

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SENATE BILL 2031

By: Deevers

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2023, Section 2355), which relates to tax imposed and classes of taxpayers; modifying income tax rate for certain tax years; amending 68 O.S. 2021, Section 2370, which relates to the banking privilege tax; limiting tax to certain tax years; updating statutory references; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2023, Section 2355), is amended to read as follows:

Section 2355. A. Individuals. For all taxable years beginning after December 31, 1998, and before January 1, 2006, a tax is hereby imposed upon the Oklahoma taxable income of every resident or 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,  
25

- (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,
- (5) 4% tax on next \$1,200.00 or part thereof,
- (6) 5% tax on next \$1,400.00 or part thereof,
- (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~~ 2355.1F and ~~5~~ Section 2355.1G of this ~~act~~ title is made by the  
2 State Board of Equalization, a tax is hereby imposed upon the  
3 Oklahoma taxable income of every resident or nonresident individual,  
4 which tax shall 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, 2024, a tax is hereby~~ tax year 2024 and subsequent tax  
22 years, there shall be no tax imposed upon the Oklahoma taxable  
23 income of every resident or nonresident individual, ~~which tax shall~~  
24 ~~be computed as follows:~~

1 ~~1. Single individuals and married individuals filing~~  
2 ~~separately:~~

3 ~~(a) 0.25% tax on first \$1,000.00 or part thereof,~~

4 ~~(b) 0.75% tax on next \$1,500.00 or part thereof,~~

5 ~~(c) 1.75% tax on next \$1,250.00 or part thereof,~~

6 ~~(d) 2.75% tax on next \$1,150.00 or part thereof,~~

7 ~~(e) 3.75% tax on next \$2,300.00 or part thereof,~~

8 ~~(f) 4.75% tax on the remainder.~~

9 ~~2. Married individuals filing jointly and surviving spouse to~~  
10 ~~the extent and in the manner that a surviving spouse is permitted to~~  
11 ~~file a joint return under the provisions of the Internal Revenue~~  
12 ~~Code and heads of households as defined in the Internal Revenue~~  
13 ~~Code:~~

14 ~~(a) 0.25% tax on first \$2,000.00 or part thereof,~~

15 ~~(b) 0.75% tax on next \$3,000.00 or part thereof,~~

16 ~~(c) 1.75% tax on next \$2,500.00 or part thereof,~~

17 ~~(d) 2.75% tax on next \$2,300.00 or part thereof,~~

18 ~~(e) 3.75% tax on next \$4,600.00 or part thereof,~~

19 ~~(f) 4.75% tax on the remainder.~~

20 ~~No deduction for federal income taxes paid shall be allowed to~~  
21 ~~any taxpayer to arrive at taxable income.~~

22 D. Nonresident aliens. In lieu of the rates set forth in  
23 subsection A above, there shall be imposed on nonresident aliens, as  
24 defined in the Internal Revenue Code, a tax of eight percent (8%)

1 instead of thirty percent (30%) as used in the Internal Revenue  
2 Code, with respect to the Oklahoma taxable income of such  
3 nonresident aliens as determined under the provision of the Oklahoma  
4 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 eight percent (8%) 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 Oklahoma Tax Commission, and shall file a return with each such  
12 payment. Such return shall be in such form as the Tax Commission  
13 shall prescribe. Every payer required under this subsection to  
14 deduct and withhold a tax from a payee shall, as to the total  
15 amounts paid to each payee during the calendar year, furnish to such  
16 payee, on or before January 31, of the succeeding year, a written  
17 statement showing the name of the payer, the name of the payee and  
18 the payee's Social Security account number, if any, the total amount  
19 paid subject to taxation, and the total amount deducted and withheld  
20 as tax and such other information as the Tax Commission may require.  
21 Any payer who fails to withhold or pay to the Tax Commission any  
22 sums herein required to be withheld or paid shall be personally and  
23 individually liable therefor to ~~the State of Oklahoma~~ this state.



1 E. Corporations. For ~~all taxable years beginning after~~  
2 ~~December 31, 2021~~ tax years 2022 through 2023, a tax is hereby  
3 imposed upon the Oklahoma taxable income of every corporation doing  
4 business within this state or deriving income from sources within  
5 this state in an amount equal to four percent (4%) thereof. For tax  
6 year 2024 and subsequent tax years, there shall be no tax imposed  
7 upon the Oklahoma taxable income of every corporation doing business  
8 within this state or deriving income from sources within this state.

9 There shall be no additional Oklahoma income tax imposed on  
10 accumulated taxable income or on undistributed personal holding  
11 company income as those terms are defined in the Internal Revenue  
12 Code.

13 F. Certain foreign corporations. In lieu of the tax imposed in  
14 the first paragraph of subsection D of this section, for ~~all taxable~~  
15 ~~years beginning after December 31, 2021~~ tax years 2022 through 2023,  
16 there shall be imposed on foreign corporations, as defined in the  
17 Internal Revenue Code, a tax of four percent (4%) instead of thirty  
18 percent (30%) as used in the Internal Revenue Code, where such  
19 income is received from sources within ~~Oklahoma~~ this state, in  
20 accordance with the provisions of the Internal Revenue Code and the  
21 Oklahoma Income Tax Act. For tax year 2024 and subsequent tax  
22 years, there shall be no tax imposed on foreign corporations, as  
23 defined in the Internal Revenue Code, instead of a rate of thirty  
24 percent (30%) as used in the Internal Revenue Code, where such

1 income is received from sources within this state, in accordance  
2 with the provisions of the Internal Revenue Code and the Oklahoma  
3 Income Tax Act.

