

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3066

By: Newell

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5
6 AS INTRODUCED

7 An Act relating to income tax; amending 68 O.S. 2011,
8 Section 2355, as last amended by Section 2, Chapter
9 195, O.S.L. 2014 (68 O.S. Supp. 2015, Section 2355),
10 which relates to income tax rates; implementing
11 periodic decreases in the top marginal rates for
12 individuals and married individuals filing jointly;
13 eliminating contingent top marginal income tax rate
14 reduction; clarifying references; repealing Sections
15 4 and 5, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
16 2015, Sections 2355.1F and 2355.1G), which relate to
17 implementation of certain contingent top marginal
18 income tax rate reductions; and providing an
19 effective date.

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

21 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
22 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
23 2015, Section 2355), is amended to read as follows:

24 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 1. METHOD 1.

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

4 (1) 1/2% tax on first \$1,000.00 or part thereof,

5 (2) 1% tax on next \$1,500.00 or part thereof,

6 (3) 2% tax on next \$1,250.00 or part thereof,

7 (4) 3% tax on next \$1,150.00 or part thereof,

8 (5) 4% tax on next \$1,300.00 or part thereof,

9 (6) 5% tax on next \$1,500.00 or part thereof,

10 (7) 6% tax on next \$2,300.00 or part thereof, and

11 (8) (a) for taxable years beginning after December
12 31, 1998, and before January 1, 2002, 6.75%
13 tax on the remainder,

14 (b) for taxable years beginning on or after
15 January 1, 2002, and before January 1, 2004,
16 7% tax on the remainder, and

17 (c) for taxable years beginning on or after
18 January 1, 2004, 6.65% tax on the remainder.

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

- 1 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 2 (2) 1% tax on next \$3,000.00 or part thereof,
- 3 (3) 2% tax on next \$2,500.00 or part thereof,
- 4 (4) 3% tax on next \$2,300.00 or part thereof,
- 5 (5) 4% tax on next \$2,400.00 or part thereof,
- 6 (6) 5% tax on next \$2,800.00 or part thereof,
- 7 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

17 a. Single individuals and married individuals filing
18 separately deducting federal income tax:

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

- 1 (7) 6% tax on next \$1,500.00 or part thereof,
- 2 (8) 7% tax on next \$1,500.00 or part thereof,
- 3 (9) 8% tax on next \$2,000.00 or part thereof,
- 4 (10) 9% tax on next \$3,500.00 or part thereof, and
- 5 (11) 10% tax on the remainder.

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

- 12 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 13 (2) 1% tax on the next \$3,000.00 or part thereof,
- 14 (3) 2% tax on the next \$2,500.00 or part thereof,
- 15 (4) 3% tax on the next \$1,400.00 or part thereof,
- 16 (5) 4% tax on the next \$1,500.00 or part thereof,
- 17 (6) 5% tax on the next \$1,600.00 or part thereof,
- 18 (7) 6% tax on the next \$1,250.00 or part thereof,
- 19 (8) 7% tax on the next \$1,750.00 or part thereof,
- 20 (9) 8% tax on the next \$3,000.00 or part thereof,
- 21 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 22 (11) 10% tax on the remainder.

23 B. Individuals. For all taxable years beginning on or after
24 January 1, 2008, and ending ~~any tax year which begins after~~ on or

1 ~~before December 31, 2015, for which the determination required~~
2 ~~pursuant to Sections 4 and 5 of this act is made by the State Board~~
3 ~~of Equalization,~~ a tax is hereby imposed upon the Oklahoma taxable
4 income of every resident or nonresident individual, which tax shall
5 be computed as follows:

6 1. Single individuals and married individuals filing
7 separately:

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

9 (b) 1% tax on next \$1,500.00 or part thereof,

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

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

12 (e) 4% tax on next \$2,300.00 or part thereof,

13 (f) 5% tax on next \$1,500.00 or part thereof,

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

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

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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 \$2,800.00 or part thereof,
- 12 (g) 5.50% tax on the remainder for the 2008 tax year and
13 any subsequent tax year unless the rate prescribed by
14 subparagraph (h) of this paragraph is in effect, and
- 15 (h) 5.25% tax on the remainder for the 2009 and subsequent
16 tax years. The decrease in the top marginal
17 individual income tax rate otherwise authorized by
18 this subparagraph shall be contingent upon the
19 determination required to be made by the State Board
20 of Equalization pursuant to Section 2355.1A of this
21 title.

