

FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB4358 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Jeff Boatman

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 FLOOR SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 4358

By: Boatman of the House

and

Quinn of the Senate

7
8
9 FLOOR SUBSTITUTE

10 An Act relating to revenue and taxation; amending 68
11 O.S. 2021, Sections 2355, 2355.1P-4, 2370, and 2805,
12 which relate to modification of the corporate income
13 tax rate; modifying rate of corporate income tax;
14 specifying tax rate by tax year; providing for
15 imposition of income tax rate based upon certain
16 corporate characteristics; prohibiting acquisition of
17 tax credits on or after effective date; providing for
18 inapplicability of certain provisions to public
19 service corporations; modifying provisions related to
20 tax levied upon certain pass-through entities;
21 providing for termination of tax levied on certain
22 pass-through entities; providing for filing of
23 required returns by pass-through entities and other
24 entities; modifying rate of tax imposed on certain
financial institutions in lieu of income tax;
specifying rate of tax by year; providing for payment
of fee in lieu of personal property tax beginning on
or after specified date; providing for apportionment
of revenue to the State Public Common School Building
Equalization Fund; and providing an effective date.

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

1 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, is
2 amended to read as follows:

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

8 1. METHOD 1.

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

11 (1) 1/2% tax on first \$1,000.00 or part thereof,

12 (2) 1% tax on next \$1,500.00 or part thereof,

13 (3) 2% tax on next \$1,250.00 or part thereof,

14 (4) 3% tax on next \$1,150.00 or part thereof,

15 (5) 4% tax on next \$1,300.00 or part thereof,

16 (6) 5% tax on next \$1,500.00 or part thereof,

17 (7) 6% tax on next \$2,300.00 or part thereof, and

18 (8) (a) for taxable years beginning after December
19 31, 1998, and before January 1, 2002, 6.75%
20 tax on the remainder,

21 (b) for taxable years beginning on or after
22 January 1, 2002, and before January 1, 2004,
23 7% tax on the remainder, and
24

1 (c) for taxable years beginning on or after
2 January 1, 2004, 6.65% 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 not deducting federal income tax:

9 (1) 1/2% tax on first \$2,000.00 or part thereof,

10 (2) 1% tax on next \$3,000.00 or part thereof,

11 (3) 2% tax on next \$2,500.00 or part thereof,

12 (4) 3% tax on next \$2,300.00 or part thereof,

13 (5) 4% tax on next \$2,400.00 or part thereof,

14 (6) 5% tax on next \$2,800.00 or part thereof,

15 (7) 6% tax on next \$6,000.00 or part thereof, and

16 (8) (a) for taxable years beginning after December

17 31, 1998, and before January 1, 2002, 6.75%

18 tax on the remainder,

19 (b) for taxable years beginning on or after

20 January 1, 2002, and before January 1, 2004,

21 7% tax on the remainder, and

22 (c) for taxable years beginning on or after

23 January 1, 2004, 6.65% tax on the remainder.

24 2. METHOD 2.

1 a. Single individuals and married individuals filing
2 separately deducting federal income tax:

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

4 (2) 1% tax on next \$1,500.00 or part thereof,

5 (3) 2% tax on next \$1,250.00 or part thereof,

6 (4) 3% tax on next \$1,150.00 or part thereof,

7 (5) 4% tax on next \$1,200.00 or part thereof,

8 (6) 5% tax on next \$1,400.00 or part thereof,

9 (7) 6% tax on next \$1,500.00 or part thereof,

10 (8) 7% tax on next \$1,500.00 or part thereof,

11 (9) 8% tax on next \$2,000.00 or part thereof,

12 (10) 9% tax on next \$3,500.00 or part thereof, and

13 (11) 10% tax on the remainder.

