

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 1

By: Bergstrom

AS INTRODUCED

An Act relating to taxation; amending 62 O.S. 2021, Section 34.103, which relates to the duties of the State Board of Equalization; requiring certification of certain collections in certain fiscal years; amending 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), which relates to income tax; modifying tax rates for certain tax years; requiring the reduction of tax rates for certain tax years upon certain certification by the State Board of Equalization; prohibiting reduction of certain rates upon declaration of revenue failure; updating statutory language and references; and declaring an emergency.

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

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

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

1 1. For the revenue derived from the tax levied on oil pursuant
2 to Section 1001 of Title 68 of the Oklahoma Statutes, which would
3 otherwise be apportioned to the General Revenue Fund, the average
4 annual amount of actual revenue apportioned to the General Revenue
5 Fund for the immediately preceding five (5) complete fiscal years.
6 For any year after the first year during which a deposit to the
7 Revenue Stabilization Fund is made, the amount of any deposit to the
8 Revenue Stabilization Fund shall be disregarded for purposes of this
9 paragraph and the average shall be computed using the total amount
10 of revenue that was available to be apportioned to the General
11 Revenue Fund for the applicable period of time;

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

23 3. For the revenue derived from the corporate income tax levied
24 pursuant to Section 2355 of Title 68 the Oklahoma Statutes, which

1 would otherwise be apportioned to the General Revenue Fund, the
2 average annual amount of actual revenue apportioned to the General
3 Revenue Fund for the previous five (5) fiscal years. For any year
4 after the first year during which a deposit to the Revenue
5 Stabilization Fund is made, the amount of any deposit to the Revenue
6 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 B. If the amount of revenue available for apportionment to the
11 General Revenue Fund for the next ensuing fiscal year exceeds the
12 amounts certified pursuant to paragraph 1 or 2 of subsection A of
13 this section, with respect to each such revenue source, one hundred
14 percent (100%) of such amount in excess of the separately computed
15 five-year average, which would otherwise be apportioned to the
16 General Revenue Fund, shall be deposited to the credit of the
17 Revenue Stabilization Fund.

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

22 1. Twenty-five percent (25%) of such amount in excess of the
23 five-year average, which would otherwise be apportioned to the
24 General Revenue Fund, shall be deposited to the credit of the

1 Constitutional Reserve Fund unless such deposit would exceed the
2 maximum balance permitted pursuant to Section 23 of Article X of the
3 Oklahoma Constitution and in such case the amount in excess of the
4 maximum balance shall be deposited to the credit of the Revenue
5 Stabilization Fund; and

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

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

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

19 2. For the revenue derived from all taxes levied by this state,
20 whether the difference between the itemized estimate certified
21 pursuant to paragraph 1 of this subsection and the actual
22 collections in fiscal year 2024 exceeds Four Hundred Million Dollars
23 (\$400,000,000.00) in growth, until a reduction in the marginal tax

1 rates occurs pursuant to subsection D of Section 2355 of Title 68 of
2 the Oklahoma Statutes; and

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

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

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

20 Section 2355. A. Individuals. For all taxable years beginning
21 after December 31, 1998, and before January 1, 2006, a tax is hereby
22 imposed upon the Oklahoma taxable income of every resident or
23 nonresident individual, which tax shall be computed at the option of
24 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:
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- 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
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1 31, 2015, for which the determination required pursuant to Sections
2 4 2355.1F and ~~5~~ Section 2355.1G of this ~~act~~ title is made by the
3 State Board of Equalization, a tax is hereby imposed upon the
4 Oklahoma taxable income of every resident or nonresident individual,
5 which tax shall be computed as 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.

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, a tax is hereby imposed upon the Oklahoma taxable
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1 income of every resident or nonresident individual, which tax shall
2 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, and
- 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, and
- 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.

1 D. Individuals. Except as provided for in subsection E of this
2 section, 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
5 computed as follows:

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

- 8 (a) 0% tax on first \$1,000.00 or part thereof,
9 (b) 0.5% tax on next \$1,500.00 or part thereof,
10 (c) 1.5% tax on next \$1,250.00 or part thereof,
11 (d) 2.5% tax on next \$1,150.00 or part thereof,
12 (e) 3.5% tax on next \$2,300.00 or part thereof, and
13 (f) 4.5% tax on the remainder.

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

- 19 (a) 0% tax on first \$2,000.00 or part thereof,
20 (b) 0.5% tax on next \$3,000.00 or part thereof,
21 (c) 1.5% tax on next \$2,500.00 or part thereof,
22 (d) 2.5% tax on next \$2,300.00 or part thereof,
23 (e) 3.5% tax on next \$4,600.00 or part thereof, and
24 (f) 4.5% tax on the remainder.

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

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

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

10 Every payer of amounts covered by this subsection shall deduct
11 and withhold from such amounts paid each payee an amount equal to
12 eight percent (8%) thereof. Every payer required to deduct and
13 withhold taxes under this subsection shall for each quarterly period
14 on or before the last day of the month following the close of each
15 such quarterly period, pay over the amount so withheld as taxes to
16 the Oklahoma Tax Commission, and shall file a return with each such
17 payment. Such return shall be in such form as the Tax Commission
18 shall prescribe. Every payer required under this subsection to
19 deduct and withhold a tax from a payee shall, as to the total
20 amounts paid to each payee during the calendar year, furnish to such
21 payee, on or before January 31⁷ of the succeeding year, a written
22 statement showing the name of the payer, the name of the payee and
23 the payee's Social Security account number, if any, the total amount
24 paid subject to taxation, and the total amount deducted and withheld

1 as tax and such other information as the Tax Commission may require.
2 Any payer who fails to withhold or pay to the Tax Commission any
3 sums herein required to be withheld or paid shall be personally and
4 individually liable therefor to ~~the State of Oklahoma~~ this state.

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

10 There shall be no additional Oklahoma income tax imposed on
11 accumulated taxable income or on undistributed personal holding
12 company income as those terms are defined in the Internal Revenue
13 Code.

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

23 Every payer of amounts covered by this subsection shall deduct
24 and withhold from such amounts paid each payee an amount equal to

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

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

23 ~~H.~~ J. Tax rate tables. For all taxable years beginning after
24 December 31, 1991, in lieu of the tax imposed by subsection A, B ~~or~~,

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

13 SECTION 3. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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