

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 319

By: Kirt

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Section 2355, as amended by Section 45, Chapter 228, O.S.L. 2022 (68 O.S. Supp. 2022, Section 2355), which relates to imposition of tax; modifying taxable income brackets for certain tax years; clarifying statutory language; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as amended by Section 45, Chapter 228, O.S.L. 2022 (68 O.S. Supp. 2022, 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 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. METHOD 1.

a. Single individuals and married individuals filing separately not 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 \$1,300.00 or part thereof,
- 6 (6) 5% tax on next \$1,500.00 or part thereof,
- 7 (7) 6% tax on next \$2,300.00 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 b. Married individuals filing jointly and surviving
17 spouse to the extent and in the manner that a
18 surviving spouse is permitted to file a joint return
19 under the provisions of the Internal Revenue Code and
20 heads of households as defined in the Internal Revenue
21 Code not deducting federal income tax:

- 22 (1) 1/2% tax on first \$2,000.00 or part thereof,
- 23 (2) 1% tax on next \$3,000.00 or part thereof,
- 24 (3) 2% tax on next \$2,500.00 or part thereof,

- 1 (4) 3% tax on next \$2,300.00 or part thereof,
2 (5) 4% tax on next \$2,400.00 or part thereof,
3 (6) 5% tax on next \$2,800.00 or part thereof,
4 (7) 6% tax on next \$6,000.00 or part thereof, and
5 (8) (a) for taxable years beginning after December
6 31, 1998, and before January 1, 2002, 6.75%
7 tax on the remainder,
8 (b) for taxable years beginning on or after
9 January 1, 2002, and before January 1, 2004,
10 7% tax on the remainder, and
11 (c) for taxable years beginning on or after
12 January 1, 2004, 6.65% tax on the remainder.

13 2. METHOD 2.

14 a. Single individuals and married individuals filing
15 separately deducting federal income tax:

- 16 (1) 1/2% tax on first \$1,000.00 or part thereof,
17 (2) 1% tax on next \$1,500.00 or part thereof,
18 (3) 2% tax on next \$1,250.00 or part thereof,
19 (4) 3% tax on next \$1,150.00 or part thereof,
20 (5) 4% tax on next \$1,200.00 or part thereof,
21 (6) 5% tax on next \$1,400.00 or part thereof,
22 (7) 6% tax on next \$1,500.00 or part thereof,
23 (8) 7% tax on next \$1,500.00 or part thereof,
24 (9) 8% tax on next \$2,000.00 or part thereof,
25

1 (10) 9% tax on next \$3,500.00 or part thereof, and

2 (11) 10% 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 deducting federal income tax:

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

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

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

12 (4) 3% tax on the next \$1,400.00 or part thereof,

13 (5) 4% tax on the next \$1,500.00 or part thereof,

14 (6) 5% tax on the next \$1,600.00 or part thereof,

15 (7) 6% tax on the next \$1,250.00 or part thereof,

16 (8) 7% tax on the next \$1,750.00 or part thereof,

17 (9) 8% tax on the next \$3,000.00 or part thereof,

18 (10) 9% tax on the next \$6,000.00 or part thereof, and

19 (11) 10% tax on the remainder.

20 B. Individuals. For all taxable years beginning on or after
21 January 1, 2008, and ending any tax year which begins after December
22 31, 2015, for which the determination required pursuant to Sections
23 4 and 5 of this act is made by the State Board of Equalization, a
24 tax is hereby imposed upon the Oklahoma taxable income of every

1 resident or nonresident individual, which tax shall be computed as
2 follows:

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

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

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

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

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

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

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

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

14 (h) 5.25% tax on the remainder for the 2009 and subsequent
15 tax years. The decrease in the top marginal
16 individual income tax rate otherwise authorized by
17 this subparagraph shall be contingent upon the
18 determination required to be made by the State Board
19 of Equalization pursuant to Section 2355.1A of this
20 title.