14 b. Married individuals filing jointly and surviving

15 spouse to the extent and in the manner that a

16 surviving spouse is permitted to file a joint return

17 under the provisions of the Internal Revenue Code and

18 heads of households as defined in the Internal Revenue

19 Code deducting federal income tax:

20 (1) 1/2% tax on the first \$2,000.00 or part thereof,

21 (2) 1% tax on the next \$3,000.00 or part thereof,

22 (3) 2% tax on the next \$2,500.00 or part thereof,

23 (4) 3% tax on the next \$1,400.00 or part thereof,

24 (5) 4% tax on the next \$1,500.00 or part thereof,

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

7 B. Individuals. For all taxable years beginning on or after
8 January 1, 2008, and ending any tax year which begins after December
9 31, 2015, for which the determination required pursuant to Sections
10 4 and 5 of this act is made by the State Board of Equalization, a
11 tax is hereby imposed upon the Oklahoma taxable income of every
12 resident or nonresident individual, which tax shall be computed as
13 follows:

14 1. Single individuals and married individuals filing
15 separately:

- 16 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 17 (b) 1% tax on next \$1,500.00 or part thereof,
- 18 (c) 2% tax on next \$1,250.00 or part thereof,
- 19 (d) 3% tax on next \$1,150.00 or part thereof,
- 20 (e) 4% tax on next \$2,300.00 or part thereof,
- 21 (f) 5% tax on next \$1,500.00 or part thereof,
- 22 (g) 5.50% tax on the remainder for the 2008 tax year and
23 any subsequent tax year unless the rate prescribed by
24 subparagraph (h) of this paragraph is in effect, and

1 (h) 5.25% tax on the remainder for the 2009 and subsequent
2 tax years. The decrease in the top marginal
3 individual income tax rate otherwise authorized by
4 this subparagraph shall be contingent upon the
5 determination required to be made by the State Board
6 of Equalization pursuant to Section 2355.1A of this
7 title.

8 2. Married individuals filing jointly and surviving spouse to
9 the extent and in the manner that a surviving spouse is permitted to
10 file a joint return under the provisions of the Internal Revenue
11 Code and heads of households as defined in the Internal Revenue
12 Code:

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

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

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

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

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

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

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

22 (h) 5.25% tax on the remainder for the 2009 and subsequent
23 tax years. The decrease in the top marginal
24 individual income tax rate otherwise authorized by

1 this subparagraph shall be contingent upon the
2 determination required to be made by the State Board
3 of Equalization pursuant to Section 2355.1A of this
4 title.

5 C. Individuals. For all taxable years beginning on or after
6 January 1, 2016, and for which the determination required pursuant
7 to Sections 4 and 5 of this act is made by the State Board of
8 Equalization, a tax is hereby imposed upon the Oklahoma taxable
9 income of every resident or nonresident individual, which tax shall
10 be computed as follows:

11 1. Single individuals and married individuals filing
12 separately:

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

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

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

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

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

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

19 Equalization makes a determination pursuant to Section

20 4 of this act or four and eighty-five hundredths

21 (4.85%) tax on the remainder if the State Board of

22 Equalization makes a determination pursuant to Section

23 5 of this act.
24

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

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
24

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~~ 1. Except as otherwise provided by
23 paragraph 2 of this subsection, for all taxable years beginning
24 after December 31, 2021, a tax is hereby imposed upon the Oklahoma

1 taxable income of every corporation doing business within this state
2 or deriving income from sources within this state in an amount equal
3 to four percent (4%) thereof.

4 2. Except as provided by paragraph 3 of this subsection, for
5 all taxable years beginning after December 31, 2022, a tax is hereby
6 imposed upon the Oklahoma taxable income of every corporation doing
7 business within this state or deriving income from sources within
8 this state in an amount as follows:

- 9 a. three and five-tenths percent (3.5%) for tax years
10 beginning not later than December 31, 2023,
- 11 b. three percent (3.0%) for tax years beginning not later
12 than December 31, 2024,
- 13 c. two and five-tenths percent (2.5%) for tax years
14 beginning not later than December 31, 2025,
- 15 d. two percent (2.0%) for tax years beginning not later
16 than December 31, 2026,
- 17 e. one and five-tenths percent (1.5%) for tax years
18 beginning not later than December 31, 2027,
- 19 f. one percent (1.0%) for tax years beginning not later
20 than December 31, 2028,
- 21 g. five-tenths percent (0.5%) for tax years beginning not
22 later than December 31, 2029, and
- 23 h. zero percent (0%) for tax years beginning on or after
24 January 1, 2030.

