

1 ENGROSSED SENATE
2 BILL NO. 1618

By: Jolley, Treat, Sharp and
Mazzei of the Senate

3 and

4 Sears and Casey of the
5 House

6
7 An Act relating to income tax rates; amending Section
8 5, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2015,
9 Section 2355.1G), which relates to changes in the top
10 marginal individual income tax rate; modifying
11 procedure and methodology for certain determination
12 by State Board of Equalization; defining term; and
13 providing an effective date.

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

15 SECTION 1. AMENDATORY Section 5, Chapter 195, O.S.L.
16 2014 (68 O.S. Supp. 2015, Section 2355.1G), is amended to read as
17 follows:

18 Section 2355.1G. A. The provisions of this section shall be
19 applicable with respect to the implementation of the four and
20 eighty-five hundredths percent (4.85%) top marginal rate of
21 individual income tax otherwise authorized pursuant to the
22 provisions of subparagraph (f) of paragraphs 1 and 2 of subsection C
23 of Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title,
24 which shall be contingent upon a determination by the State Board of
Equalization ~~made by a comparison of the revenue computations~~

1 described by this section which shall be conducted until the income
2 tax rate of four and eighty-five hundredths percent (4.85%) is
3 effective.

4 B. In addition to any other duties prescribed by law, at the
5 meeting required by paragraph 1 of Section 23 of Article X of the
6 Oklahoma Constitution to be held in December of the year in which
7 the five percent (5%) top marginal income tax rate prescribed by
8 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section
9 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title becomes
10 effective, and for any subsequent December meeting of the State
11 Board of Equalization, if the four and eighty-five hundredths
12 percent (4.85%) top marginal income tax rate prescribed by
13 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section
14 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title has not become
15 effective, the State Board of Equalization shall determine:

16 1. ~~The~~ if the amount of estimated revenue growth in the General
17 Revenue Fund of the State Treasury the proposed expenditure
18 authority for the fiscal year beginning on the next ensuing July 1;
19 and

20 2. ~~The amount by which the income tax revenue for the tax year~~
21 ~~which will begin on the second January 1 following such December~~
22 ~~meeting is estimated to be reduced by a fifteen hundredths percent~~
23 ~~(0.15%) decrease in the top marginal income tax rate, in order for a~~
24 ~~top marginal income tax rate of four and eighty-five hundredths~~

1 ~~percent (4.85%) to be effective~~ is in excess of the threshold amount
2 of Seven Billion Two Hundred Fifty Million Dollars
3 (\$7,250,000,000.00).

4 If the amount ~~determined pursuant to the provisions of paragraph~~
5 ~~1 of this subsection is equal to or greater than the amount~~
6 ~~determined pursuant to the provisions of paragraph 2 of this~~
7 ~~subsection~~ is in excess of the threshold amount of Seven Billion Two
8 Hundred Fifty Million Dollars (\$7,250,000,000.00), the Board shall
9 make a preliminary finding that the Board anticipates that a finding
10 will be made at the February meeting immediately subsequent to the
11 December meeting that the ~~revenue computations~~ threshold amount
12 required by this section will authorize the implementation of the
13 four and eighty-five hundredths percent (4.85%) top marginal rate
14 pursuant to subparagraph (f) of paragraphs 1 and 2 of subsection C
15 of Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title
16 beginning on the second January 1 following the December meeting.

17 If the amount ~~determined pursuant to the provisions of paragraph~~
18 ~~1 of this subsection is less than the amount determined pursuant to~~
19 ~~the provisions of paragraph 2 of this subsection~~ is not in excess of
20 the threshold amount of Seven Billion Two Hundred Fifty Million
21 Dollars (\$7,250,000,000.00), the Board shall make a preliminary
22 finding that the Board anticipates that a finding will be made at
23 the February meeting immediately subsequent to the December meeting
24 that the ~~revenue computations~~ threshold amount required by this

1 section will not be achieved and therefore will not authorize the
2 implementation of the four and eighty-five hundredths percent
3 (4.85%) top marginal income tax rate subparagraph (f) of paragraphs
4 1 and 2 of subsection C of Section 2355 of ~~Title 68 of the Oklahoma~~
5 ~~Statutes~~ this title beginning on the second January 1 following the
6 December meeting.

