

OKLAHOMA HOUSE OF REPRESENTATIVES  
COMMITTEE REPORT

5/17/2021 7:01:15 PM

**CORRECTED**

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

HB2962

By: McCall et al of the House  
Thompson et al of the Senate

Title: Appropriations and budget; Budget Coordination Act of 2021;  
effective date.

Coauthored By: Add as coauthor Representative Russ

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached

  
Chr.  
Representative Kevin Wallace

YEAS: 27

Baker, Boatman, Dills, Echols, Fetgatter, Ford, Hilbert, Hill, Kannady, Lawson, Lepak, Martinez, McBride, McDugle, McEntire, Miller, Mize, Newton, Pfeiffer, Roberts (D), Roberts (S), Russ, Sterling, Strom, Wallace, West (J), West (T)

NAYS: 7

Bennett, Blancett, Goodwin, Munson, Nichols, Virgin, Walke

CONSTITUTIONAL PRIVILEGE: 0

OKLAHOMA STATE SENATE  
JOINT  
COMMITTEE REPORT

May 17, 2021

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 2962

By: McCall of the House and Thompson of the Senate

Title: Appropriations and budget; Budget Coordination Act of 2021; effective date.

Recommendation: **DO PASS AS AMENDED**

Aye: Dugger, Haste, Jech, Kidd, Montgomery, Newhouse, Pederson, Pemberton, Rader, Rosino, Simpson, Weaver, Hall, Thompson

Nay: Brooks, Dossett (J.J.), Floyd, Kirt

Constitutional Privilege:

Senator Roger Thompson, Chair

Committee Substitute, motion by Senator THOMPSON - Adopted (Request No: 8310)

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 HOUSE BILL NO. 2962

By: McCall, Wallace and Hilbert  
of the House

6 and

7 Treat, Thompson and Hall of  
8 the Senate

9  
10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; amending 68  
12 O.S. 2011, Section 2355, as last amended by Section  
13 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2020,  
14 Section 2355), which relates to individual income  
15 tax; modifying tax rates; amending 68 O.S. 2011,  
16 Section 2357.43, as amended by Section 1, Chapter  
17 341, O.S.L. 2016 (68 O.S. Supp. 2020, Section  
18 2357.43), which relates to the earned income tax  
19 credit; modifying provisions related to  
20 refundability; providing method for computation of  
21 tax credit using designated tax year; and providing  
22 an effective date.

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

24 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.  
2020, 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

1 imposed upon the Oklahoma taxable income of every resident or  
2 nonresident individual, which tax shall be computed at the option of  
3 the taxpayer under one of the two following methods:

4 1. METHOD 1.

5 a. Single individuals and married individuals filing  
6 separately not deducting federal income tax:

7 (1) 1/2% tax on first \$1,000.00 or part thereof,

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

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

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

11 (5) 4% tax on next \$1,300.00 or part thereof,

12 (6) 5% tax on next \$1,500.00 or part thereof,

13 (7) 6% tax on next \$2,300.00 or part thereof, and

14 (8) (a) for taxable years beginning after December  
15 31, 1998, and before January 1, 2002, 6.75%  
16 tax on the remainder,

17 (b) for taxable years beginning on or after  
18 January 1, 2002, and before January 1, 2004,  
19 7% tax on the remainder, and

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

22 b. Married individuals filing jointly and surviving  
23 spouse to the extent and in the manner that a  
24 surviving spouse is permitted to file a joint return

1 under the provisions of the Internal Revenue Code and  
2 heads of households as defined in the Internal Revenue  
3 Code not deducting federal income tax:

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

5 (2) 1% tax on next \$3,000.00 or part thereof,

6 (3) 2% tax on next \$2,500.00 or part thereof,

7 (4) 3% tax on next \$2,300.00 or part thereof,

8 (5) 4% tax on next \$2,400.00 or part thereof,

9 (6) 5% tax on next \$2,800.00 or part thereof,

10 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

20 a. Single individuals and married individuals filing  
21 separately deducting federal income tax:

22 (1) 1/2% tax on first \$1,000.00 or part thereof,

23 (2) 1% tax on next \$1,500.00 or part thereof,

24 (3) 2% tax on next \$1,250.00 or part thereof,

- 1 (4) 3% tax on next \$1,150.00 or part thereof,
- 2 (5) 4% tax on next \$1,200.00 or part thereof,
- 3 (6) 5% tax on next \$1,400.00 or part thereof,
- 4 (7) 6% tax on next \$1,500.00 or part thereof,
- 5 (8) 7% tax on next \$1,500.00 or part thereof,
- 6 (9) 8% tax on next \$2,000.00 or part thereof,
- 7 (10) 9% tax on next \$3,500.00 or part thereof, and
- 8 (11) 10% tax on the remainder.

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

- 15 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 16 (2) 1% tax on the next \$3,000.00 or part thereof,
- 17 (3) 2% tax on the next \$2,500.00 or part thereof,
- 18 (4) 3% tax on the next \$1,400.00 or part thereof,
- 19 (5) 4% tax on the next \$1,500.00 or part thereof,
- 20 (6) 5% tax on the next \$1,600.00 or part thereof,
- 21 (7) 6% tax on the next \$1,250.00 or part thereof,
- 22 (8) 7% tax on the next \$1,750.00 or part thereof,
- 23 (9) 8% tax on the next \$3,000.00 or part thereof,
- 24 (10) 9% tax on the next \$6,000.00 or part thereof, and

1 (11) 10% tax on the remainder.

