

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 HOUSE BILL 3042

By: Nichols

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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. 2019,
10 Section 2355), which relates to classes of taxpayers
11 and tax rates; limiting the applicability of certain
12 tax rates to certain tax years; increasing the number
13 of rates applicable to certain classes of taxpayers;
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 2019, 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.

- 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, 2020, 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 2021, 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
15 separately:

- 16 (a) 1/2% tax on first \$1,000.00 or part thereof,
17 (b) 1% tax on next \$1,500.00 or part thereof,
18 (c) 2% tax on next \$1,250.00 or part thereof,
19 (d) 3% tax on next \$1,150.00 or part thereof,
20 (e) 4% tax on next \$2,300.00 or part thereof,
21 (f) 5% tax on next \$92,800.00 or part thereof
22 (g) 5.75% tax on next \$100,000.00 or part thereof,
23 (h) 6.75% tax on the remainder.
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1 2. Married individuals filing jointly and surviving spouse to
2 the extent and in the manner that a surviving spouse is permitted to
3 file a joint return under the provisions of the Internal Revenue
4 Code and heads of households as defined in the Internal Revenue

5 Code:

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

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

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

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

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

11 (f) 5% tax on next \$237,800.00 or part thereof,

12 (g) 5.75% tax on next \$250,000.00 or part thereof,

13 (h) 6.75% tax on the remainder.

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

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

23 Every payer of amounts covered by this subsection shall deduct
24 and withhold from such amounts paid each payee an amount equal to

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

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

23 There shall be no additional Oklahoma income tax imposed on
24 accumulated taxable income or on undistributed personal holding

1 company income as those terms are defined in the Internal Revenue
2 Code.

3 ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed
4 in the first paragraph of subsection D of this section, for all
5 taxable years beginning after December 31, 1989, there shall be
6 imposed on foreign corporations, as defined in the Internal Revenue
7 Code, a tax of six percent (6%) instead of thirty percent (30%) as
8 used in the Internal Revenue Code, where such income is received
9 from sources within Oklahoma, in accordance with the provisions of
10 the Internal Revenue Code and the Oklahoma Income Tax Act.

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

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

6 ~~G.~~ H. 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.~~ I. 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.

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SECTION 2. This act shall become effective January 1, 2021.

57-2-9187 JW 12/30/19