

1 ENGROSSED HOUSE  
2 BILL NO. 2950

By: McCall, Lepak, and Sims of  
the House

3 and

4 Daniels of the Senate  
5

6  
7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2021, Section 2355, as last amended by Section  
9 1, Chapter 27, 1st Extraordinary Session of the 59th  
10 Oklahoma Legislature, O.S.L. 2023 (68 O.S. Supp.  
11 2023, Section 2355), which relates to income tax  
12 rates for individuals and other entities; modifying  
13 income tax rate for designated tax year; providing  
14 for reductions in income tax rates based upon certain  
15 determination with respect to tax collections;  
16 providing for further reductions in income tax rates  
17 using prescribed formula; and providing an effective  
18 date.

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

20 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as  
21 last amended by Section 1, Chapter 27, 1st Extraordinary Session,  
22 O.S.L. 2023 (68 O.S. Supp. 2023, Section 2355), is amended to read  
23 as follows:

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

1           1.   METHOD 1.

2           a.   Single individuals and married individuals filing  
3               separately not deducting federal income tax:

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

5               (2)   1% tax on next \$1,500.00 or part thereof,

6               (3)   2% tax on next \$1,250.00 or part thereof,

7               (4)   3% tax on next \$1,150.00 or part thereof,

8               (5)   4% tax on next \$1,300.00 or part thereof,

9               (6)   5% tax on next \$1,500.00 or part thereof,

10              (7)   6% tax on next \$2,300.00 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           b.   Married individuals filing jointly and surviving  
20               spouse to the extent and in the manner that a  
21               surviving spouse is permitted to file a joint return  
22               under the provisions of the Internal Revenue Code and  
23               heads of households as defined in the Internal Revenue  
24               Code not deducting federal income tax:

- 1 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 2 (2) 1% tax on next \$3,000.00 or part thereof,
- 3 (3) 2% tax on next \$2,500.00 or part thereof,
- 4 (4) 3% tax on next \$2,300.00 or part thereof,
- 5 (5) 4% tax on next \$2,400.00 or part thereof,
- 6 (6) 5% tax on next \$2,800.00 or part thereof,
- 7 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

17 a. Single individuals and married individuals filing  
18 separately deducting federal income tax:

- 19 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 20 (2) 1% tax on next \$1,500.00 or part thereof,
- 21 (3) 2% tax on next \$1,250.00 or part thereof,
- 22 (4) 3% tax on next \$1,150.00 or part thereof,
- 23 (5) 4% tax on next \$1,200.00 or part thereof,
- 24 (6) 5% tax on next \$1,400.00 or part thereof,

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

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

- 12 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 13 (2) 1% tax on the next \$3,000.00 or part thereof,
- 14 (3) 2% tax on the next \$2,500.00 or part thereof,
- 15 (4) 3% tax on the next \$1,400.00 or part thereof,
- 16 (5) 4% tax on the next \$1,500.00 or part thereof,
- 17 (6) 5% tax on the next \$1,600.00 or part thereof,
- 18 (7) 6% tax on the next \$1,250.00 or part thereof,
- 19 (8) 7% tax on the next \$1,750.00 or part thereof,
- 20 (9) 8% tax on the next \$3,000.00 or part thereof,
- 21 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 22 (11) 10% tax on the remainder.

23 B. Individuals. For all taxable years beginning on or after  
24 January 1, 2008, and ending any tax year which begins after December

1 31, 2015, for which the determination required pursuant to Sections  
2 4 and 5 of this act is made by the State Board of Equalization, a  
3 tax is hereby imposed upon the Oklahoma taxable income of every  
4 resident or nonresident individual, which tax shall be computed as  
5 follows:

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

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

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

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

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

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

13 (f) 5% tax on next \$1,500.00 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.

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 next \$2,800.00 or part thereof,
- 12          (g) 5.50% tax on the remainder for the 2008 tax year and  
13             any subsequent tax year unless the rate prescribed by  
14             subparagraph (h) of this paragraph is in effect, and
- 15          (h) 5.25% tax on the remainder for the 2009 and subsequent  
16             tax years. The decrease in the top marginal  
17             individual income tax rate otherwise authorized by  
18             this subparagraph shall be contingent upon the  
19             determination required to be made by the State Board  
20             of Equalization pursuant to Section 2355.1A of this  
21             title.

