

1 **SENATE FLOOR VERSION**

2 April 23, 2025

3 COMMITTEE SUBSTITUTE  
4 FOR ENGROSSED  
5 HOUSE BILL NO. 1200

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

10 and

11 Rader and Howard of the  
12 Senate

13 [ taxation - certification - income tax - tax rates -  
14 effective date ]

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

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

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

23 1. For the revenue derived from the tax levied on oil pursuant  
24 to Section 1001 of Title 68 of the Oklahoma Statutes, which would

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

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

21 3. For the revenue derived from the corporate income tax levied  
22 pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which  
23 would otherwise be apportioned to the General Revenue Fund, the  
24 average annual amount of actual revenue apportioned to the General

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

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

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

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

1 Oklahoma Constitution and in such case the amount in excess of the  
2 maximum balance shall be deposited to the credit of the Revenue  
3 Stabilization Fund; and

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

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

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

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

24

1       3. For the revenue derived from all taxes levied by this state,  
2 whether the difference between the itemized estimate certified  
3 pursuant to paragraph 1 of this subsection and the actual  
4 collections in the latest full fiscal year before the most recent  
5 reduction in the marginal tax rates pursuant to subsection D of  
6 Section 2355 of Title 68 of the Oklahoma Statutes exceeds Four  
7 Hundred Million Dollars (\$400,000,000.00) in growth.

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

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

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

23       1. METHOD 1.  
24

- 1 a. Single individuals and married individuals filing  
2 separately not deducting federal income tax:
- 3 (1) 1/2% tax on first \$1,000.00 or part thereof,  
4 (2) 1% tax on next \$1,500.00 or part thereof,  
5 (3) 2% tax on next \$1,250.00 or part thereof,  
6 (4) 3% tax on next \$1,150.00 or part thereof,  
7 (5) 4% tax on next \$1,300.00 or part thereof,  
8 (6) 5% tax on next \$1,500.00 or part thereof,  
9 (7) 6% tax on next \$2,300.00 or part thereof, and  
10 (8) (a) for taxable years beginning after December  
11 31, 1998, and before January 1, 2002, 6.75%  
12 tax on the remainder,  
13 (b) for taxable years beginning on or after  
14 January 1, 2002, and before January 1, 2004,  
15 7% tax on the remainder, and  
16 (c) for taxable years beginning on or after  
17 January 1, 2004, 6.65% tax on the remainder.
- 18 b. Married individuals filing jointly and surviving  
19 spouse to the extent and in the manner that a  
20 surviving spouse is permitted to file a joint return  
21 under the provisions of the Internal Revenue Code of  
22 1986, as amended, and heads of households as defined  
23 in the Internal Revenue Code of 1986, as amended, not  
24 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 of  
10 1986, as amended, and heads of households as defined  
11 in the Internal Revenue Code of 1986, as amended,  
12 deducting federal income tax:

- 13 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 14 (2) 1% tax on the next \$3,000.00 or part thereof,
- 15 (3) 2% tax on the next \$2,500.00 or part thereof,
- 16 (4) 3% tax on the next \$1,400.00 or part thereof,
- 17 (5) 4% tax on the next \$1,500.00 or part thereof,
- 18 (6) 5% tax on the next \$1,600.00 or part thereof,
- 19 (7) 6% tax on the next \$1,250.00 or part thereof,
- 20 (8) 7% tax on the next \$1,750.00 or part thereof,
- 21 (9) 8% tax on the next \$3,000.00 or part thereof,
- 22 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 23 (11) 10% tax on the remainder.

