

1 STATE OF OKLAHOMA

2 1st Extraordinary Session of the 56th Legislature (2017)

3 HOUSE BILL 1015

By: Inman

4
5
6 AS INTRODUCED

7 An Act relating to income taxation; amending 68 O.S.
8 2011, Section 2355, as last amended by Section 2,
9 Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2017, Section
10 2355), which relates to classes of taxpayers and tax
11 rates; modifying tax rates for certain tax years;
12 increasing the number of rates applicable to certain
13 classes of taxpayers; and clarifying language.

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

15 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
16 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
17 2017, Section 2355), is amended to read as follows:

18 Section 2355. A. Individuals. For all taxable years beginning
19 after December 31, 1998, and before January 1, 2006, a tax is hereby
20 imposed upon the Oklahoma taxable income of every resident or
21 nonresident individual, which tax shall be computed at the option of
22 the taxpayer under one of the two following methods:

23 1. METHOD 1.

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

- 1 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 2 (2) 1% tax on next \$1,500.00 or part thereof,
- 3 (3) 2% tax on next \$1,250.00 or part thereof,
- 4 (4) 3% tax on next \$1,150.00 or part thereof,
- 5 (5) 4% tax on next \$1,300.00 or part thereof,
- 6 (6) 5% tax on next \$1,500.00 or part thereof,
- 7 (7) 6% tax on next \$2,300.00 or part thereof, and
- 8 (8) (a) for taxable years beginning after December
9 31, 1998, and before January 1, 2002, 6.75%
10 tax on the remainder,
11 (b) for taxable years beginning on or after
12 January 1, 2002, and before January 1, 2004,
13 7% tax on the remainder, and
14 (c) for taxable years beginning on or after
15 January 1, 2004, 6.65% tax on the remainder.

16 b. Married individuals filing jointly and surviving
17 spouse to the extent and in the manner that a
18 surviving spouse is permitted to file a joint return
19 under the provisions of the Internal Revenue Code and
20 heads of households as defined in the Internal Revenue
21 Code not deducting federal income tax:

- 22 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 23 (2) 1% tax on next \$3,000.00 or part thereof,
- 24 (3) 2% tax on next \$2,500.00 or part thereof,

- 1 (4) 3% tax on next \$2,300.00 or part thereof,
2 (5) 4% tax on next \$2,400.00 or part thereof,
3 (6) 5% tax on next \$2,800.00 or part thereof,
4 (7) 6% tax on next \$6,000.00 or part thereof, and
5 (8) (a) for taxable years beginning after December
6 31, 1998, and before January 1, 2002, 6.75%
7 tax on the remainder,
8 (b) for taxable years beginning on or after
9 January 1, 2002, and before January 1, 2004,
10 7% tax on the remainder, and
11 (c) for taxable years beginning on or after
12 January 1, 2004, 6.65% tax on the remainder.

13 2. METHOD 2.

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

- 16 (1) 1/2% tax on first \$1,000.00 or part thereof,
17 (2) 1% tax on next \$1,500.00 or part thereof,
18 (3) 2% tax on next \$1,250.00 or part thereof,
19 (4) 3% tax on next \$1,150.00 or part thereof,
20 (5) 4% tax on next \$1,200.00 or part thereof,
21 (6) 5% tax on next \$1,400.00 or part thereof,
22 (7) 6% tax on next \$1,500.00 or part thereof,
23 (8) 7% tax on next \$1,500.00 or part thereof,
24 (9) 8% tax on next \$2,000.00 or part thereof,

- 1 (10) 9% tax on next \$3,500.00 or part thereof, and
2 (11) 10% tax on the remainder.

3 b. Married individuals filing jointly and surviving
4 spouse to the extent and in the manner that a
5 surviving spouse is permitted to file a joint return
6 under the provisions of the Internal Revenue Code and
7 heads of households as defined in the Internal Revenue
8 Code deducting federal income tax:

- 9 (1) 1/2% tax on the first \$2,000.00 or part thereof,
10 (2) 1% tax on the next \$3,000.00 or part thereof,
11 (3) 2% tax on the next \$2,500.00 or part thereof,
12 (4) 3% tax on the next \$1,400.00 or part thereof,
13 (5) 4% tax on the next \$1,500.00 or part thereof,
14 (6) 5% tax on the next \$1,600.00 or part thereof,
15 (7) 6% tax on the next \$1,250.00 or part thereof,
16 (8) 7% tax on the next \$1,750.00 or part thereof,
17 (9) 8% tax on the next \$3,000.00 or part thereof,
18 (10) 9% tax on the next \$6,000.00 or part thereof, and
19 (11) 10% tax on the remainder.

