

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 55th Legislature (2016)

4 ENGROSSED SENATE  
5 BILL NO. 1618

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

6 and

7 Sears and Casey of the  
8 House

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

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

18 SECTION 1. AMENDATORY Section 5, Chapter 195, O.S.L.  
19 2014 (68 O.S. Supp. 2015, Section 2355.1G), is amended to read as  
20 follows:

21 Section 2355.1G. A. The provisions of this section shall be  
22 applicable with respect to the implementation of the four and  
23 eighty-five hundredths percent (4.85%) top marginal rate of  
24 individual income tax otherwise authorized pursuant to the  
provisions of subparagraph (f) of paragraphs 1 and 2 of subsection C

1 of Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title,  
2 which shall be contingent upon a determination by the State Board of  
3 Equalization ~~made by a comparison of the revenue computations~~  
4 described by this section which shall be conducted until the income  
5 tax rate of four and eighty-five hundredths percent (4.85%) is  
6 effective.

7 B. In addition to any other duties prescribed by law, at the  
8 meeting required by paragraph 1 of Section 23 of Article X of the  
9 Oklahoma Constitution to be held in December of the year in which  
10 the five percent (5%) top marginal income tax rate prescribed by  
11 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 December 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 second January 1 following such December~~

1 ~~meeting is estimated to be reduced by a fifteen hundredths percent~~  
2 ~~(0.15%) 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 preliminary finding that the Board anticipates that a finding  
13 will be made at the February meeting immediately subsequent to the  
14 December meeting that the ~~revenue computations~~ threshold amount  
15 required by this section will authorize the implementation of the  
16 four and eighty-five hundredths percent (4.85%) top marginal rate  
17 pursuant to subparagraph (f) of paragraphs 1 and 2 of subsection C  
18 of Section 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title  
19 beginning on the second January 1 following the December meeting.

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 preliminary

1 finding that the Board anticipates that a finding will be made at  
2 the February meeting immediately subsequent to the December meeting  
3 that the ~~revenue computations~~ threshold amount required by this  
4 section will not be achieved and therefore will not authorize the  
5 implementation of the four and eighty-five hundredths percent  
6 (4.85%) top marginal income tax rate subparagraph (f) of paragraphs  
7 1 and 2 of subsection C of Section 2355 of ~~Title 68 of the Oklahoma~~  
8 ~~Statutes~~ this title beginning on the second January 1 following the  
9 December meeting.

10 C. In addition to any other duties prescribed by law, at the  
11 meeting required by paragraph 3 of Section 23 of Article X of the  
12 Oklahoma Constitution to be held in February following the year in  
13 which the five percent (5%) top marginal income tax rate prescribed  
14 by subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
15 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title becomes  
16 effective, and for any subsequent February meeting of the State  
17 Board of Equalization, if the four and eighty-five hundredths  
18 percent (4.85%) top marginal income tax rate prescribed by  
19 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
20 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title has not become  
21 effective, the State Board of Equalization shall determine:

22 1. ~~The~~ if the amount of ~~estimated revenue growth in the General~~  
23 ~~Revenue Fund of the State Treasury~~ the proposed expenditure

24

1 authority for the fiscal year beginning on the next ensuing July 1~~7~~  
2 and

3 ~~2. The amount by which the income tax revenue for the tax year~~  
4 ~~which will begin on the January 1 immediately following the February~~  
5 ~~meeting is estimated to be reduced by a fifteen hundredths percent~~  
6 ~~(.15%) decrease in the top marginal income tax rate, in order for a~~  
7 ~~top marginal income tax rate of four and eighty five hundredths~~  
8 ~~percent (4.85%) to be effective~~ is in excess of the threshold amount  
9 of Seven Billion Two Hundred Fifty Million Dollars  
10 (\$7,250,000,000.00).

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

24

1 If the amount ~~determined pursuant to the provisions of paragraph~~  
2 ~~1 of this subsection is less than the amount determined pursuant to~~  
3 ~~the provisions of paragraph 2 of this subsection~~ is not in excess of  
4 the threshold amount of Seven Billion Two Hundred Fifty Million  
5 Dollars (\$7,250,000,000.00), the Board shall make a finding that the  
6 ~~revenue computations~~ threshold amount required by this section ~~do~~  
7 will not be achieved and therefore will not authorize the  
8 implementation of the four and eighty-five hundredths percent  
9 (4.85%) top marginal income tax rate pursuant to subparagraph (f) of  
10 paragraphs 1 and 2 of subsection C of Section 2355 of ~~Title 68 of~~  
11 ~~the Oklahoma Statutes~~ this title beginning with the January 1  
12 immediately following the February meeting.

13 D. If the Board makes a finding that the ~~revenue computations~~  
14 threshold amount required by this section ~~do not authorize the~~ will  
15 not result in implementation of the four and eighty-five hundredths  
16 percent (4.85%) top marginal income tax rate pursuant to  
17 subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
18 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title beginning with  
19 calendar year 2018 pursuant to the provisions of subsection C of  
20 this section, the procedures prescribed by subsection A, subsection  
21 B, and subsection C of this section shall be repeated by the State  
22 Board of Equalization for each successive ~~two-year comparison~~  
23 determination. Once the four and eighty-five hundredths percent  
24 (4.85%) top marginal income tax rate otherwise authorized pursuant

1 to subparagraph (f) of paragraphs 1 and 2 of subsection C of Section  
2 2355 of ~~Title 68 of the Oklahoma Statutes~~ this title has been  
3 implemented, such income tax rate shall be in effect for all  
4 subsequent tax years.

5 E. For purposes of this section "proposed expenditure  
6 authority" represents the total amount available for the Legislature  
7 to spend, including:

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

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

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

20  
21 DIRECT TO CALENDAR.

22  
23  
24