1 B. Individuals. For all taxable years beginning on or after  
2 January 1, 2008, and ending any tax year which begins after December  
3 31, 2015, for which the determination required pursuant to Sections  
4 4 2355.1F and 5 2355.1G of this ~~act~~ title is made by the State Board  
5 of Equalization, a tax is hereby imposed upon the Oklahoma taxable  
6 income of every resident or nonresident individual, which tax shall  
7 be computed as follows:

8 1. Single individuals and married individuals filing  
9 separately:

- 10 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 11 (b) 1% tax on next \$1,500.00 or part thereof,
- 12 (c) 2% tax on next \$1,250.00 or part thereof,
- 13 (d) 3% tax on next \$1,150.00 or part thereof,
- 14 (e) 4% tax on next \$2,300.00 or part thereof,
- 15 (f) 5% tax on next \$1,500.00 or part thereof,
- 16 (g) 5.50% tax on the remainder for the 2008 tax year and  
17 any subsequent tax year unless the rate prescribed by  
18 subparagraph (h) of this paragraph is in effect, and
- 19 (h) 5.25% tax on the remainder for the 2009 and subsequent  
20 tax years. The decrease in the top marginal  
21 individual income tax rate otherwise authorized by  
22 this subparagraph shall be contingent upon the  
23 determination required to be made by the State Board  
24

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

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.  
24

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% tax on first \$1,000.00 or part thereof,
- 8 (b) 0.75% tax on next \$1,500.00 or part thereof,
- 9 (c) 1.75% tax on next \$1,250.00 or part thereof,
- 10 (d) 2.75% tax on next \$1,150.00 or part thereof,
- 11 (e) 3.75% tax on next \$2,300.00 or part thereof, and
- 12 (f) 4.75% 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 of 1986, as amended, and heads of households as defined in the  
17 Internal Revenue Code of 1986, as amended:

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

24

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

3 D. Individuals. Except as provided for in subsection E of this  
4 section, for tax year 2026 and subsequent tax years, a tax is hereby  
5 imposed upon the Oklahoma taxable income of every resident or  
6 nonresident individual, which tax shall be computed as follows:

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

9 (a) 0% tax on first \$3,750.00 or part thereof,

10 (b) 2.75% tax on next \$1,150.00 or part thereof,

11 (c) 3.75% tax on next \$2,300.00 or part thereof, and

12 (d) 4.7% 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 of 1986, as amended, and heads of households as defined in the  
17 Internal Revenue Code of 1986, as amended:

18 (a) 0% tax on first \$7,500.00 or part thereof,

19 (b) 2.75% tax on next \$2,300.00 or part thereof,

20 (c) 3.75% tax on next \$4,600.00 or part thereof, and

21 (d) 4.7% tax on the remainder.

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

1 E. If the difference between collections exceeds Four Hundred  
2 Million Dollars (\$400,000,000.00) in growth, as adjusted for  
3 inflation pursuant to subsection D of Section 34.103 of Title 62 of  
4 the Oklahoma Statutes, and as certified by the State Board of  
5 Equalization pursuant to paragraphs 2 and 3 of subsection D of  
6 Section 34.103 of Title 62 of the Oklahoma Statutes, the marginal  
7 tax rates provided in paragraphs 1 and 2 of subsection D of this  
8 section shall each be reduced by twenty-five hundredths (0.25) of a  
9 percentage point unless the rate equals zero percent (0%) for the  
10 immediate succeeding tax year and subsequent tax years. Each  
11 successive certification of growth exceeding Four Hundred Million  
12 Dollars (\$400,000,000.00) by the Board, as adjusted for inflation,  
13 shall further reduce the marginal tax rates by twenty-five  
14 hundredths (0.25) of a percentage point until the rate equals zero  
15 percent (0%) in the immediate succeeding tax year and subsequent tax  
16 years. If a revenue failure is declared pursuant to the provisions  
17 of Section 34.49 of Title 62 of the Oklahoma Statutes prior to the  
18 end of the calendar year in which the Board makes a certification  
19 pursuant to paragraphs 2 and 3 of subsection D of Section 34.103 of  
20 Title 62 of the Oklahoma Statutes, the reduction in marginal tax  
21 rates, as provided for in this subsection, shall not occur until a  
22 subsequent certification is made by the Board pursuant to paragraphs  
23 2 and 3 of subsection D of Section 34.103 of Title 62 of the  
24 Oklahoma Statutes. In the event the federal government reduces the

1 federal medical assistance percentage (FMAP) rate for Medicaid  
2 expansion below ninety percent (90%) for enrollees enrolled pursuant  
3 to Section 1 et seq. of Article XXV-A of the Oklahoma Constitution,  
4 there shall be no reductions made to the income tax rates pursuant  
5 to this subsection.