20 B. Individuals. For all taxable years beginning on or after
21 January 1, 2008, and ending any tax year which begins after December
22 31, 2015, for which the determination required pursuant to ~~Sections~~
23 ~~4 and 5~~ Section 2355.1F of this ~~act~~ title is made by the State Board
24 of Equalization, a tax is hereby imposed upon the Oklahoma taxable

1 income of every resident or nonresident individual, which tax shall
2 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 next \$1,500.00 or part thereof,

11 (g) 5.50% tax on the remainder for the 2008 tax year and
12 any subsequent tax year unless the rate prescribed by
13 subparagraph (h) of this paragraph is in effect, and

14 (h) 5.25% tax on the remainder for the 2009 and subsequent
15 tax years. The decrease in the top marginal
16 individual income tax rate otherwise authorized by
17 this subparagraph shall be contingent upon the
18 determination required to be made by the State Board
19 of Equalization pursuant to Section 2355.1A of this
20 title.

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

1 Code and heads of households as defined in the Internal Revenue

2 Code:

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

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

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

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

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

8 (f) 5% tax on next \$2,800.00 or part thereof,

9 (g) 5.50% tax on the remainder for the 2008 tax year and

10 any subsequent tax year unless the rate prescribed by

11 subparagraph (h) of this paragraph is in effect, and

12 (h) 5.25% tax on the remainder for the 2009 and subsequent

13 tax years. The decrease in the top marginal

14 individual income tax rate otherwise authorized by

15 this subparagraph shall be contingent upon the

16 determination required to be made by the State Board

17 of Equalization pursuant to Section 2355.1A of this

18 title.

19 C. Individuals.

20 1. For all taxable years beginning on or after January 1, 2016,

21 and ~~for which the determination required pursuant to Sections 4 and~~

22 ~~5 of this act is made by the State Board of Equalization before~~

23 January 1, 2018, a tax is hereby imposed upon the Oklahoma taxable

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1 income of every resident or nonresident individual, which tax shall
2 be computed as follows:

3 ~~1. Single~~

4 a. single individuals and married individuals filing
5 separately:

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

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

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

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

10 ~~(e)~~ (5) 4% tax on next \$2,300.00 or part thereof, and

11 ~~(f)~~ (6) 5% tax on the remainder ~~if the State Board of~~
12 ~~Equalization makes a determination pursuant to~~
13 ~~Section 4 of this act or four and eighty-five~~
14 ~~hundredths (4.85%) tax on the remainder if the~~
15 ~~State Board of Equalization makes a determination~~
16 ~~pursuant to Section 5 of this act., and~~

17 ~~2. Married~~

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:

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

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

2. For all taxable years beginning on or after January 1, 2018,
a tax is hereby imposed upon the Oklahoma taxable income of every
resident or nonresident individual, which tax shall be computed as
follows:

a. single individuals and married individuals filing
separately:

- (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 \$2,300.00 or part thereof,
- (6) 5% tax on next \$72,800.00 or part thereof,
- (7) 5.5% tax on next \$120,000.00 or part thereof, and
- (8) 6% tax on the remainder, and

1 b. married individuals filing jointly and surviving
2 spouse to the extent and in the manner that a
3 surviving spouse is permitted to file a joint return
4 under the provisions of the Internal Revenue Code and
5 heads of households as defined in the Internal Revenue
6 Code:

7 (1) 1/2% tax on first \$2,000.00 or part thereof,

8 (2) 1% tax on next \$3,000.00 or part thereof,

9 (3) 2% tax on next \$2,500.00 or part thereof,

10 (4) 3% tax on next \$2,300.00 or part thereof,

11 (5) 4% tax on next \$2,400.00 or part thereof,

12 (6) 5% tax on next \$147,800.00 or part thereof,

13 (7) 5.5% tax on next \$240,000.00 or part thereof, and

14 (8) 6% tax on the remainder.

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

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

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

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

1 There shall be no additional Oklahoma income tax imposed on
2 accumulated taxable income or on undistributed personal holding
3 company income as those terms are defined in the Internal Revenue
4 Code.

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

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

1 showing the name of the payer, the name of the payee and the payee's
2 social security account number, if any, the total amounts paid
3 subject to taxation, the total amount deducted and withheld as tax
4 and such other information as the Tax Commission may require. Any
5 payer who fails to withhold or pay to the Tax Commission any sums
6 herein required to be withheld or paid shall be personally and
7 individually liable therefor to the State of Oklahoma.

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

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

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