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 3. Notwithstanding subsection I of this section and except as
6 provided by paragraph 5 of this subsection, unless state General
7 Revenue Fund revenue collections for the fiscal year immediately
8 preceding the current tax filing year exceed one hundred two percent
9 (102%) of General Revenue Fund revenue collections for the second
10 fiscal year preceding the current tax filing year, the tax rate set
11 forth in paragraph 1 of this subsection shall apply for a corporation
12 that:

13 a. participates in the filing of a publicly traded
14 company's financial statements prepared in accordance
15 with generally accepted accounting principles, and

16 b.
17 (1) the corporation has Oklahoma tax credit
18 carryforwards in excess of Fifty Million Dollars
19 (\$50,000,000.00) that have an indefinite
20 carryforward period, as of the effective date of
21 this act, or

22 (2) is a component member of an affiliated group
23 filing a consolidated Oklahoma income tax return
24 under the provisions of Section 2367 of this

1 title, and the component members of such
2 affiliated group have, in the aggregate, Oklahoma
3 tax credit carryforwards in excess of Fifty
4 Million Dollars (\$50,000,000.00) that have an
5 indefinite carryforward period, as of the
6 effective date of this act.

7 4. No corporation as described by paragraph 3 of this
8 subsection shall acquire any tax credit authorized pursuant to the
9 provisions of the Oklahoma Statutes on or after the effective date
10 of this act.

11 5. The provisions of paragraph 3 of this subsection shall not
12 be applicable to any public service corporation which is subject to
13 the regulatory jurisdiction of the Oklahoma Corporation Commission.

14 F. Certain foreign corporations. In lieu of the tax imposed in
15 the first paragraph of subsection D of this section, for all taxable
16 years beginning after December 31, 2021, there shall be imposed on
17 foreign corporations, as defined in the Internal Revenue Code, a tax
18 ~~of four percent (4%)~~ imposed at the same rate for the applicable
19 income tax year as prescribed by subsection E of this section
20 instead of thirty percent (30%) as used in the Internal Revenue
21 Code, where such income is received from sources within Oklahoma, in
22 accordance with the provisions of the Internal Revenue Code and 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 ~~four percent (4%) thereof~~ a rate equal to the rate prescribed by
4 subsection E of this section based on the applicable tax year.
5 Every payer required to deduct and withhold taxes under this
6 subsection shall for each quarterly period on or before the last day
7 of the month following the close of each such quarterly period, pay
8 over the amount so withheld as taxes to the Tax Commission, and
9 shall file a return with each such payment. Such return shall be in
10 such form as the Tax Commission shall prescribe. Every payer
11 required under this subsection to deduct and withhold a tax from a
12 payee shall, as to the total amounts paid to each payee during the
13 calendar year, furnish to such payee, on or before January 31, of
14 the succeeding year, a written statement showing the name of the
15 payer, the name of the payee and the payee's social security account
16 number, if any, the total amounts paid subject to taxation, the
17 total amount deducted and withheld as tax and such other information
18 as the Tax Commission may require. Any payer who fails to withhold
19 or pay to the Tax Commission any sums herein required to be withheld
20 or paid shall be personally and individually liable therefor to the
21 State of Oklahoma.

22 G. Fiduciaries. A tax is hereby imposed upon the Oklahoma
23 taxable income of every trust and estate at the same rates as are
24 provided in subsection B or C of this section for single

1 individuals. Fiduciaries are not allowed a deduction for any
2 federal income tax paid.

3 H. Tax rate tables. For all taxable years beginning after
4 December 31, 1991, in lieu of the tax imposed by subsection A, B or
5 C of this section, as applicable there is hereby imposed for each
6 taxable year on the taxable income of every individual, whose
7 taxable income for such taxable year does not exceed the ceiling
8 amount, a tax determined under tables, applicable to such taxable
9 year which shall be prescribed by the Tax Commission and which shall
10 be in such form as it determines appropriate. In the table so
11 prescribed, the amounts of the tax shall be computed on the basis of
12 the rates prescribed by subsection A, B or C of this section. For
13 purposes of this subsection, the term "ceiling amount" means, with
14 respect to any taxpayer, the amount determined by the Tax Commission
15 for the tax rate category in which such taxpayer falls.

