

1 ENGROSSED HOUSE  
2 BILL NO. 2960

By: McCall, Wallace, Hilbert,  
Lepak and Russ of the House

3 and

4 Treat, Thompson and Hall of  
5 the Senate

6  
7  
8 An Act relating to revenue and taxation; amending 68  
9 O.S. 2011, Section 2355, as last amended by Section  
10 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2020,  
11 Section 2355), which relates to income taxation;  
12 modifying income tax rate for corporations; and  
13 providing an effective date.

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 2020, 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 of this act is made by the State Board of Equalization, a  
24 tax is hereby imposed upon the Oklahoma taxable income of every

1 resident or nonresident individual, which tax shall be computed as  
2 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. For all taxable years beginning on or after

20 January 1, 2016, and for which the determination required pursuant

21 to Sections 4 and 5 of this act is made by the State Board of

22 Equalization, a tax is hereby 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) 1/2% tax on first \$1,000.00 or part thereof,

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

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

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

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

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

9                    Equalization makes a determination pursuant to Section

10                    4 of this act or four and eighty-five hundredths

11                    (4.85%) tax on the remainder if the State Board of

12                    Equalization makes a determination pursuant to Section

13                    5 of this act.

14        2. Married individuals filing jointly and surviving spouse to  
15 the extent and in the manner that a surviving spouse is permitted to  
16 file a joint return under the provisions of the Internal Revenue  
17 Code and heads of households as defined in the Internal Revenue  
18 Code:

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

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

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

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

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

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1 (f) 5% tax on the remainder if the State Board of  
2 Equalization makes a determination pursuant to Section  
3 4 of this act or four and eighty-five hundredths  
4 percent (4.85%) tax on the remainder if the State  
5 Board of Equalization makes a determination pursuant  
6 to Section 5 of this act.

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

9 D. Nonresident aliens. In lieu of the rates set forth in  
10 subsection A above, there shall be imposed on nonresident aliens, as  
11 defined in the Internal Revenue Code, a tax of eight percent (8%)  
12 instead of thirty percent (30%) as used in the Internal Revenue  
13 Code, with respect to the Oklahoma taxable income of such  
14 nonresident aliens as determined under the provision of the Oklahoma  
15 Income Tax Act.

16 Every payer of amounts covered by this subsection shall deduct  
17 and withhold from such amounts paid each payee an amount equal to  
18 eight percent (8%) thereof. Every payer required to deduct and  
19 withhold taxes under this subsection shall for each quarterly period  
20 on or before the last day of the month following the close of each  
21 such quarterly period, pay over the amount so withheld as taxes to  
22 the Tax Commission, and shall file a return with each such payment.  
23 Such return shall be in such form as the Tax Commission shall  
24 prescribe. Every payer required under this subsection to deduct and



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

11 E. Corporations. For all taxable years beginning after  
12 December 31, ~~1989~~ 2021, a tax is hereby imposed upon the Oklahoma  
13 taxable income of every corporation doing business within this state  
14 or deriving income from sources within this state in an amount equal  
15 to ~~six percent (6%)~~ four percent (4%) thereof.

16 There shall be no additional Oklahoma income tax imposed on  
17 accumulated taxable income or on undistributed personal holding  
18 company income as those terms are defined in the Internal Revenue  
19 Code.

20 F. Certain foreign corporations. In lieu of the tax imposed in  
21 the first paragraph of subsection D of this section, for all taxable  
22 years beginning after December 31, ~~1989~~ 2021, there shall be imposed  
23 on foreign corporations, as defined in the Internal Revenue Code, a  
24 tax of ~~six percent (6%)~~ four percent (4%) instead of thirty percent

1 (30%) as used in the Internal Revenue Code, where such income is  
2 received from sources within Oklahoma, in accordance with the  
3 provisions of the Internal Revenue Code and the Oklahoma Income Tax  
4 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 ~~six percent (6%)~~ four percent (4%) thereof. Every payer required to  
8 deduct and withhold taxes under this subsection shall for each  
9 quarterly period on or before the last day of the month following  
10 the close of each such quarterly period, pay over the amount so  
11 withheld as taxes to the Tax Commission, and shall file a return  
12 with each such payment. Such return shall be in such form as the  
13 Tax Commission shall prescribe. Every payer required under this  
14 subsection to deduct and withhold a tax from a payee shall, as to  
15 the total amounts paid to each payee during the calendar year,  
16 furnish to such payee, on or before January 31, of the succeeding  
17 year, a written statement showing the name of the payer, the name of  
18 the payee and the payee's social security account number, if any,  
19 the total amounts paid subject to taxation, the total amount  
20 deducted and withheld as tax and such other information as the Tax  
21 Commission may require. Any payer who fails to withhold or pay to  
22 the Tax Commission any sums herein required to be withheld or paid  
23 shall be personally and individually liable therefor to the State of  
24 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. This act shall become effective January 1, 2022.  
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1 Passed the House of Representatives the 18th day of May, 2021.

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3 \_\_\_\_\_  
4 Presiding Officer of the House  
of Representatives

5 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2021.

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8 \_\_\_\_\_  
9 Presiding Officer of the Senate