

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 COMMITTEE SUBSTITUTE

4 FOR

HOUSE BILL NO. 2950

By: McCall

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7 COMMITTEE SUBSTITUTE

8 An Act relating to revenue and taxation; amending 68
9 O.S. 2021, Section 2355, as last amended by Section
10 1, Chapter 27, 1st Extraordinary Session, O.S.L. 2023
11 (68 O.S. Supp. 2023, Section 2355), which relates to
12 individual income tax rates; reducing tax rates;
13 defining terms; imposing tax on renewable power
14 production; establishing amount of tax per megawatt-
15 hour; making tax applicable after certain date;
16 establishing timeline for remittance of tax and
17 filing of reports; requiring the prescription of
18 certain forms; providing fine and penalty for filing
19 and remittance failures; requiring certain annual
20 reporting; providing for apportionment of monies;
21 providing for codification; and providing effective
22 dates.

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

24 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as
last amended by Section 1, Chapter 27, 1st Extraordinary Session,
O.S.L. 2023 (68 O.S. Supp. 2023, 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.

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1 C. Individuals. For all taxable years beginning on or after
2 January 1, 2024, a tax is hereby imposed upon the Oklahoma taxable
3 income of every resident or nonresident individual, which tax shall
4 be computed as follows:

5 1. Single individuals and married individuals filing
6 separately:

- 7 (a) ~~0.25%~~ 0.00% tax on first \$1,000.00 or part thereof,
- 8 (b) ~~0.75%~~ 0.50% tax on next \$1,500.00 or part thereof,
- 9 (c) ~~1.75%~~ 1.50% tax on next \$1,250.00 or part thereof,
- 10 (d) ~~2.75%~~ 2.50% tax on next \$1,150.00 or part thereof,
- 11 (e) ~~3.75%~~ 3.50% tax on next \$2,300.00 or part thereof,
- 12 (f) ~~4.75%~~ 4.50% tax on the remainder.

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

- 18 (a) ~~0.25%~~ 0.00% tax on first \$2,000.00 or part thereof,
- 19 (b) ~~0.75%~~ 0.50% tax on next \$3,000.00 or part thereof,
- 20 (c) ~~1.75%~~ 1.50% tax on next \$2,500.00 or part thereof,
- 21 (d) ~~2.75%~~ 2.50% tax on next \$2,300.00 or part thereof,
- 22 (e) ~~3.75%~~ 3.50% tax on next \$4,600.00 or part thereof,
- 23 (f) ~~4.75%~~ 4.50% tax on the remainder.

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

3 D. Nonresident aliens. In lieu of the rates set forth in
4 ~~subsection A above~~ this section, there shall be imposed on
5 nonresident aliens, as defined in the Internal Revenue Code, a tax
6 of eight percent (8%) instead of thirty percent (30%) as used in the
7 Internal Revenue Code, with respect to the Oklahoma taxable income
8 of such nonresident aliens as determined under the provision of the
9 Oklahoma Income Tax Act.

10 Every payer of amounts covered by this subsection shall deduct
11 and withhold from such amounts paid each payee an amount equal to
12 eight percent (8%) thereof. Every payer required to deduct and
13 withhold taxes under this subsection shall for each quarterly period
14 on or before the last day of the month following the close of each
15 such quarterly period, pay over the amount so withheld as taxes to
16 the Tax Commission, and shall file a return with each such payment.
17 Such return shall be in such form as the Tax Commission shall
18 prescribe. Every payer required under this subsection to deduct and
19 withhold a tax from a payee shall, as to the total amounts paid to
20 each payee during the calendar year, furnish to such payee, on or
21 before January 31, of the succeeding year, a written statement
22 showing the name of the payer, the name of the payee and the payee's
23 Social Security account number, if any, the total amount paid
24 subject to taxation, and the total amount deducted and withheld as

1 tax and such other information as the Tax Commission may require.
2 Any payer who fails to withhold or pay to the Tax Commission any
3 sums herein required to be withheld or paid shall be personally and
4 individually liable therefor to the State of Oklahoma.

5 E. Corporations. For all taxable years beginning after
6 December 31, 2021, a tax is hereby imposed upon the Oklahoma taxable
7 income of every corporation doing business within this state or
8 deriving income from sources within this state in an amount equal to
9 four percent (4%) thereof.

10 There shall be no additional Oklahoma income tax imposed on
11 accumulated taxable income or on undistributed personal holding
12 company income as those terms are defined in the Internal Revenue
13 Code.