16 I. Not later than June 30, 2023, for entities in existence as
17 of the effective date of this act, and not later than sixty (60)
18 days after the formation of an entity subject to taxation pursuant
19 to subsection E of this section which occurs after the effective
20 date of this act, a taxpayer shall make an election, which shall be
21 irrevocable, on such form as may be prescribed for such purpose by
22 the Oklahoma Tax Commission, and except as otherwise provided by
23 this section, to be subject to the rate of tax at four percent (4%)
24 imposed pursuant to paragraph 1 of subsection E of this section and

1 to continue to be subject to such rate of income taxation for all
2 subsequent taxable years or to be subject to the rate of tax imposed
3 pursuant to paragraph 2 of subsection E of this section based upon
4 the applicable taxable year.

5 J. The irrevocable election required by subsection I of this
6 section shall be binding upon any subsidiary entity of the taxpayer
7 making such election unless otherwise provided by this section.

8 K. The irrevocable election otherwise prescribed by subsection
9 I of this section shall not be binding with respect to an entity
10 which was a subsidiary of an entity making such election during any
11 period of time the former subsidiary was not acquired by any other
12 entity.

13 L. If a former subsidiary of an entity making an election
14 pursuant to subsection I of this section is acquired by another
15 entity, the entity having acquired such former subsidiary shall be
16 authorized to make an irrevocable election which is binding upon the
17 former subsidiary of the previous entity.

18 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2355.1P-4,
19 is amended to read as follows:

20 Section 2355.1P-4 A. For tax years beginning on or after
21 January 1, ~~2022~~ 2023, there is hereby levied on each electing pass-
22 through entity the pass-through entity tax which shall be calculated
23 as follows:

24

1 1. With regard to each member of an electing pass-through
2 entity, the electing pass-through entity shall multiply such
3 member's Oklahoma distributive share of the electing pass-through
4 entity's Oklahoma net entity income for the tax year by:

5 a. the highest Oklahoma marginal income tax rate levied
6 on the taxable income of natural persons pursuant to
7 Section 2355 of this title if the member is an
8 individual, trust, or estate,

9 b. ~~four percent (4%)~~ if the member is classified as a
10 corporation pursuant to the Internal Revenue Code, and
11 is not classified as an S corporation, a rate as
12 follows:

13 (1) three and five-tenths percent (3.5%) for tax
14 years beginning not later than December 31, 2023,

15 (2) three percent (3.0%) for tax years beginning not
16 later than December 31, 2024,

17 (3) two and five-tenths percent (2.5%) for tax years
18 beginning not later than December 31, 2025,

19 (4) two percent (2.0%) for tax years beginning not
20 later than December 31, 2026,

21 (5) one and five-tenths percent (1.5%) for tax years
22 beginning not later than December 31, 2027,

23 (6) one percent (1.0%) for tax years beginning not
24 later than December 31, 2028,

1 (7) five-tenths percent (0.5%) for tax years
2 beginning not later than December 31, 2029, and
3 (8) zero percent (0%) for tax years beginning on or
4 after January 1, 2030,

5 c. ~~four percent (4%)~~ if the member is a pass-through
6 entity, a rate as follows:

7 (1) three and five-tenths percent (3.5%) for tax
8 years beginning not later than December 31, 2023,

9 (2) three percent (3.0%) for tax years beginning not
10 later than December 31, 2024,

11 (3) two and five-tenths percent (2.5%) for tax years
12 beginning not later than December 31, 2025,

13 (4) two percent (2.0%) for tax years beginning not
14 later than December 31, 2026,

15 (5) one and five-tenths percent (1.5%) for tax years
16 beginning not later than December 31, 2027,

17 (6) one percent (1.0%) for tax years beginning not
18 later than December 31, 2028,

19 (7) five-tenths percent (0.5%) for tax years
20 beginning not later than December 31, 2029, and

21 (8) zero percent (0%) for tax years beginning on or
22 after January 1, 2030,

23 d. ~~four percent (4%)~~ if the member is a financial
24 institution subject to tax imposed pursuant to the