22 C. Individuals. For all taxable years beginning on or after
23 January 1, 2016, ~~and for which the determination required pursuant~~
24 ~~to Sections 4 and 5 of this act is made by the State Board of~~

1 ~~Equalization~~, a tax is hereby imposed upon the Oklahoma taxable
2 income of every resident or nonresident individual, which tax shall
3 be computed as follows:

4 1. Single individuals and married individuals filing
5 separately:

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

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

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

9 (d) i. for the taxable year ending December 31, 2016, 3%
10 tax on next \$1,150.00 or part thereof,

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

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

18 ii. for the taxable year ending December 31, 2017, 3%
19 tax on next \$1,150.00 or part thereof, 4% tax on
20 next \$2,300.00 or part thereof, and 4.75% tax on
21 the remainder,

22 iii. for the taxable year ending December 31, 2018, 3%
23 tax on next \$1,150.00 or part thereof, 4% tax on
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1 next \$2,300.00 or part thereof, and 4.50% tax on
2 the remainder,

3 iv. for the taxable year ending December 31, 2019, 3%
4 tax on next \$1,150.00 or part thereof, 4% tax on
5 next \$2,300.00 or part thereof, and 4.25% tax on
6 the remainder,

7 v. for the taxable year ending December 31, 2020, 3%
8 tax on next \$1,150.00 or part thereof, and 4% tax
9 on the remainder,

10 vi. for the taxable year ending December 31, 2021, 3%
11 tax on next \$1,150.00 or part thereof, and 3.75%
12 tax on the remainder,

13 vii. for the taxable year ending December 31, 2022, 3%
14 tax on next \$1,150.00 or part thereof, and 3.50%
15 tax on the remainder,

16 viii. for the taxable year ending December 31, 2023, 3%
17 tax on next \$1,150.00 or part thereof, and 3.25%
18 tax on the remainder, and

19 ix. for the taxable year ending December 31, 2024, 3%
20 tax on the remainder.

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) i. for the taxable year ending December 31, 2016, 3%
7 tax on next \$2,300.00 or part thereof,

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

9 ~~(f) 5% tax on the remainder if the State Board of~~

10 ~~Equalization makes a determination pursuant to~~

11 ~~Section 4 of this act or four and eighty-five~~

12 ~~hundredths percent (4.85%) tax on the remainder~~

13 ~~if the State Board of Equalization makes a~~

14 ~~determination pursuant to Section 5 of this act,~~

15 ii. for the taxable year ending December 31, 2017, 3%
16 tax on next \$2,300.00 or part thereof, 4% tax on

17 next \$2,400.00 or part thereof, and 4.75% tax on

18 the remainder,

19 iii. for the taxable year ending December 31, 2018, 3%

20 tax on next \$2,300.00 or part thereof, 4% tax on

21 next \$2,400.00 or part thereof, and 4.50% tax on

22 the remainder,

23 iv. for the taxable year ending December 31, 2019, 3%

24 tax on next \$2,300.00 or part thereof, 4% tax on

1 next \$2,400.00 or part thereof, and 4.25% tax on
2 the remainder,

3 v. for the taxable year ending December 31, 2020, 3%
4 tax on next \$2,300.00 or part thereof, and 4% tax
5 on the remainder,

6 vi. for the taxable year ending December 31, 2021, 3%
7 tax on next \$2,300.00 or part thereof, and 3.75%
8 tax on the remainder,

9 vii. for the taxable year ending December 31, 2022, 3%
10 tax on next \$2,300.00 or part thereof, and 3.50%
11 tax on the remainder,

12 viii. for the taxable year ending December 31, 2023, 3%
13 tax on next \$2,300.00 or part thereof, and 3.25%
14 tax on the remainder, and

15 ix. for the taxable year ending December 31, 2024, 3%
16 tax on the remainder.

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

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

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

22 E. Corporations. For all taxable years beginning after
23 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
24 income of every corporation doing business within this state or

1 deriving income from sources within this state in an amount equal to
2 six percent (6%) thereof.

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

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

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

1 each payee during the calendar year, furnish to such payee, on or
2 before January 31, of the succeeding year, a written statement
3 showing the name of the payer, the name of the payee and the payee's
4 social security account number, if any, the total amounts paid
5 subject to taxation, the total amount deducted and withheld as tax
6 and such other information as the Tax Commission may require. Any
7 payer who fails to withhold or pay to the Tax Commission any sums
8 herein required to be withheld or paid shall be personally and
9 individually liable therefor to the State of Oklahoma.

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

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

1 purposes of this subsection, the term "ceiling amount" means, with
2 respect to any taxpayer, the amount determined by the Tax Commission
3 for the tax rate category in which such taxpayer falls.

4 SECTION 2. REPEALER Sections 4 and 5, Chapter 195,
5 O.S.L. 2014 (68 O.S. Supp. 2015, Sections 2355.1F and 2355.1G), are
6 hereby repealed.

7 SECTION 3. This act shall become effective November 1, 2016.

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9 55-2-8349 JM 01/05/16

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