable income of every resident or nonresident individual,
24 which tax shall be computed as follows:

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 the remainder if the State Board of

9 Equalization makes a determination pursuant to Section

10 4 2355.1F of this ~~act~~ title or four and eighty-five

11 hundredths (4.85%) tax on the remainder if the State

12 Board of Equalization makes a determination pursuant

13 to Section ~~5~~ 2355.1G of this ~~act~~ title.

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

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

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

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

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

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

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1 (f) 5% tax on the remainder if the State Board of
2 Equalization makes a determination pursuant to Section
3 ~~4~~ 2355.1F of this ~~act~~ title or four and eighty-five
4 hundredths percent (4.85%) tax on the remainder if the
5 State Board of Equalization makes a determination
6 pursuant to Section ~~5~~ 2355.1G of this ~~act~~ title.

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

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

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

1 withhold a tax from a payee shall, as to the total amounts paid to
2 each payee during the calendar year, furnish to such payee, on or
3 before January 31, of the succeeding year, a written statement
4 showing the name of the payer, the name of the payee and the payee's
5 social security account number, if any, the total amount paid
6 subject to taxation, and the total amount deducted and withheld as
7 tax and such other information as the Tax Commission may require.
8 Any payer who fails to withhold or pay to the Tax Commission any
9 sums herein required to be withheld or paid shall be personally and
10 individually liable therefor to the State of Oklahoma.

11 E. Corporations. For all taxable years beginning after
12 December 31, ~~1989~~ 2015, a tax is hereby imposed upon the Oklahoma
13 taxable income of every corporation doing business within this state
14 or deriving income from sources within this state in an amount equal
15 to ~~six percent (6%) thereof~~ the same rate of income tax as applied
16 to the highest amount of taxable income with respect to individuals
17 as prescribed by subparagraph f of paragraph 1 and subparagraph f of
18 paragraph 2 of subsection C of this section, respectively based on
19 filing status and not cumulatively with regard to the rates imposed.

20 There shall be no additional Oklahoma income tax imposed on
21 accumulated taxable income or on undistributed personal holding
22 company income as those terms are defined in the Internal Revenue
23 Code.

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1 F. Certain foreign corporations. In lieu of the tax imposed in
2 the first paragraph of subsection D of this section, for all taxable
3 years beginning after December 31, ~~1989~~ 2015, there shall be imposed
4 on foreign corporations, as defined in the Internal Revenue Code, a
5 ~~tax of six percent (6%) instead of thirty percent (30%) as used in~~
6 ~~the Internal Revenue Code~~ at the same rate of income tax as applied
7 to the highest amount of taxable income with respect to individuals
8 as prescribed by subparagraph f of paragraph 1 and subparagraph f of
9 paragraph 2 of subsection C of this section, respectively based on
10 filing status and not cumulatively with regard to the rates imposed,
11 where such income is received from sources within Oklahoma, in
12 accordance with the provisions of the Internal Revenue Code and the
13 Oklahoma Income Tax Act.

14 Every payer of amounts covered by this subsection shall deduct
15 and withhold from such amounts paid each payee an amount equal to
16 ~~six percent (6%) thereof~~ the applicable percentage as required
17 pursuant to the provisions of this subsection. Every payer required
18 to deduct and withhold taxes under this subsection shall for each
19 quarterly period on or before the last day of the month following
20 the close of each such quarterly period, pay over the amount so
21 withheld as taxes to the Tax Commission, and shall file a return
22 with each such payment. Such return shall be in such form as the
23 Tax Commission shall prescribe. Every payer required under this
24 subsection to deduct and withhold a tax from a payee shall, as to

1 the total amounts paid to each payee during the calendar year,
2 furnish to such payee, on or before January 31, of the succeeding
3 year, a written statement showing the name of the payer, the name of
4 the payee and the payee's social security account number, if any,
5 the total amounts paid subject to taxation, the total amount
6 deducted and withheld as tax and such other information as the Tax
7 Commission may require. Any payer who fails to withhold or pay to
8 the Tax Commission any sums herein required to be withheld or paid
9 shall be personally and individually liable therefor to the State of
10 Oklahoma.

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

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

1 the rates prescribed by subsection A, B or C of this section. For
2 purposes of this subsection, the term "ceiling amount" means, with
3 respect to any taxpayer, the amount determined by the Tax Commission
4 for the tax rate category in which such taxpayer falls.

5 SECTION 2. This act shall become effective January 1, 2016.

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7 55-1-5130 MAH 01/07/15

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