7 C. In addition to any other duties prescribed by law, at the
8 meeting required by paragraph 3 of Section 23 of Article X of the
9 Oklahoma Constitution to be held in February following the year in
10 which the five percent (5%) top marginal income tax rate prescribed
11 by subparagraph (f) of paragraphs 1 and 2 of subsection C of Section
12 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title becomes
13 effective, and for any subsequent February meeting of the State
14 Board of Equalization, if the four and eighty-five hundredths
15 percent (4.85%) top marginal income tax rate prescribed by
16 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section
17 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title has not become
18 effective, the State Board of Equalization shall determine:

19 1. ~~The~~ if the amount of ~~estimated revenue growth in the General~~
20 ~~Revenue Fund of the State Treasury~~ the proposed expenditure
21 authority for the fiscal year beginning on the next ensuing July 1~~+~~
22 ~~and~~

23 2. ~~The amount by which the income tax revenue for the tax year~~
24 ~~which will begin on the January 1 immediately following the February~~

1 ~~meeting is estimated to be reduced by a fifteen hundredths percent~~
2 ~~(.15%) decrease in the top marginal income tax rate, in order for a~~
3 ~~top marginal income tax rate of four and eighty-five hundredths~~
4 ~~percent (4.85%) to be effective~~ is in excess of the threshold amount
5 of Seven Billion Two Hundred Fifty Million Dollars
6 (\$7,250,000,000.00).

7 If the amount ~~determined pursuant to the provisions of paragraph~~
8 ~~1 of this subsection is equal to or greater than the amount~~
9 ~~determined pursuant to the provisions of paragraph 2 of this~~
10 ~~subsection~~ is in excess of the threshold amount of Seven Billion Two
11 Hundred Fifty Million Dollars (\$7,250,000,000.00), the Board shall
12 make a finding that the ~~revenue computations~~ threshold amount
13 required by this section will authorize the implementation of the
14 four and eighty-five hundredths percent (4.85%) top marginal income
15 tax rate pursuant to subparagraph (f) of paragraphs 1 and 2 of
16 subsection C of Section 2355 of ~~Title 68 of the Oklahoma Statutes~~
17 this title beginning on the January 1 immediately following the
18 February meeting and the Board shall recertify the proposed
19 expenditure authority accordingly.

20 If the amount ~~determined pursuant to the provisions of paragraph~~
21 ~~1 of this subsection is less than the amount determined pursuant to~~
22 ~~the provisions of paragraph 2 of this subsection~~ is not in excess of
23 the threshold amount of Seven Billion Two Hundred Fifty Million
24 Dollars (\$7,250,000,000.00), the Board shall make a finding that the

1 ~~revenue computations~~ threshold amount required by this section ~~de~~
2 will not be achieved and therefore will not authorize the
3 implementation of the four and eighty-five hundredths percent
4 (4.85%) top marginal income tax rate pursuant to subparagraph (f) of
5 paragraphs 1 and 2 of subsection C of Section 2355 of ~~Title 68 of~~
6 ~~the Oklahoma Statutes~~ this title beginning with the January 1
7 immediately following the February meeting.

8 D. If the Board makes a finding that the ~~revenue computations~~
9 threshold amount required by this section ~~do not authorize the will~~
10 not result in implementation of the four and eighty-five hundredths
11 percent (4.85%) top marginal income tax rate pursuant to
12 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section
13 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title beginning with
14 calendar year 2018 pursuant to the provisions of subsection C of
15 this section, the procedures prescribed by subsection A, subsection
16 B, and subsection C of this section shall be repeated by the State
17 Board of Equalization for each successive ~~two-year comparison~~
18 determination. Once the four and eighty-five hundredths percent
19 (4.85%) top marginal income tax rate otherwise authorized pursuant
20 to subparagraph (f) of paragraphs 1 and 2 of subsection C of Section
21 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title has been
22 implemented, such income tax rate shall be in effect for all
23 subsequent tax years.

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1 E. For purposes of this section "proposed expenditure
2 authority" represents the total amount available for the Legislature
3 to spend, including:

4 1. Estimated amounts from certified funds subject to the
5 ninety-five percent (95%) limit provided for in Section 23 of
6 Article X of the Oklahoma Constitution and cash available in those
7 funds from any prior years;

8 2. Estimated amounts from Commissioners of the Land Office
9 Fund, Oklahoma Education Lottery Trust Fund, Common Education
10 Technology Revolving Fund, Oklahoma Student Aid Revolving Fund,
11 Higher Education Capital Revolving Fund, Education Reform Revolving
12 Fund, Tobacco Settlement Endowment Trust Fund, State Judicial
13 Revolving Fund and State Transportation Fund and cash available in
14 those funds from any prior years.

15 SECTION 2. This act shall become effective November 1, 2016.
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