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%) instead of thirty percent (30%) as used in the
19 Internal Revenue Code, where such income is received from sources
20 within Oklahoma, in accordance with the provisions of the Internal
21 Revenue Code and the Oklahoma Income Tax Act.

22 Every payer of amounts covered by this subsection shall deduct
23 and withhold from such amounts paid each payee an amount equal to
24 four percent (4%) thereof. Every payer required to deduct and

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

17 G. Fiduciaries. A tax is hereby imposed upon the Oklahoma
18 taxable income of every trust and estate at the same rates as are
19 provided in subsection B ~~or~~, C or D of this section for single
20 individuals. Fiduciaries are not allowed a deduction for any
21 federal income tax paid.

22 H. Tax rate tables. For all taxable years beginning after
23 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,
24 C or D of this section, as applicable there is hereby imposed for

1 each taxable year on the taxable income of every individual, whose
2 taxable income for such taxable year does not exceed the ceiling
3 amount, a tax determined under tables, applicable to such taxable
4 year which shall be prescribed by the Tax Commission and which shall
5 be in such form as it determines appropriate. In the table so
6 prescribed, the amounts of the tax shall be computed on the basis of
7 the rates prescribed by subsection A, B ~~or~~, C or D of this section.
8 For purposes of this subsection, the term "ceiling amount" means,
9 with respect to any taxpayer, the amount determined by the Tax
10 Commission for the tax rate category in which such taxpayer falls.

11 SECTION 2. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 6701 of Title 68, unless there
13 is created a duplication in numbering, reads as follows:

14 As used in this act:

15 1. "Megawatt-hour" means the energy equivalent of one million
16 (1,000,000) watts consumed within a period of one (1) hour;

17 2. "Renewable power" means the production of electricity from a
18 source that is not depleted when used, including but not limited to
19 wind power, solar power, geothermal energy, biomass, and
20 hydroelectric power; and

21 3. "Renewable power business" means any for-profit business
22 enterprise engaged in the wholesale production of electricity by
23 means of renewable power.

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1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 6702 of Title 68, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Effective January 1, 2025, there shall be imposed a levy of
5 One Dollar (\$1.00) per megawatt-hour upon electricity produced by a
6 renewable power business within the state.

7 B. The tax shall be due and owing not later than the fifteenth
8 day of the month immediately following the month during which the
9 electricity was produced.

10 C. The Oklahoma Tax Commission shall prescribe a form for use
11 in reporting the tax imposed pursuant to the provisions of this act.

12 D. The renewable power business shall timely file the report
13 and make remittance of the tax as required by this section. Failure
14 to timely file the report shall result in a fine of One Hundred
15 Dollars (\$100.00) per day for each day the return remains unfiled
16 not to exceed a maximum of sixty (60) days.

17 E. Failure to remit the tax to the Tax Commission as required
18 pursuant to the provisions of this section shall result in a penalty
19 equal to ten percent (10%) of the principal amount of the monthly
20 tax amount due and owing. The penalty shall become part of the
21 principal amount of the tax due and owing.

22 SECTION 4. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 6703 of Title 68, unless there
24 is created a duplication in numbering, reads as follows:

1 A. Any renewable power business subject to the tax imposed
2 pursuant to the provisions of this act shall be required to file an
3 annual report with the Oklahoma Tax Commission which summarizes the
4 total amount of electric power produced from any and all renewable
5 power facilities owned by the renewable power business within the
6 state for the period of January 1 through December 31 of the year
7 prior to the year in which the report is filed as required by this
8 section. The summary shall include the amount of electric power
9 produced each month by each renewable power facility device owned by
10 the renewable power business in the state.

11 B. The Oklahoma Tax Commission shall prescribe a form for the
12 report required by this section. The report shall be filed with the
13 Oklahoma Tax Commission not later than February 15 each year
14 covering the electric power produced by renewable power facilities
15 owned by a renewable power business located in the state for the
16 preceding calendar year.

17 SECTION 5. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 6704 of Title 68, unless there
19 is created a duplication in numbering, reads as follows:

20 The monies derived from taxes, fines, and penalties imposed
21 pursuant to the provisions of this act shall be apportioned to the
22 General Revenue Fund.

23 SECTION 6. Section 1 of this act shall become effective January
24 1, 2024.

1 SECTION 7. Sections 2 through 5 of this act shall become
2 effective November 1, 2024.

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