

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE  
4 FOR ENGROSSED  
5 HOUSE BILL 1200

By: Maynard, Kendrix, Lepak,  
Burns, Hill, Fetgatter,  
Townley, Boles, and  
Cantrell of the House

6 and

7 Rader of the Senate  
8

9  
10 COMMITTEE SUBSTITUTE

11 [ taxation - certification - income tax - tax rates -  
12 effective date ]  
13

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

15 SECTION 1. AMENDATORY 62 O.S. 2021, Section 34.103, is  
16 amended to read as follows:

17 Section 34.103. A. In addition to any other duties prescribed  
18 by law, at the meeting required by Section 23 of Article X of the  
19 Oklahoma Constitution to be held in February of 2017, and at the  
20 February meeting of the State Board of Equalization each year  
21 thereafter, the State Board of Equalization shall certify:

22 1. For the revenue derived from the tax levied on oil pursuant  
23 to Section 1001 of Title 68 of the Oklahoma Statutes, which would  
24 otherwise be apportioned to the General Revenue Fund, the average

1 annual amount of actual revenue apportioned to the General Revenue  
2 Fund for the immediately preceding five (5) complete fiscal years.  
3 For any year after the first year during which a deposit to the  
4 Revenue Stabilization Fund is made, the amount of any deposit to the  
5 Revenue Stabilization Fund shall be disregarded for purposes of this  
6 paragraph and the average shall be computed using the total amount  
7 of revenue that was available to be apportioned to the General  
8 Revenue Fund for the applicable period of time;

9       2. For the revenue derived from the tax levied on natural gas  
10 pursuant to Section 1001 of Title 68 of the Oklahoma Statutes, which  
11 would otherwise be apportioned to the General Revenue Fund, the  
12 average annual amount of actual revenue apportioned to the General  
13 Revenue Fund for the previous five (5) fiscal years. For any year  
14 after the first year during which a deposit to the Revenue  
15 Stabilization Fund is made, the amount of any deposit to the Revenue  
16 Stabilization Fund shall be disregarded for purposes of this  
17 paragraph and the average shall be computed using the total amount  
18 of revenue that was available to be apportioned to the General  
19 Revenue Fund for the applicable period of time; and

20       3. For the revenue derived from the corporate income tax levied  
21 pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which  
22 would otherwise be apportioned to the General Revenue Fund, the  
23 average annual amount of actual revenue apportioned to the General  
24 Revenue Fund for the previous five (5) fiscal years. For any year

1 after the first year during which a deposit to the Revenue  
2 Stabilization Fund is made, the amount of any deposit to the Revenue  
3 Stabilization Fund shall be disregarded for purposes of this  
4 paragraph and the average shall be computed using the total amount  
5 of revenue that was available to be apportioned to the General  
6 Revenue Fund for the applicable period of time.

7 B. If the amount of revenue available for apportionment to the  
8 General Revenue Fund for the next ensuing fiscal year exceeds the  
9 amounts certified pursuant to paragraph 1 or 2 of subsection A of  
10 this section, with respect to each such revenue source, one hundred  
11 percent (100%) of such amount in excess of the separately computed  
12 five-year average, which would otherwise be apportioned to the  
13 General Revenue Fund, shall be deposited to the credit of the  
14 Revenue Stabilization Fund.

15 C. If the amount of revenue available for apportionment to the  
16 General Revenue Fund for the next ensuing fiscal year exceeds the  
17 amount certified pursuant to paragraph 3 of subsection A of this  
18 section:

19 1. Twenty-five percent (25%) of such amount in excess of the  
20 five-year average, which would otherwise be apportioned to the  
21 General Revenue Fund, shall be deposited to the credit of the  
22 Constitutional Reserve Fund unless such deposit would exceed the  
23 maximum balance permitted pursuant to Section 23 of Article X of the  
24 Oklahoma Constitution and in such case the amount in excess of the

1 maximum balance shall be deposited to the credit of the Revenue  
2 Stabilization Fund; and

3 2. Seventy-five percent (75%) of such amount in excess of the  
4 five-year average, which would otherwise be apportioned to the  
5 General Revenue Fund, shall be deposited to the credit of the  
6 Revenue Stabilization Fund, together with any amount required for  
7 deposit pursuant to the provisions of paragraph 1 of this  
8 subsection.