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

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 next \$2,800.00 or part thereof,

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

19 C. Individuals. For all ~~taxable years beginning on or after~~
20 ~~January 1, 2022~~ tax years 2022 through 2023, a tax is hereby imposed
21 upon the Oklahoma taxable income of every resident or nonresident
22 individual, which tax shall be computed as follows:

23 1. Single individuals and married individuals filing
24 separately:

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

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

- 12 (a) 0.25% tax on first \$2,000.00 or part thereof,
13 (b) 0.75% tax on next \$3,000.00 or part thereof,
14 (c) 1.75% tax on next \$2,500.00 or part thereof,
15 (d) 2.75% tax on next \$2,300.00 or part thereof,
16 (e) 3.75% tax on next \$2,400.00 or part thereof, and
17 (f) 4.75% tax on the remainder.

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

20 D. Individuals. For tax year 2024 and subsequent tax years, a
21 tax is hereby imposed upon the Oklahoma taxable income of every
22 resident or nonresident individual, which tax shall be computed as
23 follows:

1 1. Single individuals and married individuals filing

2 separately:

3 (a) 0.00% tax on first \$25,000.00 or part thereof,

4 (b) 1.00% tax on next \$15,000.00 or part thereof,

5 (c) 2.00% tax on next \$15,000.00 or part thereof,

6 (d) 3.00% tax on next \$15,000.00 or part thereof,

7 (e) 4.00% tax on next \$15,000.00 or part thereof, and

8 (f) 4.75% tax on the remainder.

9 2. Married individuals filing jointly and surviving spouse to
10 the extent and in the manner that a surviving spouse is permitted to

11 file a joint return under the provisions of the Internal Revenue

12 Code and heads of households as defined in the Internal Revenue

13 Code:

14 (a) 0.00% tax on first \$50,000.00 or part thereof,

15 (b) 1.00% tax on next \$30,000.00 or part thereof,

16 (c) 2.00% tax on next \$30,000.00 or part thereof,

17 (d) 3.00% tax on next \$30,000.00 or part thereof,

18 (e) 4.00% tax on next \$30,000.00 or part thereof, and

19 (f) 4.75% tax on the remainder.

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

22 E. Nonresident aliens. In lieu of the rates set forth in
23 subsection A above, there shall be imposed on nonresident aliens, as
24 defined in the Internal Revenue Code, a tax of eight percent (8%)

1 instead of thirty percent (30%) as used in the Internal Revenue
2 Code, with respect to the Oklahoma taxable income of such
3 nonresident aliens as determined under the provision of the Oklahoma
4 Income Tax Act.

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

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

6 There shall be no additional Oklahoma income tax imposed on
7 accumulated taxable income or on undistributed personal holding
8 company income as those terms are defined in the Internal Revenue
9 Code.

10 ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed
11 in the first paragraph of subsection ~~D~~ F of this section, for all
12 taxable years beginning after December 31, 2021, there shall be
13 imposed on foreign corporations, as defined in the Internal Revenue
14 Code, a tax of four percent (4%) instead of thirty percent (30%) as
15 used in the Internal Revenue Code, where such income is received
16 from sources within Oklahoma, in accordance with the provisions of
17 the Internal Revenue Code and the Oklahoma Income Tax Act.

18 Every payer of amounts covered by this subsection shall deduct
19 and withhold from such amounts paid each payee an amount equal to
20 four percent (4%) thereof. Every payer required to deduct and
21 withhold taxes under this subsection shall for each quarterly period
22 on or before the last day of the month following the close of each
23 such quarterly period, pay over the amount so withheld as taxes to
24 the Tax Commission, and shall file a return with each such payment.

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

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

18 ~~H.~~ I. Tax rate tables. For all taxable years beginning after
19 December 31, 1991, in lieu of the tax imposed by subsection A, ~~B or~~
20 ~~C~~ B, C, or D of this section, as applicable there is hereby imposed
21 for each taxable year on the taxable income of every individual,
22 whose taxable income for such taxable year does not exceed the
23 ceiling amount, a tax determined under tables, applicable to such
24 taxable year which shall be prescribed by the Tax Commission and

1 which shall be in such form as it determines appropriate. In the
2 table so prescribed, the amounts of the tax shall be computed on the
3 basis of the rates prescribed by subsection A, ~~B or C~~ B, C, or D of
4 this section. For purposes of this subsection, the term "ceiling
5 amount" means, with respect to any taxpayer, the amount determined
6 by the Tax Commission for the tax rate category in which such
7 taxpayer falls.

8 SECTION 2. This act shall become effective November 1, 2023.

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