

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 1539

By: Lepak and Kendrix of the
House

and

Bergstrom of the Senate

[revenue and taxation - income tax rates - method
for reduction - revenue determination - State Board
of Equalization - effective date]

13 AUTHOR: Add the following Senate Coauthors: Bullard, Jett,
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15 AMENDMENT NO. 1. Page 1, restore the title

16 Passed the Senate the 10th day of April, 2025.

18 _____
19 Presiding Officer of the Senate

20 Passed the House of Representatives the ____ day of _____,
21 2025.

23 _____
24 Presiding Officer of the House
of Representatives

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11

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

13 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as
14 last amended by Section 1, Chapter 27, 1st Extraordinary Session,
15 O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), is amended to read
16 as follows:

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

22 1. METHOD 1.

23 a. Single individuals and married individuals filing
24 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,

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, 2024, and except as provided pursuant to the provisions

21 of subsection D of this section, a tax is hereby imposed upon the

22 Oklahoma taxable income of every resident or nonresident individual,

23 which tax shall be computed as follows:

24

1 1. Single individuals and married individuals filing
2 separately:

- 3 (a) 0.25% tax on first \$1,000.00 or part thereof,
- 4 (b) 0.75% tax on next \$1,500.00 or part thereof,
- 5 (c) 1.75% tax on next \$1,250.00 or part thereof,
- 6 (d) 2.75% tax on next \$1,150.00 or part thereof,
- 7 (e) 3.75% tax on next \$2,300.00 or part thereof,
- 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) 0.25% tax on first \$2,000.00 or part thereof,
- 15 (b) 0.75% tax on next \$3,000.00 or part thereof,
- 16 (c) 1.75% tax on next \$2,500.00 or part thereof,
- 17 (d) 2.75% tax on next \$2,300.00 or part thereof,
- 18 (e) 3.75% tax on next \$4,600.00 or part thereof,
- 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 D. 1. "Qualifying cumulative revenue growth" means an increase
23 of at least Three Hundred Million Dollars (\$300,000,000.00) in
24 excess of the applicable base year amount, which shall include any

1 decrease in the total collections amount for any fiscal year which
2 reflects a decline in total revenue collections. If the total
3 revenue collections equal or exceed Three Hundred Million Dollars
4 (\$300,000,000.00) using either a comparison of one fiscal year to
5 the next succeeding fiscal year or equal or exceed Three Hundred
6 Million Dollars (\$300,000,000.00) as a result of multiple successive
7 comparisons, which shall take into account any comparison which
8 results in an increase of less than Three Hundred Million Dollars
9 (\$300,000,000.00) or which results in a decline in total collections
10 from the preceding year, then if such cumulative net total,
11 including any year in which total collections declined, equals or
12 exceeds Three Hundred Million Dollars (\$300,000,000.00) then the
13 next decrease in the income tax rates as described by this
14 subsection shall be implemented.

15 2. "Total revenue collections" includes all revenue sources
16 reported in the annual report of the Oklahoma Tax Commission
17 excluding any tax collected by the Commission from levies imposed by
18 counties, cities, towns or any other entity of local government.

19 3. Except as otherwise provided by this subsection, for all
20 taxable years beginning on or after January 1, 2026, a tax is hereby
21 imposed upon the Oklahoma taxable income of every resident or
22 nonresident individual, which tax shall be as prescribed in
23 paragraphs 1 and 2 of subsection C of this section reduced in each
24 of the rates as prescribed by paragraph 1 or paragraph 2 of

1 subsection C of this section by twenty-five hundredths of one
2 percent (0.0025), expressed as a decimal, for purposes of the
3 reduction, for any income tax year beginning on the January 1 date
4 immediately succeeding a fiscal year ending on the preceding June 30
5 for which the State Board of Equalization makes a certification, at
6 its December meeting, that total revenue collections for such fiscal
7 year exceeded the qualifying cumulative revenue growth by Three
8 Hundred Million Dollars (\$300,000,000.00) or more.

