

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 1453

By: Virgin

AS INTRODUCED

An Act relating to income taxation; amending 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2018, Section 2355), which relates to classes of taxpayers and tax rates; limiting the applicability of certain tax rates to certain tax years; increasing the number of rates applicable to certain classes of taxpayers; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2018, 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.

- a. Single individuals and married individuals filing separately not 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 \$1,300.00 or part thereof,
 - (6) 5% tax on next \$1,500.00 or part thereof,
 - (7) 6% tax on next \$2,300.00 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.
- b. Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code not deducting federal income tax:
- (1) 1/2% tax on first \$2,000.00 or part thereof,

- (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,

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

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

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

B. Individuals. For all taxable years beginning on or after January 1, 2008, and ending any tax year which begins after December 31, 2015, for which the determination required pursuant to Sections

1 ~~4 and 5~~ 2355.1F and 2355.1G of this ~~act~~ title is made by the State
2 Board of Equalization, a tax is hereby imposed upon the Oklahoma
3 taxable income of every resident or nonresident individual, which
4 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.

21 1. For all taxable years beginning on or after January 1, 2016,
22 and before January 1, 2020, for which the determination required
23 pursuant to Sections ~~4 and 5~~ 2355.1F and 2355.1G of this ~~act~~ title
24 is made by the State Board of Equalization, a tax is hereby imposed

1 upon the Oklahoma taxable income of every resident or nonresident
2 individual, which tax shall 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
7 thereof,

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

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

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

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

12 ~~(f)~~ (6) 5% tax on the remainder if the State Board

13 of Equalization makes a determination pursuant to

14 Section 4 2355.1F of this ~~act~~ title or four and

15 eighty-five hundredths (4.85%) tax on the

16 remainder if the State Board of Equalization

17 makes a determination pursuant to Section 5

18 2355.1G of this ~~act~~ title.

19 ~~2. Married~~

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

heads of households as defined in the Internal Revenue Code:

~~(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,

~~(f)~~ (6) 5% tax on the remainder if the State Board

of Equalization makes a determination pursuant to

Section 4 2355.1F of this ~~act~~ title 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

2355.1G of this ~~act~~ title.

2. For all taxable years beginning on or after January 1, 2020,
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 \$95,100.00 or part thereof,
- (6) 5.5% tax on next \$100,000.00 or part thereof, and
- (7) 6% tax on the remainder, and

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

- (1) 1/2% tax on first \$2,000.00 or part thereof,
- (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 \$192,000.00 or part thereof,
- (6) 5.5% tax on next \$200,000.00 or part thereof, and
- (7) 6% tax on the remainder.

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

D. Nonresident aliens. In lieu of the rates set forth in subsection A above, there shall be imposed on nonresident aliens, as defined in the Internal Revenue Code, a tax of eight percent (8%) instead of thirty percent (30%) as used in the Internal Revenue Code, with respect to the Oklahoma taxable income of such

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. This act shall become effective January 1, 2020.

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