

1 STATE OF OKLAHOMA

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

3 SENATE BILL 727

By: Dahm

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 1203 and 1204, which relate to
9 the Franchise Tax Code; modifying dates of franchise
10 tax; amending 68 O.S. 2011, Section 2355, as last
11 amended by Section 2, Chapter 195, O.S.L. 2014 (68
12 O.S. Supp. 2020, Section 2355), which relates to the
13 Oklahoma Income Tax Act; modifying dates of income
14 tax for certain corporations; and providing an
15 effective date.

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

17 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1203, is
18 amended to read as follows:

19 Section 1203. ~~There~~ For tax years 1985 through 2021, there is
20 hereby levied and assessed a franchise or excise tax upon every
21 corporation, association, joint-stock company and business trust
22 organized under the laws of this state, equal to One Dollar and
23 twenty-five cents (\$1.25) for each One Thousand Dollars (\$1,000.00)
24 or fraction thereof of the amount of capital used, invested or
employed in the exercise of any power, privilege or right inuring to
such organization, within this state; it being the purpose of this

1 section to require the payment to the State of Oklahoma this tax for
2 the right granted by the laws of this state to exist as such
3 organization and enjoy, under the protection of the laws of this
4 state, the powers, rights, privileges and immunities derived from
5 the state by reason of the form of such existence.

6 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1204, is
7 amended to read as follows:

8 Section 1204. ~~There~~ For tax years 1985 through 2021, there is
9 hereby levied and assessed upon every corporation, association,
10 joint-stock company and business trust, organized and existing by
11 virtue of the laws of some other state, territory or country, now or
12 hereafter doing business in this state, as hereinbefore defined, a
13 franchise or excise tax equal to One Dollar and twenty-five cents
14 (\$1.25) for each One Thousand Dollars (\$1,000.00) or fraction
15 thereof of the amount of capital used, invested or employed within
16 this state; it being the purpose of this section to require the
17 payment of a tax by all organizations not organized under the laws
18 of this state, measured by the amount of capital, or its equivalent,
19 used, invested or employed in this state for which such organization
20 receives the benefit and protection of the government and laws of
21 the state.

22 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2355, as
23 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.
24 2020, Section 2355), is amended to read as follows:

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

6 1. METHOD 1.

7 a. Single individuals and married individuals filing
8 separately not deducting federal income tax:

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

10 (2) 1% tax on next \$1,500.00 or part thereof,

11 (3) 2% tax on next \$1,250.00 or part thereof,

12 (4) 3% tax on next \$1,150.00 or part thereof,

13 (5) 4% tax on next \$1,300.00 or part thereof,

14 (6) 5% tax on next \$1,500.00 or part thereof,

15 (7) 6% tax on next \$2,300.00 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.
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1 b. Married individuals filing jointly and surviving
2 spouse to the extent and in the manner that a
3 surviving spouse is permitted to file a joint return
4 under the provisions of the Internal Revenue Code and
5 heads of households as defined in the Internal Revenue
6 Code not deducting federal income tax:

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

8 (2) 1% tax on next \$3,000.00 or part thereof,

9 (3) 2% tax on next \$2,500.00 or part thereof,

10 (4) 3% tax on next \$2,300.00 or part thereof,

11 (5) 4% tax on next \$2,400.00 or part thereof,

12 (6) 5% tax on next \$2,800.00 or part thereof,

13 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

23 a. Single individuals and married individuals filing
24 separately 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 \$1,200.00 or part thereof,
- 6 (6) 5% tax on next \$1,400.00 or part thereof,
- 7 (7) 6% tax on next \$1,500.00 or part thereof,
- 8 (8) 7% tax on next \$1,500.00 or part thereof,
- 9 (9) 8% tax on next \$2,000.00 or part thereof,
- 10 (10) 9% tax on next \$3,500.00 or part thereof, and
- 11 (11) 10% tax on the remainder.

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

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

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

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

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

- 14 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 15 (b) 1% tax on next \$1,500.00 or part thereof,
- 16 (c) 2% tax on next \$1,250.00 or part thereof,
- 17 (d) 3% tax on next \$1,150.00 or part thereof,
- 18 (e) 4% tax on next \$2,300.00 or part thereof,
- 19 (f) 5% tax on next \$1,500.00 or part thereof,
- 20 (g) 5.50% tax on the remainder for the 2008 tax year and
21 any subsequent tax year unless the rate prescribed by
22 subparagraph (h) of this paragraph is in effect, and
- 23 (h) 5.25% tax on the remainder for the 2009 and subsequent
24 tax years. The decrease in the top marginal

1 individual income tax rate otherwise authorized by
2 this subparagraph shall be contingent upon the
3 determination required to be made by the State Board
4 of Equalization pursuant to Section 2355.1A of this
5 title.

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

- 11 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 12 (b) 1% tax on next \$3,000.00 or part thereof,
- 13 (c) 2% tax on next \$2,500.00 or part thereof,
- 14 (d) 3% tax on next \$2,300.00 or part thereof,
- 15 (e) 4% tax on next \$2,400.00 or part thereof,
- 16 (f) 5% tax on next \$2,800.00 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 C. Individuals. For all taxable years beginning on or after
4 January 1, 2016, and for which the determination required pursuant
5 to Sections 4 and 5 of this act is made by the State Board of
6 Equalization, a tax is hereby imposed upon the Oklahoma taxable
7 income of every resident or nonresident individual, which tax shall
8 be computed as 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 the remainder if the State Board of

17 Equalization makes a determination pursuant to Section

18 4 of this act or four and eighty-five hundredths

19 (4.85%) tax on the remainder if the State Board of

20 Equalization makes a determination pursuant to Section

21 5 of this act.

22 2. Married individuals filing jointly and surviving spouse to
23 the extent and in the manner that a surviving spouse is permitted to
24 file a joint return under the provisions of the Internal Revenue

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 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 percent (4.85%) tax on the remainder if the State

12 Board of Equalization makes a determination pursuant

13 to Section 5 of this act.

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

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

23 Every payer of amounts covered by this subsection shall deduct
24 and withhold from such amounts paid each payee an amount equal to

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

18 E. Corporations. For ~~all taxable years beginning after~~
19 ~~December 31, 1989~~ tax years 1990 through 2021, a tax is hereby
20 imposed upon the Oklahoma taxable income of every corporation doing
21 business within this state or deriving income from sources within
22 this state in an amount equal to six percent (6%) thereof.

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

3 F. Certain foreign corporations. In lieu of the tax imposed in
4 the first paragraph of subsection D of this section, for ~~all taxable~~
5 ~~years beginning after December 31, 1989~~ tax years 1990 through 2021,
6 there shall be imposed on foreign corporations, as defined in the
7 Internal Revenue Code, a tax of six percent (6%) instead of thirty
8 percent (30%) as used in the Internal Revenue Code, where such
9 income is received from sources within Oklahoma, in accordance with
10 the provisions of the Internal Revenue Code and the Oklahoma Income
11 Tax Act.

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

1 social security account number, if any, the total amounts paid
2 subject to taxation, the total amount deducted and withheld as tax
3 and such other information as the Tax Commission may require. Any
4 payer who fails to withhold or pay to the Tax Commission any sums
5 herein required to be withheld or paid shall be personally and
6 individually liable therefor to the State of Oklahoma.

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

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

1 SECTION 4. This act shall become effective November 1, 2021.

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