

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 HOUSE BILL 2893

By: Inman

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5
6 AS INTRODUCED

7 An Act relating to income tax; amending 68 O.S. 2011,
8 Section 2355, as last amended by Section 2, Chapter
9 195, O.S.L. 2014 (68 O.S. Supp. 2015, Section 2355),
10 which relates to income tax rates; eliminating
11 contingent top marginal income tax rate reduction;
12 clarifying references; repealing Section 5, Chapter
13 195, O.S.L. 2014 (68 O.S. Supp. 2015, Section
14 2355.1G), which relates to implementation of certain
15 top marginal income tax rate reduction; and providing
16 an effective date.

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

18 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
19 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
20 2015, Section 2355), is amended to read as follows:

21 Section 2355. A. Individuals. For all taxable years beginning
22 after December 31, 1998, and before January 1, 2006, a tax is hereby
23 imposed upon the Oklahoma taxable income of every resident or
24 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~~ Section 2355.1F of this ~~act~~ title is made by the State Board
2 of Equalization, 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) 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 for which the determination required pursuant
22 to ~~Sections 4 and 5~~ Section 2355.1F of this ~~act~~ title is made by the
23 State Board of Equalization, a tax is hereby imposed upon the
24

1 Oklahoma taxable income of every resident or nonresident individual,
2 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 2355.1F of this act ~~or four and eighty-five~~
13 ~~hundredths (4.85%) tax on the remainder if the State~~
14 ~~Board of Equalization makes a determination pursuant~~
15 ~~to Section 5 of this act~~ title.

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

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

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

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

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

12 E. Corporations. For all taxable years beginning after
13 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
14 income of every corporation doing business within this state or
15 deriving income from sources within this state in an amount equal to
16 six percent (6%) thereof.

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

21 F. Certain foreign corporations. In lieu of the tax imposed in
22 the first paragraph of subsection D of this section, for all taxable
23 years beginning after December 31, 1989, there shall be imposed on
24 foreign corporations, as defined in the Internal Revenue Code, a tax

1 of six percent (6%) instead of thirty percent (30%) as used in the
2 Internal Revenue Code, where such income is received from sources
3 within Oklahoma, in accordance with the provisions of the Internal
4 Revenue Code and the Oklahoma Income Tax Act.

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

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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. REPEALER Section 5, Chapter 195, O.S.L. 2014
20 (68 O.S. Supp. 2015, Section 2355.1G), is hereby repealed.

21 SECTION 3. This act shall become effective November 1, 2016.

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23 55-2-8640 JM 01/05/16
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