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

9 1. Single individuals and married individuals filing  
10 separately:

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

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

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

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

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

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

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

20 (h) 5.25% tax on the remainder for the 2009 and subsequent  
21 tax years. The decrease in the top marginal  
22 individual income tax rate otherwise authorized by  
23 this subparagraph shall be contingent upon the  
24 determination required to be made by the State Board

1 of Equalization pursuant to Section 2355.1A of this  
2 title.

3 2. Married individuals filing jointly and surviving spouse to  
4 the extent and in the manner that a surviving spouse is permitted to  
5 file a joint return under the provisions of the Internal Revenue  
6 Code and heads of households as defined in the Internal Revenue  
7 Code:

- 8 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 9 (b) 1% tax on next \$3,000.00 or part thereof,
- 10 (c) 2% tax on next \$2,500.00 or part thereof,
- 11 (d) 3% tax on next \$2,300.00 or part thereof,
- 12 (e) 4% tax on next \$2,400.00 or part thereof,
- 13 (f) 5% tax on next \$2,800.00 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.



1 C. Individuals. For all taxable years beginning on or after  
2 January 1, ~~2016~~ 2022, and ~~for which the determination required~~  
3 ~~pursuant to Sections 4 and 5 of this act is made by the State Board~~  
4 ~~of Equalization~~, a tax is hereby imposed upon the Oklahoma taxable  
5 income of every resident or nonresident individual, which tax shall  
6 be computed as follows:

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

9 (a) ~~1/2%~~ 0.25% tax on first \$1,000.00 or part thereof,

10 (b) ~~1%~~ 0.75% tax on next \$1,500.00 or part thereof,

11 (c) ~~2%~~ 1.75% tax on next \$1,250.00 or part thereof,

12 (d) ~~3%~~ 2.75% tax on next \$1,150.00 or part thereof,

13 (e) ~~4%~~ 3.75% tax on next \$2,300.00 or part thereof,

14 (f) ~~5%~~ 4.75% tax on the remainder ~~if the State Board of~~

15 ~~Equalization makes a determination pursuant to Section~~

16 ~~4 of this act or four and eighty-five hundredths~~

17 ~~(4.85%) tax on the remainder if the State Board of~~

18 ~~Equalization makes a determination pursuant to Section~~

19 ~~5 of this act.~~

20 2. Married individuals filing jointly and surviving spouse to  
21 the extent and in the manner that a surviving spouse is permitted to  
22 file a joint return under the provisions of the Internal Revenue  
23 Code and heads of households as defined in the Internal Revenue  
24 Code:

- 1 (a) ~~1/2%~~ 0.25% tax on first \$2,000.00 or part thereof,  
2 (b) ~~1%~~ 0.75% tax on next \$3,000.00 or part thereof,  
3 (c) ~~2%~~ 1.75% tax on next \$2,500.00 or part thereof,  
4 (d) ~~3%~~ 2.75% tax on next \$2,300.00 or part thereof,  
5 (e) ~~4%~~ 3.75% tax on next \$2,400.00 or part thereof,  
6 (f) ~~5%~~ 4.75% tax on the remainder ~~if the State Board of~~  
7 ~~Equalization makes a determination pursuant to Section~~  
8 ~~4 of this act or four and eighty-five hundredths~~  
9 ~~percent (4.85%) tax on the remainder if the State~~  
10 ~~Board of Equalization makes a determination pursuant~~  
11 ~~to Section 5 of this act.~~

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

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

21 Every payer of amounts covered by this subsection shall deduct  
22 and withhold from such amounts paid each payee an amount equal to  
23 eight percent (8%) thereof. Every payer required to deduct and  
24 withhold taxes under this subsection shall for each quarterly period

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

16 E. Corporations. For all taxable years beginning after  
17 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable  
18 income of every corporation doing business within this state or  
19 deriving income from sources within this state in an amount equal to  
20 six percent (6%) thereof.

21 There shall be no additional Oklahoma income tax imposed on  
22 accumulated taxable income or on undistributed personal holding  
23 company income as those terms are defined in the Internal Revenue  
24 Code.

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

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

1 payer who fails to withhold or pay to the Tax Commission any sums  
2 herein required to be withheld or paid shall be personally and  
3 individually liable therefor to the State of Oklahoma.

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

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

22 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2357.43, as  
23 amended by Section 1, Chapter 341, O.S.L. 2016 (68 O.S. Supp. 2020,  
24 Section 2357.43), is amended to read as follows:

1 Section 2357.43 For tax years beginning on or after ~~December~~  
2 ~~31, 2001~~ January 1, 2022, there shall be allowed to a resident  
3 individual or a part-year resident individual as a credit against  
4 the tax imposed by Section 2355 of this title five percent (5%) of  
5 the earned income tax credit allowed under Section 32 of the  
6 Internal Revenue Code of the United States, 26 U.S.C., Section 32,  
7 which for the taxable year beginning January 1, 2022, and the  
8 taxable year beginning each January 1 thereafter shall be computed  
9 using the same requirements, other than the five percent (5%) amount  
10 to compute the credit as prescribed by this section which shall  
11 remain constant, in effect for computation of the earned income tax  
12 credit for federal income tax purposes for the 2020 income tax year.  
13 However, this credit shall not be paid in advance pursuant to the  
14 provisions of Section 3507 of the Internal Revenue Code. For tax  
15 years which begin ~~before~~ on or after January 1, ~~2016~~ 2022, if the  
16 credit exceeds the tax imposed by Section 2355 of this title, the  
17 excess amount shall be refunded to the taxpayer. The maximum earned  
18 income tax credit allowable on the Oklahoma income tax return shall  
19 be prorated on the ratio that Oklahoma adjusted gross income bears  
20 to the federal adjusted gross income.

21 SECTION 3. This act shall become effective January 1, 2022.

22  
23 58-1-8342 JM 05/17/21  
24