1 provisions of Section 2370 of this title, the rate
2 prescribed by Section 2370 of this title, and

3 e. the highest Oklahoma marginal income tax rate that
4 would be applicable to any item of the electing pass-
5 through entity's income or gain without the election
6 made pursuant to subsection F of this section, if the
7 member is an organization described in Section 2359 of
8 this title; and

9 2. The electing pass-through entity shall aggregate the amounts
10 determined with respect to all members pursuant to paragraph 1 of
11 this subsection and the pass-through entity tax for the applicable
12 tax year shall be equal to such aggregated tax amount for the tax
13 year with respect to which the election has been made.

14 B. Sections 2385.29, 2385.30 and 2385.31 of this title shall
15 not be applicable to an electing pass-through entity.

16 C. The pass-through entity tax shall be due and payable on the
17 same date as provided for the filing of the electing pass-through
18 entity's Oklahoma income tax return, and for tax years beginning on
19 or after January 1, 2020, estimated tax payments shall be required
20 as provided in Section 2385.9 of this title.

21 D. If the pass-through entity election results in a net entity
22 loss for Oklahoma income tax purposes in any tax year, the net
23 entity loss may be carried back and carried forward by the electing
24 pass-through entity for Oklahoma income tax purposes as set forth in

1 subparagraph b of paragraph 3 of subsection A of Section 2358 of
2 this title.

3 E. Notwithstanding paragraph 2 of subsection C of Section 2368
4 of this title, a nonresident individual who is a member of an
5 electing pass-through entity is not required to file an Oklahoma
6 income tax return, if, for the taxable year, the only source of
7 income allocable or apportionable to this state for the member, or,
8 if a joint income tax return is filed, the member and his or her
9 spouse, is from one or more electing pass-through entities, and each
10 electing pass-through entity files and pays the taxes due under this
11 section.

12 F. Any entity required to file an Oklahoma partnership income
13 tax return or an Oklahoma S corporation income tax return may elect
14 to become an electing pass-through entity. The election shall be
15 made on such form and in such manner as the Oklahoma Tax Commission
16 may prescribe, and any election under this subsection shall have
17 priority over and revoke any election to file a composite Oklahoma
18 partnership return or requirement of a Subchapter S corporation to
19 report and pay tax on behalf of a nonresident shareholder for the
20 same tax year.

21 G. Pursuant to procedures prescribed by the Tax Commission, if
22 the amount of tax required to be paid by a pass-through entity
23 pursuant to the provisions of this section is not paid when due, the
24 Oklahoma Tax Commission may revoke the pass-through entity's

1 election under subsection F of this section effective for the first
2 year for which the tax is not paid.

3 H. The election authorized by the provisions of this section
4 shall be made pursuant to procedures prescribed by the Tax
5 Commission and shall be filed (i) within sixty (60) days of
6 enactment and pursuant to procedures prescribed by the Oklahoma Tax
7 Commission for any income tax year beginning on or after January 1,
8 2019, and prior to January 1, 2020, or (ii) for any income tax year
9 beginning on or after January 1, 2020, at any time during the
10 preceding tax year or two (2) months and fifteen (15) days after the
11 beginning of the tax year. Any such election shall be binding until
12 revoked pursuant to procedures prescribed by the Tax Commission.
13 The effective date of a revocation (i) made within two (2) months
14 and fifteen (15) days of the electing pass-through entity's taxable
15 year shall be the first day of such taxable year and (ii) made
16 during the electing pass-through entity's taxable year but after
17 such fifteenth day shall be effective on the first day of the
18 following taxable year. No election made by a pass-through entity
19 with respect to income tax to be paid by such entity using the
20 calculations prescribed by this section shall be binding on any
21 other pass-through entity, and each pass-through entity shall be
22 able to make an election under the provisions of this act
23 independently.

24

1 I. The provisions of this section shall cease to have the force
2 and effect of law after the expiration of the last date the
3 applicable tax return is filed, including any extensions, with
4 respect to the final taxable year for which any entity having made
5 an election to be subject to the provisions of this section is
6 required to file a return with the Oklahoma Tax Commission,
7 including the period of time required for any person or entity
8 receiving a distribution of income or an allocation of loss from a
9 pass-through entity is required to file a return with the Oklahoma
10 Tax Commission, including any extensions.