9 D. In addition to any other duties prescribed by law, at the  
10 meeting required by Section 23 of Article X of the Oklahoma  
11 Constitution to be held in February of 2026, and at the February  
12 meeting of the State Board of Equalization each year thereafter, the  
13 State Board of Equalization shall certify:

14 1. For the revenue derived from all taxes levied by this state,  
15 an itemized estimate of collections for the ensuing fiscal year;

16 2. For the revenue derived from all taxes levied by this state,  
17 whether the difference between the itemized estimate certified  
18 pursuant to paragraph 1 of this subsection and the actual  
19 collections in fiscal year 2023 exceeds Four Hundred Million Dollars  
20 (\$400,000,000.00) in growth, until a reduction in the marginal tax  
21 rates occurs pursuant to subsection D of Section 2355 of Title 68 of  
22 the Oklahoma Statutes; and

23 3. For the revenue derived from all taxes levied by this state,  
24 whether the difference between the itemized estimate certified

1 pursuant to paragraph 1 of this subsection and the actual  
2 collections in the latest full fiscal year before the most recent  
3 reduction in the marginal tax rates pursuant to subsection D of  
4 Section 2355 of Title 68 of the Oklahoma Statutes exceeds Four  
5 Hundred Million Dollars (\$400,000,000.00) in growth.

6 On July 1, 2035, and every ten (10) years thereafter, the  
7 threshold of Four Hundred Million Dollars (\$400,000,000.00) provided  
8 in paragraphs 2 and 3 of this subsection shall be adjusted for  
9 inflation to reflect the percentage change in the Consumer Price  
10 Index published by the Bureau of Labor Statistics of the United  
11 States Department of Labor for that period.

12 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2355, as  
13 last amended by Section 1, Chapter 27, 1st Extraordinary Session,  
14 O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), is amended to read  
15 as follows:

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

21 1. METHOD 1.

22 a. Single individuals and married individuals filing  
23 separately not deducting federal income tax:

24 (1) 1/2% tax on first \$1,000.00 or part thereof,

- 1 (2) 1% tax on next \$1,500.00 or part thereof,  
2 (3) 2% tax on next \$1,250.00 or part thereof,  
3 (4) 3% tax on next \$1,150.00 or part thereof,  
4 (5) 4% tax on next \$1,300.00 or part thereof,  
5 (6) 5% tax on next \$1,500.00 or part thereof,  
6 (7) 6% tax on next \$2,300.00 or part thereof, and  
7 (8) (a) for taxable years beginning after December  
8 31, 1998, and before January 1, 2002, 6.75%  
9 tax on the remainder,  
10 (b) for taxable years beginning on or after  
11 January 1, 2002, and before January 1, 2004,  
12 7% tax on the remainder, and  
13 (c) for taxable years beginning on or after  
14 January 1, 2004, 6.65% tax on the remainder.

15 b. Married individuals filing jointly and surviving  
16 spouse to the extent and in the manner that a  
17 surviving spouse is permitted to file a joint return  
18 under the provisions of the Internal Revenue Code of  
19 1986, as amended, and heads of households as defined  
20 in the Internal Revenue Code of 1986, as amended, not  
21 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 of  
7 1986, as amended, and heads of households as defined  
8 in the Internal Revenue Code of 1986, as amended,  
9 deducting federal income tax:

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

21 B. Individuals. For all taxable years beginning on or after  
22 January 1, 2008, and ending any tax year which begins after December  
23 31, 2015, for which the determination required pursuant to Sections  
24 ~~4~~ 2355.1F and ~~5~~ 2355.1G of this ~~act~~ title is made by the State Board

1 of Equalization, a tax is hereby imposed upon the Oklahoma taxable  
2 income of every resident or nonresident individual, which tax shall  
3 be computed as follows:

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

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

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

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

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

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

11 (f) 5% tax on next \$1,500.00 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 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 of 1986, as amended, and heads of households as defined in the  
2 Internal Revenue Code of 1986, as amended:

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, a tax is hereby imposed upon the Oklahoma taxable

21 income of every resident or nonresident individual, which tax shall

22 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 of 1986, as amended, and heads of households as defined in the  
11 Internal Revenue Code of 1986, as amended:

- 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 \$4,600.00 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. Except as provided for in subsection E of this  
21 section, for tax year 2026 and subsequent tax years, a tax is hereby  
22 imposed upon the Oklahoma taxable income of every resident or  
23 nonresident individual, which tax shall be computed as follows:  
24