4 ~~Every~~ For tax years 2022 through 2023, every payer of amounts  
5 covered by this subsection shall deduct and withhold from such  
6 amounts paid each payee an amount equal to four percent (4%)  
7 thereof. Every payer required to deduct and withhold taxes under  
8 this subsection shall for each quarterly period on or before the  
9 last day of the month following the close of each such quarterly  
10 period, pay over the amount so withheld as taxes to the Tax  
11 Commission, and shall file a return with each such payment. Such  
12 return shall be in such form as the Tax Commission shall prescribe.  
13 Every payer required under this subsection to deduct and withhold a  
14 tax from a payee shall, as to the total amounts paid to each payee  
15 during the calendar year, furnish to such payee, on or before  
16 January 31, of the succeeding year, a written statement showing the  
17 name of the payer, the name of the payee and the payee's Social  
18 Security account number, if any, the total amounts paid subject to  
19 taxation, the total amount deducted and withheld as tax and such  
20 other information as the Tax Commission may require. Any payer who  
21 fails to withhold or pay to the Tax Commission any sums herein  
22 required to be withheld or paid shall be personally and individually  
23 liable therefor to the State of Oklahoma.

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. AMENDATORY 68 O.S. 2021, Section 2370, is  
20 amended to read as follows:

21 Section 2370. A. For ~~taxable years beginning after December~~  
22 ~~31, 2021~~ tax years 2022 through 2023, for the privilege of doing  
23 business within this state, every state banking association,  
24 national banking association and credit union organized under the

1 laws of this state, located or doing business within the limits of  
2 the State of Oklahoma shall annually pay to this state a privilege  
3 tax at the rate of four percent (4%) of the amount of the taxable  
4 income as provided in this section.

5 B. 1. The privilege tax levied by this section shall be in  
6 addition to the Business Activity Tax levied in Section 1218 of this  
7 title and the franchise tax levied in Article 12 of this title and  
8 in lieu of the tax levied by Section 2355 of this title and in lieu  
9 of all taxes levied by the State of Oklahoma, or any subdivision  
10 thereof, upon the shares of stock or personal property of any  
11 banking association or credit union subject to taxation under this  
12 section.

13 2. Nothing in this section shall be construed to exempt the  
14 real property of any banking associations or credit unions from  
15 taxation to the same extent, according to its value, as other real  
16 property is taxed. Nothing herein shall be construed to exempt an  
17 association from payment of any fee or tax authorized or levied  
18 pursuant to the banking laws.

19 3. Personal property which is subject to a lease agreement  
20 between a bank or credit union, as lessor, and a nonbanking business  
21 entity or individual, as lessee, is not exempt from personal  
22 property ad valorem taxation. Provided further, that it shall be  
23 the duty of the lessee of such personal property to return sworn  
24 lists or schedules of their taxable property within each county to

1 the county assessor of such county as provided in Sections 2433 and  
2 2434 of this title.

3 C. Any tax levied under this section shall accrue on the last  
4 day of the taxable year and be payable as provided in Section 2375  
5 of this title. The accrual of such tax for the first taxable year  
6 to which this act applies, shall apply notwithstanding the prior  
7 accrual of a tax in the same taxable year based upon the net income  
8 of the next preceding taxable year; provided, however, any  
9 additional deduction enuring to the benefit of the taxpayer shall be  
10 deducted in accordance with the optional transitional deduction  
11 procedures in Section 2354 of this title.

12 D. The basis of the tax shall be United States taxable income  
13 as defined in paragraph 10 of Section 2353 of this title and any  
14 adjustments thereto under the provisions of Section 2358 of this  
15 title with the following adjustments:

16 1. There shall be deducted all interest income on obligations  
17 of the United States government and agencies thereof not otherwise  
18 exempted and all interest income on obligations of the State of  
19 Oklahoma or political subdivisions thereof, including public trust  
20 authorities, not otherwise exempted under the laws of this state;  
21 and

22 2. Expense deductions claimed in arriving at taxable income  
23 under paragraph 10 of Section 2353 of this title shall be reduced by  
24 an amount equal to fifty percent (50%) of excluded interest income

1 on obligations of the United States government or agencies thereof  
2 and obligations of the State of Oklahoma or political subdivisions  
3 thereof.

4 E. 1. Except as otherwise provided in paragraph 2 of this  
5 subsection, before January 1, 2017, there shall be allowed a credit  
6 against the tax levied in subsection A of this section in an amount  
7 equal to the amount of taxable income received by a participating  
8 financial institution as defined in Section 90.2 of Title 62 of the  
9 Oklahoma Statutes pursuant to a loan made under the Rural Economic  
10 Development Loan Act. Such credit shall be limited each year to  
11 five percent (5%) of the amount of annual payroll certified by the  
12 Oklahoma Rural Economic Development Loan Program Review Board  
13 pursuant to the provisions of paragraph 3 of subsection B of Section  
14 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan  
15 made by the participating financial institution and may be claimed  
16 for any number of years necessary until the amount of total credits  
17 claimed is equal to the total amount of taxable income received by  
18 the participating financial institution pursuant to the loan. Any  
19 credit allowed but not used in a taxable year may be carried forward  
20 for a period not to exceed five (5) taxable years. In no event  
21 shall a credit allowed pursuant to the provisions of this subsection  
22 be transferable or refundable.

23 2. No credit otherwise authorized by the provisions of this  
24 subsection may be claimed for any event, transaction, investment,

1 expenditure or other act occurring on or after July 1, 2010, for  
2 which the credit would otherwise be allowable. The provisions of  
3 this paragraph shall cease to be operative on July 1, 2012.

4 Beginning July 1, 2012, the credit authorized by this subsection may  
5 be claimed for any event, transaction, investment, expenditure or  
6 other act occurring on or after July 1, 2012, according to the  
7 provisions of this subsection.

8 SECTION 3. This act shall become effective November 1, 2024.

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