6 F. Nonresident aliens. In lieu of the rates set forth in  
7 subsection A above, there shall be imposed on nonresident aliens, as  
8 defined in the Internal Revenue Code of 1986, as amended, a tax of  
9 eight percent (8%) instead of thirty percent (30%) as used in the  
10 Internal Revenue Code of 1986, as amended, with respect to the  
11 Oklahoma taxable income of such nonresident aliens as determined  
12 under the provision of the Oklahoma Income Tax Act.

13 Every payer of amounts covered by this subsection shall deduct  
14 and withhold from such amounts paid each payee an amount equal to  
15 eight percent (8%) thereof. Every payer required to deduct and  
16 withhold taxes under this subsection shall for each quarterly period  
17 on or before the last day of the month following the close of each  
18 such quarterly period, pay over the amount so withheld as taxes to  
19 the Oklahoma Tax Commission, and shall file a return with each such  
20 payment. Such return shall be in such form as the Tax Commission  
21 shall prescribe. Every payer required under this subsection to  
22 deduct and withhold a tax from a payee shall, as to the total  
23 amounts paid to each payee during the calendar year, furnish to such  
24 payee, on or before January 31<sup>7</sup> of the succeeding year, a written

1 statement showing the name of the payer, the name of the payee and  
2 the payee's Social Security account number, if any, the total amount  
3 paid subject to taxation, and the total amount deducted and withheld  
4 as tax and such other information as the Tax Commission may require.  
5 Any payer who fails to withhold or pay to the Tax Commission any  
6 sums herein required to be withheld or paid shall be personally and  
7 individually liable therefor to ~~the State of Oklahoma~~ this state.

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

13 There shall be no additional Oklahoma income tax imposed on  
14 accumulated taxable income or on undistributed personal holding  
15 company income as those terms are defined in the Internal Revenue  
16 Code of 1986, as amended.

17 ~~F.~~ H. Certain foreign corporations. In lieu of the tax imposed  
18 in the first paragraph of subsection ~~D~~ F of this section, for all  
19 taxable years beginning after December 31, 2021, there shall be  
20 imposed on foreign corporations, as defined in the Internal Revenue  
21 Code of 1986, as amended, a tax of four percent (4%) instead of  
22 thirty percent (30%) as used in the Internal Revenue Code of 1986,  
23 as amended, where such income is received from sources within  
24 ~~Oklahoma~~ this state, in accordance with the provisions of the

1 Internal Revenue Code of 1986, as amended, and the Oklahoma Income  
2 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 four percent (4%) 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<sup>7</sup> 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 amounts paid  
17 subject to taxation, the total amount deducted and withheld as tax,  
18 and such other information as the Tax Commission may require. Any  
19 payer who fails to withhold or pay to the Tax Commission any sums  
20 herein required to be withheld or paid shall be personally and  
21 individually liable therefor to the State of Oklahoma.

22 ~~G.~~ I. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
23 taxable income of every trust and estate at the same rates as are  
24 provided in subsection B ~~or,~~ C, D, or E of this section for single

1 individuals. Fiduciaries are not allowed a deduction for any  
2 federal income tax paid.

3 ~~H.~~ J. Tax rate tables. For all taxable years beginning after  
4 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,  
5 C, D, or E of this section, as applicable there is hereby imposed  
6 for each taxable year on the taxable income of every individual,  
7 whose taxable income for such taxable year does not exceed the  
8 ceiling amount, a tax determined under tables, applicable to such  
9 taxable year which shall be prescribed by the Tax Commission and  
10 which shall be in such form as it determines appropriate. In the  
11 table so prescribed, the amounts of the tax shall be computed on the  
12 basis of the rates prescribed by subsection A, B ~~or~~, C, D, or E of  
13 this section. For purposes of this subsection, the term "ceiling  
14 amount" means, with respect to any taxpayer, the amount determined  
15 by the Tax Commission for the tax rate category in which such  
16 taxpayer falls.

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

18 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
19 April 23, 2025 - DO PASS AS AMENDED BY CS

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