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

- 3           (a) 0% tax on first \$3,750.00 or part thereof,
- 4           (b) 2.75% tax on next \$1,150.00 or part thereof,
- 5           (c) 3.75% tax on next \$2,300.00 or part thereof, and
- 6           (d) 4.7% 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 of 1986, as amended, and heads of households as defined in the  
11 Internal Revenue Code of 1986, as amended:

- 12           (a) 0% tax on first \$7,500.00 or part thereof,
- 13           (b) 2.75% tax on next \$2,300.00 or part thereof,
- 14           (c) 3.75% tax on next \$4,600.00 or part thereof, and
- 15           (d) 4.7% tax on the remainder.

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

18       E. If the difference between collections exceeds Four Hundred  
19 Million Dollars (\$400,000,000.00) in growth, as adjusted for  
20 inflation pursuant to subsection D of Section 34.103 of Title 62 of  
21 the Oklahoma Statutes, and as certified by the State Board of  
22 Equalization pursuant to paragraph 2 of subsection D of Section  
23 34.103 of Title 62 of the Oklahoma Statutes, the marginal tax rates  
24 provided in paragraphs 1 and 2 of subsection D of this section shall

1 each be reduced by twenty-five hundredths (0.25) of a percentage  
2 point unless the rate equals zero percent (0%) for the immediate  
3 succeeding tax year and subsequent tax years. Each successive  
4 certification of growth exceeding Four Hundred Million Dollars  
5 (\$400,000,000.00) by the Board, as adjusted for inflation, shall  
6 further reduce the marginal tax rates by twenty-five hundredths  
7 (0.25) of a percentage point until the rate equals zero percent (0%)  
8 in the immediate succeeding tax year and subsequent tax years. If a  
9 revenue failure is declared pursuant to the provisions of Section  
10 34.49 of Title 62 of the Oklahoma Statutes prior to the end of the  
11 calendar year in which the Board makes a certification pursuant to  
12 paragraphs 2 and 3 of subsection D of Section 34.103 of Title 62 of  
13 the Oklahoma Statutes, the reduction in marginal tax rates, as  
14 provided for in this subsection, shall not occur until a subsequent  
15 certification is made by the Board pursuant to paragraphs 2 and 3 of  
16 subsection D of Section 34.103 of Title 62 of the Oklahoma Statutes.  
17 In the event the federal government reduces the federal medical  
18 assistance percentage (FMAP) rate for Medicaid expansion below  
19 ninety percent (90%) for enrollees enrolled pursuant to Section 1 et  
20 seq. of Article XXV-A of the Oklahoma Constitution, there shall be  
21 no reductions made to the income tax rates pursuant to this  
22 subsection.

23 F. Nonresident aliens. In lieu of the rates set forth in  
24 subsection A above, there shall be imposed on nonresident aliens, as

1 defined in the Internal Revenue Code of 1986, as amended, a tax of  
2 eight percent (8%) instead of thirty percent (30%) as used in the  
3 Internal Revenue Code of 1986, as amended, with respect to the  
4 Oklahoma taxable income of such nonresident aliens as determined  
5 under the provision of the Oklahoma Income Tax Act.

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

1       ~~E.~~ G. 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 of 1986, as amended.

10       ~~F.~~ H. 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 of 1986, as amended, a tax of four percent (4%) instead of  
15 thirty percent (30%) as used in the Internal Revenue Code of 1986,  
16 as amended, where such income is received from sources within  
17 ~~Oklahoma~~ this state, in accordance with the provisions of the  
18 Internal Revenue Code of 1986, as amended, and the Oklahoma Income  
19 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 four percent (4%) 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~~7~~ 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 amounts paid  
10 subject to taxation, the total amount deducted and withheld as tax,  
11 and such other information as the Tax Commission may require. Any  
12 payer who fails to withhold or pay to the Tax Commission any sums  
13 herein required to be withheld or paid shall be personally and  
14 individually liable therefor to the State of Oklahoma.

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

20 ~~H.~~ J. Tax rate tables. For all taxable years beginning after  
21 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,  
22 C, D, or E of this section, as applicable there is hereby imposed  
23 for each taxable year on the taxable income of every individual,  
24 whose taxable income for such taxable year does not exceed the

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

10 SECTION 3. This act shall become effective November 1, 2025.

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