11 SECTION 3. AMENDATORY 68 O.S. 2021, Section 2370, is
12 amended to read as follows:

13 Section 2370. A. ~~For taxable years beginning after December~~
14 ~~31, 2021, for~~ For the privilege of doing business within this state,
15 every state banking association, national banking association and
16 credit union organized under the laws of this state, located or
17 doing business within the limits of the State of Oklahoma shall
18 annually pay to this state a privilege tax at the rate ~~of four~~
19 ~~percent (4%) of the amount of the~~ upon taxable income as provided in
20 this ~~section~~ subsection as follows:

21 1. Three and five-tenths percent (3.5%) for tax years beginning
22 not later than December 31, 2023;

23 2. Three percent (3.0%) for tax years beginning not later than
24 December 31, 2024;

1 3. Two and five-tenths percent (2.5%) for tax years beginning
2 not later than December 31, 2025;

3 4. Two percent (2.0%) for tax years beginning not later than
4 December 31, 2026;

5 5. One and five-tenths percent (1.5%) for tax years beginning
6 not later than December 31, 2027;

7 6. One percent (1.0%) for tax years beginning not later than
8 December 31, 2028;

9 7. Five-tenths percent (0.5%) for tax years beginning not later
10 than December 31, 2029; and

11 8. Zero percent (0%) for tax years beginning on or after
12 January 1, 2030.

13 B. 1. The privilege tax levied by this section shall be in
14 addition to the Business Activity Tax levied in Section 1218 of this
15 title and the franchise tax levied in Article 12 of this title and
16 in lieu of the tax levied by Section 2355 of this title and in lieu
17 of all taxes levied by the State of Oklahoma, or any subdivision
18 thereof, upon the shares of stock or personal property of any
19 banking association or credit union subject to taxation under this
20 section.

21 2. Nothing in this section shall be construed to exempt the
22 real property of any banking associations or credit unions from
23 taxation to the same extent, according to its value, as other real
24 property is taxed. Nothing herein shall be construed to exempt an

1 association from payment of any fee or tax authorized or levied
2 pursuant to the banking laws.

3 3. Personal property which is subject to a lease agreement
4 between a bank or credit union, as lessor, and a nonbanking business
5 entity or individual, as lessee, is not exempt from personal
6 property ad valorem taxation. Provided further, that it shall be
7 the duty of the lessee of such personal property to return sworn
8 lists or schedules of their taxable property within each county to
9 the county assessor of such county as provided in Sections 2433 and
10 2434 of this title.

11 4. For all tax years beginning on or after January 1, 2030, an
12 entity subject to the tax otherwise levied by the provisions of this
13 section shall pay an annual fee, in lieu of any other tax on the
14 personal property of the financial institution, in the amount of One
15 Hundred Dollars (\$100.00). Such fee shall be apportioned to the
16 State Public Common School Building Equalization Fund to be
17 distributed in the manner prescribed by Section 3-104 of Title 70 of
18 the Oklahoma Statutes.

19 C. Any tax levied under this section shall accrue on the last
20 day of the taxable year and be payable as provided in Section 2375
21 of this title. The accrual of such tax for the first taxable year
22 to which this act applies, shall apply notwithstanding the prior
23 accrual of a tax in the same taxable year based upon the net income
24 of the next preceding taxable year; provided, however, any

1 additional deduction enuring to the benefit of the taxpayer shall be
2 deducted in accordance with the optional transitional deduction
3 procedures in Section 2354 of this title.

4 D. The basis of the tax shall be United States taxable income
5 as defined in paragraph 10 of Section 2353 of this title and any
6 adjustments thereto under the provisions of Section 2358 of this
7 title with the following adjustments:

8 1. There shall be deducted all interest income on obligations
9 of the United States government and agencies thereof not otherwise
10 exempted and all interest income on obligations of the State of
11 Oklahoma or political subdivisions thereof, including public trust
12 authorities, not otherwise exempted under the laws of this state;
13 and

14 2. Expense deductions claimed in arriving at taxable income
15 under paragraph 10 of Section 2353 of this title shall be reduced by
16 an amount equal to fifty percent (50%) of excluded interest income
17 on obligations of the United States government or agencies thereof
18 and obligations of the State of Oklahoma or political subdivisions
19 thereof.