22           C. Individuals. For all taxable years beginning on or after  
23 January 1, 2024, and except as provided pursuant to the provisions  
24 of subsection D of this section, a tax is hereby imposed upon the

1 Oklahoma taxable income of every resident or nonresident individual,  
2 which tax shall be computed as follows:

3 1. Single individuals and married individuals filing  
4 separately:

- 5 (a) 0.25% tax on first \$1,000.00 or part thereof,
- 6 (b) 0.75% tax on next \$1,500.00 or part thereof,
- 7 (c) 1.75% tax on next \$1,250.00 or part thereof,
- 8 (d) 2.75% tax on next \$1,150.00 or part thereof,
- 9 (e) 3.75% tax on next \$2,300.00 or part thereof,
- 10 (f) 4.75% tax on the remainder.

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

- 16 (a) 0.25% tax on first \$2,000.00 or part thereof,
- 17 (b) 0.75% tax on next \$3,000.00 or part thereof,
- 18 (c) 1.75% tax on next \$2,500.00 or part thereof,
- 19 (d) 2.75% tax on next \$2,300.00 or part thereof,
- 20 (e) 3.75% tax on next \$4,600.00 or part thereof,
- 21 (f) 4.75% tax on the remainder.

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

24

1       D. Individuals. 1. Except as otherwise provided by this  
2 subsection, for all taxable years beginning on or after January 1,  
3 2025, a tax is hereby imposed upon the Oklahoma taxable income of  
4 every resident or nonresident individual, which tax shall be four  
5 and seventy-five hundredths percent (4.75%) reduced by 0.0025, for  
6 purposes of any reduction, for any income tax year beginning on the  
7 January 1 date immediately succeeding a fiscal year ending on the  
8 preceding June 30 for which the State Board of Equalization makes a  
9 certification, at its December meeting, that total tax collections  
10 for such fiscal year exceeded the total tax collections for the  
11 immediately preceding fiscal year by Four Hundred Million Dollars  
12 (\$400,000,000.00) or more. Subject to the determinations regarding  
13 the increase in total tax collections as prescribed by this  
14 paragraph, the reductions prescribed by this paragraph shall be made  
15 for all applicable income tax years until the rate of individual  
16 income tax equals three percent (3.0%). The tax levied pursuant to  
17 this subsection shall be levied only upon the amounts of Oklahoma  
18 taxable income in excess of:

- 19           a. Thirteen Thousand Five Hundred Fifty Dollars  
20                   (\$13,550.00) for taxpayers having a single or married  
21                   filing separate filing status, or  
22           b. Twenty-seven Thousand One Hundred Dollars (\$27,100.00)  
23                   for taxpayers having a married joint return filing  
24



1           status, head of household or qualifying widow filing  
2           status.

3           2. If the individual income tax rate reaches three percent  
4           (3.0%) as provided by paragraph 1 of this subsection, such income  
5           tax rate shall be in effect for the income tax year beginning on the  
6           January 1 date immediately following the income tax year for which  
7           the rate of income tax was three and twenty-five hundredths percent  
8           (3.25%), and the rate of three percent (3.0%) shall be reduced each  
9           succeeding income tax year by 0.3, such subtraction to be made from  
10           the whole number three (3). Such reduction shall be made for each  
11           of the ten (10) succeeding income tax years, each beginning January  
12           1, until the rate of individual income tax equals zero percent (0%).

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

20           Every payer of amounts covered by this subsection shall deduct  
21 and withhold from such amounts paid each payee an amount equal to  
22 eight percent (8%) thereof. Every payer required to deduct and  
23 withhold taxes under this subsection shall for each quarterly period  
24 on or before the last day of the month following the close of each

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

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

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

24

1        ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed  
2 in the first paragraph of subsection ~~D~~ F of this section, for all  
3 taxable years beginning after December 31, 2021, there shall be  
4 imposed on foreign corporations, as defined in the Internal Revenue  
5 Code, a tax of four percent (4%) instead of thirty percent (30%) as  
6 used in the Internal Revenue Code, where such income is received  
7 from sources within Oklahoma, in accordance with the provisions of  
8 the Internal 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 four percent (4%) 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.~~ H. 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, or D of this section for single  
7 individuals. Fiduciaries are not allowed a deduction for any  
8 federal income tax paid.

9 ~~H.~~ I. 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, or D of this section, as applicable there is hereby imposed for  
12 each 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, or D of this section.  
19 For purposes of this subsection, the term "ceiling amount" means,  
20 with respect to any taxpayer, the amount determined by the Tax  
21 Commission for the tax rate category in which such taxpayer falls.

22 SECTION 2. This act shall become effective January 1, 2025.  
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1 Passed the House of Representatives the 13th day of March, 2024.

2  
3 \_\_\_\_\_  
4 Presiding Officer of the House  
5 of Representatives

6 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2024.

7  
8 \_\_\_\_\_  
9 Presiding Officer of the Senate