

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 58th Legislature (2021)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2960

By: McCall, Wallace and Hilbert
of the House

7 and

8 Treat, Thompson and Hall of
9 the Senate

10
11 COMMITTEE SUBSTITUTE

12 An Act relating to revenue and taxation; amending 68
13 O.S. 2011, Section 2355, as last amended by Section
14 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2020,
15 Section 2355), which relates to income taxation;
16 modifying income tax rate for corporations; and
17 providing an effective 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 2020, 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

1 nonresident individual, which tax shall be computed at the option of
2 the taxpayer under one of the two following methods:

3 1. METHOD 1.

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

6 (1) 1/2% tax on first \$1,000.00 or part thereof,

7 (2) 1% tax on next \$1,500.00 or part thereof,

8 (3) 2% tax on next \$1,250.00 or part thereof,

9 (4) 3% tax on next \$1,150.00 or part thereof,

10 (5) 4% tax on next \$1,300.00 or part thereof,

11 (6) 5% tax on next \$1,500.00 or part thereof,

12 (7) 6% tax on next \$2,300.00 or part thereof, and

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

14 31, 1998, and before January 1, 2002, 6.75%

15 tax on the remainder,

16 (b) for taxable years beginning on or after

17 January 1, 2002, and before January 1, 2004,

18 7% tax on the remainder, and

19 (c) for taxable years beginning on or after

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

21 b. Married individuals filing jointly and surviving

22 spouse to the extent and in the manner that a

23 surviving spouse is permitted to file a joint return

24 under the provisions of the Internal Revenue Code and

heads of households as defined in the Internal Revenue Code not deducting federal income tax:

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

2. METHOD 2.

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

- (1) 1/2% tax on first \$1,000.00 or part thereof,
- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,
- (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 and
12 heads of households as defined in the Internal Revenue
13 Code deducting federal income tax:

- 14 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 15 (2) 1% tax on the next \$3,000.00 or part thereof,
- 16 (3) 2% tax on the next \$2,500.00 or part thereof,
- 17 (4) 3% tax on the next \$1,400.00 or part thereof,
- 18 (5) 4% tax on the next \$1,500.00 or part thereof,
- 19 (6) 5% tax on the next \$1,600.00 or part thereof,
- 20 (7) 6% tax on the next \$1,250.00 or part thereof,
- 21 (8) 7% tax on the next \$1,750.00 or part thereof,
- 22 (9) 8% tax on the next \$3,000.00 or part thereof,
- 23 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 24 (11) 10% tax on the remainder.

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

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

- 10 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 11 (b) 1% tax on next \$1,500.00 or part thereof,
- 12 (c) 2% tax on next \$1,250.00 or part thereof,
- 13 (d) 3% tax on next \$1,150.00 or part thereof,
- 14 (e) 4% tax on next \$2,300.00 or part thereof,
- 15 (f) 5% tax on next \$1,500.00 or part thereof,
- 16 (g) 5.50% tax on the remainder for the 2008 tax year and
17 any subsequent tax year unless the rate prescribed by
18 subparagraph (h) of this paragraph is in effect, and
- 19 (h) 5.25% tax on the remainder for the 2009 and subsequent
20 tax years. The decrease in the top marginal
21 individual income tax rate otherwise authorized by
22 this subparagraph shall be contingent upon the
23 determination required to be made by the State Board
24

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 and heads of households as defined in the Internal Revenue
7 Code:

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.

1 C. Individuals. For all taxable years beginning on or after
2 January 1, 2016, and for which the determination required pursuant
3 to Sections 4 and 5 of this act is made by the State Board of
4 Equalization, a tax is hereby imposed upon the Oklahoma taxable
5 income of every resident or nonresident individual, which tax shall
6 be computed as follows:

7 1. Single individuals and married individuals filing
8 separately:

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

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

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

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

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

14 (f) 5% tax on the remainder if the State Board of

15 Equalization makes a determination pursuant to Section
16 4 of this act or four and eighty-five hundredths

17 (4.85%) tax on the remainder if the State Board of

18 Equalization makes a determination pursuant to Section
19 5 of this act.

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

- 1 (a) 1/2% tax on first \$2,000.00 or part thereof,
2 (b) 1% tax on next \$3,000.00 or part thereof,
3 (c) 2% tax on next \$2,500.00 or part thereof,
4 (d) 3% tax on next \$2,300.00 or part thereof,
5 (e) 4% tax on next \$2,400.00 or part thereof,
6 (f) 5% tax on the remainder if the State Board of
7 Equalization makes a determination pursuant to Section
8 4 of this act or four and eighty-five hundredths
9 percent (4.85%) tax on the remainder if the State
10 Board of Equalization makes a determination pursuant
11 to Section 5 of this act.

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

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

21 Every payer of amounts covered by this subsection shall deduct
22 and withhold from such amounts paid each payee an amount equal to
23 eight percent (8%) thereof. Every payer required to deduct and
24 withhold taxes under this subsection shall for each quarterly period

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

16 E. Corporations. For all taxable years beginning after
17 December 31, ~~1989~~ 2021, a tax is hereby imposed upon the Oklahoma
18 taxable income of every corporation doing business within this state
19 or deriving income from sources within this state in an amount equal
20 to ~~six percent (6%)~~ four percent (4%) thereof.

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

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~~ 2021, there shall be imposed
4 on foreign corporations, as defined in the Internal Revenue Code, a
5 tax of ~~six percent (6%)~~ four percent (4%) instead of thirty percent
6 (30%) as used in the Internal Revenue Code, where such income is
7 received from sources within Oklahoma, in accordance with the
8 provisions of the Internal Revenue Code and the Oklahoma Income Tax
9 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 ~~six percent (6%)~~ four percent (4%) thereof. Every payer required to
13 deduct and withhold taxes under this subsection shall for each
14 quarterly period on or before the last day of the month following
15 the close of each such quarterly period, pay over the amount so
16 withheld as taxes to the Tax Commission, and shall file a return
17 with each such payment. Such return shall be in such form as the
18 Tax Commission shall prescribe. Every payer required under this
19 subsection to deduct and withhold a tax from a payee shall, as to
20 the total amounts paid to each payee during the calendar year,
21 furnish to such payee, on or before January 31, of the succeeding
22 year, a written statement showing the name of the payer, the name of
23 the payee and the payee's social security account number, if any,
24 the total amounts paid subject to taxation, the total amount

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

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

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

24

1 SECTION 2. This act shall become effective January 1, 2022.

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3 COMMITTEE REPORT BY: COMMITTEE ON JOINT COMMITTEE ON APPROPRIATIONS
4 AND BUDGET, dated 05/17/2021 - DO PASS, As Amended.
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