20 E. 1. Except as otherwise provided in paragraph 2 of this
21 subsection, before January 1, 2017, there shall be allowed a credit
22 against the tax levied in subsection A of this section in an amount
23 equal to the amount of taxable income received by a participating
24 financial institution as defined in Section 90.2 of Title 62 of the

1 Oklahoma Statutes pursuant to a loan made under the Rural Economic
2 Development Loan Act. Such credit shall be limited each year to
3 five percent (5%) of the amount of annual payroll certified by the
4 Oklahoma Rural Economic Development Loan Program Review Board
5 pursuant to the provisions of paragraph 3 of subsection B of Section
6 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan
7 made by the participating financial institution and may be claimed
8 for any number of years necessary until the amount of total credits
9 claimed is equal to the total amount of taxable income received by
10 the participating financial institution pursuant to the loan. Any
11 credit allowed but not used in a taxable year may be carried forward
12 for a period not to exceed five (5) taxable years. In no event
13 shall a credit allowed pursuant to the provisions of this subsection
14 be transferable or refundable.

15 2. No credit otherwise authorized by the provisions of this
16 subsection may be claimed for any event, transaction, investment,
17 expenditure or other act occurring on or after July 1, 2010, for
18 which the credit would otherwise be allowable. The provisions of
19 this paragraph shall cease to be operative on July 1, 2012.

20 Beginning July 1, 2012, the credit authorized by this subsection may
21 be claimed for any event, transaction, investment, expenditure or
22 other act occurring on or after July 1, 2012, according to the
23 provisions of this subsection.

24

1 SECTION 4. AMENDATORY 68 O.S. 2021, Section 2805, is
2 amended to read as follows:

3 Section 2805. The following fees or taxes levied by the
4 provisions of the Oklahoma Statutes shall be in lieu of ad valorem
5 tax, whether in lieu of real property tax, personal property tax, or
6 both as provided by law:

7 1. The registration fees and taxes imposed upon aircraft by
8 Section 251 et seq. of Title 3 of the Oklahoma Statutes;

9 2. Registration fees for motor vehicles as provided in Section
10 1103 of Title 47 of the Oklahoma Statutes, except as otherwise
11 specifically provided;

12 3. The fee imposed upon transfers of used vehicles in lieu of
13 the ad valorem tax upon inventories of used motor vehicles by
14 Section 1137.1 of Title 47 of the Oklahoma Statutes;

15 4. The registration and license fees imposed upon vessels and
16 motors pursuant to the Oklahoma Vessel and Motor Registration Act,
17 Section 4001 et seq. of Title 63 of the Oklahoma Statutes;

18 5. The taxes levied upon the gross production of substances
19 pursuant to Section 1001 of this title;

20 6. The taxes levied upon the gross production of substances
21 pursuant to Section 1020 of this title;

22 7. The tax imposed upon gross receipts pursuant to Section 1803
23 of this title;

24

1 8. The tax imposed upon certain textile products pursuant to
2 Section 2001 of this title;

3 9. The tax imposed upon certain freight cars pursuant to
4 Section 2202 of this title;

5 10. The tax imposed on certain parts of the inventories, both
6 new and used items, owned and/or possessed for sale by retailers of
7 farm tractors and other equipment pursuant to Sections ~~±~~ 5401
8 through ~~4~~ 5404 of this ~~act~~ title;

9 11. The tax imposed upon inventories of new vehicles and
10 certain vessels pursuant to Section 5301 of this title; ~~and~~

11 12. The fee imposed pursuant to Section 2370 of this title for
12 applicable periods beginning on or after January 1, 2030; and

13 13. Such other fees or taxes as may be expressly provided by
14 law to be in lieu of ad valorem taxation.

15 SECTION 5. This act shall become effective January 1, 2023.

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