9 4. The State Board of Equalization, at its December meeting
10 each year, shall make a determination regarding the possibility of a
11 decrease in the income tax rate otherwise prescribed by this
12 subsection. If the revenue conditions prescribed by this subsection
13 are met, which shall be included as part of the findings of the
14 State Board of Equalization, then the income tax rates otherwise
15 prescribed by paragraphs 1 and 2 of subsection C of this section
16 shall be reduced by twenty-five hundredths of one percent (0.0025)
17 effective on January 1 of the calendar year immediately following
18 the year during which the State Board of Equalization makes the
19 finding that qualifying cumulative revenue growth as defined by this
20 subsection is sufficient to reduce the income tax rates otherwise
21 prescribed by paragraphs 1 and 2 of subsection C of this section.
22 For purposes of this subsection, the total collections from all
23 revenue sources for the fiscal year ending June 30, 2023, shall be
24 the initial base year amount.

1 5. Beginning with the December 2025 meeting of the State Board
2 of Equalization and at each succeeding December meeting, the State
3 Board shall compare the total revenue collections amount for the
4 fiscal year ending on the immediately preceding June 30 date, to the
5 applicable base year total collections amount. If there is an
6 increase in the total collections amount equal to or greater than
7 Three Hundred Million Dollars (\$300,000,000.00) compared to the
8 initial base year total collections amount, the income tax rates
9 otherwise prescribed by paragraphs 1 and 2 of subsection C of this
10 section shall be reduced effective January 1 of the immediately
11 succeeding calendar year. If there is not an increase of at least
12 Three Hundred Million Dollars (\$300,000,000.00) in the total
13 collections amount as reflected in the December certification of
14 total collections compared to the applicable base year total
15 collection amount, there shall be no modification of such income tax
16 rates.

17 6. For any fiscal year with respect to which the qualifying
18 cumulative revenue growth as determined at the December meeting
19 equals or exceeds the applicable base year total collection amount
20 by Three Hundred Million Dollars (\$300,000,000.00) or more, the
21 applicable base year total collections amount shall be adjusted for
22 purposes of any succeeding comparison by adding Three Hundred
23 Million Dollars (\$300,000,000.00) plus the increment of all revenues
24 exceeding Three Hundred Million Dollars (\$300,000,000.00) to the

1 prior base year amount and the resulting sum shall become the
2 adjusted base year amount for purposes of future computations
3 required by this subsection.

4 7. After an adjustment is made to any base year amount, a
5 reduction in the income tax rate otherwise prescribed pursuant to
6 this subsection, in increments of twenty-five hundredths of one
7 percent (0.0025), may only occur if there is a subsequent increase
8 of Three Hundred Million Dollars (\$300,000,000.00) or more in the
9 qualifying cumulative revenue growth as defined by this subsection.
10 Subject to the determinations regarding the increase in total
11 collections as defined by this subsection, the reductions prescribed
12 by this subsection shall be made for all applicable income tax years
13 until the rates of individual income tax as prescribed by paragraphs
14 1 and 2 of subsection C of this section equals zero (0).

15 8. For purposes of reporting total collections for purposes of
16 this subsection, the Oklahoma Tax Commission shall use the same
17 methodology used to report estimated revenues to the State Board of
18 Equalization that was used to make the report for the December 2024
19 meeting.

20 E. Nonresident aliens. In lieu of the rates set forth in
21 ~~subsection A above~~ this section, there shall be imposed on
22 nonresident aliens, as defined in the Internal Revenue Code, a tax
23 of eight percent (8%) instead of thirty percent (30%) as used in the
24 Internal Revenue Code, with respect to the Oklahoma taxable income

1 of such nonresident aliens as determined under the provision of the
2 Oklahoma Income Tax Act.

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

22 E. F. Corporations. For all taxable years beginning after
23 December 31, 2021, a tax is hereby imposed upon the Oklahoma taxable
24 income of every corporation doing business within this state or

1 deriving income from sources within this state in an amount equal to
2 four percent (4%) thereof.

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

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

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

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

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

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

1 For purposes of this subsection, the term "ceiling amount" means,
2 with respect to any taxpayer, the amount determined by the Tax
3 Commission for the tax rate category in which such taxpayer falls.

4 SECTION 2. This act shall become effective November 1, 2025.

5 Passed the House of Representatives the 25th day of March, 2025.

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Presiding Officer of the House
of Representatives

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10 Passed the Senate the ___ day of _____, 2025.

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Presiding Officer of the Senate

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