

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 102

By: Rader

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Section 2362, which relates to nonresident taxable income; excluding certain compensation of certain nonresidents; updating statutory language; updating statutory references; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2362, is amended to read as follows:

Section 2362. A. For tax years beginning on or after January 1, 1994, the Oklahoma taxable income of a part-year resident individual, nonresident individual, a nonresident trust, and a nonresident estate shall be calculated following the provisions of Section 2358 of this title as if all income were earned in Oklahoma.

B. Using Oklahoma income tax rates, part-year resident individuals, nonresident individuals, nonresident trusts, and nonresident estates shall compute their tax liability on the amount computed in ~~the preceding paragraph~~ subsection A of this section.

1 C. From the liability computed there shall be deducted all
2 allowable credits to determine the amount of tax due.

3 D. Part-year resident individuals, nonresident individuals,
4 nonresident trusts, and nonresident estates shall divide adjusted
5 gross income from Oklahoma sources by the adjusted gross income from
6 all sources to arrive at the applicable percentage that Oklahoma
7 adjusted gross income represents of all adjusted income received by
8 the taxpayer in the income year.

9 E. Part-year resident individuals, nonresident individuals,
10 nonresident trusts, and nonresident estates shall multiply the
11 amount of Oklahoma tax computed by the applicable percentage
12 calculated in ~~the preceding paragraph~~ subsection D of this section
13 in order to determine the amount of income tax which must be paid to
14 ~~the State of Oklahoma~~ this state. Nothing in this section shall be
15 construed to allow for greater than one hundred percent (100%) of a
16 taxpayer's income to be taxed.

17 F. For purposes of determining the adjusted gross income from
18 Oklahoma, the following shall be includable:

19 1. The ownership of any interest in real or tangible personal
20 property in this state;

21 2. A business, trade, profession, or occupation carried on in
22 this state or compensation for services performed in this state;
23 provided, for tax year 2026 and subsequent tax years, nonresidents
24 located within this state for less than thirty (30) days, whose

1 total compensation does not exceed Twenty Thousand Dollars
2 (\$20,000.00) in the performance of a business, trade, profession,
3 occupation, or service performed, shall not be includable;

4 3. A business, trade, profession, or occupation carried on or
5 compensation for services performed partly within and partly without
6 this state to the extent allocable and apportionable to Oklahoma as
7 determined under Section 2358 of this title; provided, for tax year
8 2026 and subsequent tax years, nonresidents located within this
9 state for less than thirty (30) days, whose total compensation does
10 not exceed Twenty Thousand Dollars (\$20,000.00) in the performance
11 of a business, trade, profession, occupation, or service performed,
12 shall not be includable;

13 4. The distributive share of the Oklahoma part of partnership
14 income, gains, losses, or deductions;

15 5. The distributive share of the Oklahoma part of estate or
16 trust income, gains, losses, or deductions;

17 6. Income from intangible personal property, including
18 annuities, dividends, interest, and gains from the disposition of
19 intangible personal property to the extent that such income is from
20 property employed in a trade, business, profession, or occupation
21 carried on in Oklahoma. A part-year resident individual,
22 nonresident individual, nonresident trust, or nonresident estate,
23 other than a dealer holding property primarily for sale to customers
24 in the ordinary course of trade or business, shall not be deemed to

1 carry on a business, trade, profession, or occupation in Oklahoma
2 solely by reason of the purchase and sale of property for its own
3 account;

4 7. The distributive share of the Oklahoma taxable income or
5 loss of a corporation defined in subchapter S of the Internal
6 Revenue Code of 1986, as amended, 26 U.S.C., Section 1361 et seq.;

7 8. Income received from all sources of wagering, games of
8 chance, or any other winnings from sources within this state.
9 Proceeds which are not money shall be taken into account at their
10 fair market value; and

11 9. The distributive share of the Oklahoma part of limited
12 liability company income, gains, losses, or deductions.

13 SECTION 2. This act shall become effective November 1, 2025.

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