

1 STATE OF OKLAHOMA

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

3 SENATE BILL 323

By: Deevers

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5
6 AS INTRODUCED

7 An Act relating to tax; amending 68 O.S. 2021,
8 Section 2355, as last amended by Section 1, Chapter
9 27, 1st Extraordinary Session, O.S.L. 2023 (68 O.S.
10 Supp. 2024, Section 2355), which relates to income
11 tax; modifying certain income tax rate for certain
12 tax years; modifying certain withholding requirement
13 for certain tax years; amending 68 O.S. 2021, Section
14 2370, which relates to the banking privilege tax;
15 modifying certain income tax rate for certain tax
16 years; updating statutory references; updating
17 statutory language; and providing an effective date.

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

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

23 Section 2355. A. Individuals. For all taxable years beginning
24 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 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 of
23 1986, as amended, and heads of households as defined
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1 in the Internal Revenue Code of 1986, as amended, not
2 deducting federal income tax:

3 (1) 1/2% tax on first \$2,000.00 or part thereof,

4 (2) 1% tax on next \$3,000.00 or part thereof,

5 (3) 2% tax on next \$2,500.00 or part thereof,

6 (4) 3% tax on next \$2,300.00 or part thereof,

7 (5) 4% tax on next \$2,400.00 or part thereof,

8 (6) 5% tax on next \$2,800.00 or part thereof,

9 (7) 6% tax on next \$6,000.00 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 2. METHOD 2.

19 a. Single individuals and married individuals filing
20 separately deducting federal income tax:

21 (1) 1/2% tax on first \$1,000.00 or part thereof,

22 (2) 1% tax on next \$1,500.00 or part thereof,

23 (3) 2% tax on next \$1,250.00 or part thereof,

24 (4) 3% tax on next \$1,150.00 or part thereof,

- 1 (5) 4% tax on next \$1,200.00 or part thereof,
- 2 (6) 5% tax on next \$1,400.00 or part thereof,
- 3 (7) 6% tax on next \$1,500.00 or part thereof,
- 4 (8) 7% tax on next \$1,500.00 or part thereof,
- 5 (9) 8% tax on next \$2,000.00 or part thereof,
- 6 (10) 9% tax on next \$3,500.00 or part thereof, and
- 7 (11) 10% tax on the remainder.

8 b. Married individuals filing jointly and surviving
9 spouse to the extent and in the manner that a
10 surviving spouse is permitted to file a joint return
11 under the provisions of the Internal Revenue Code of
12 1986, as amended, and heads of households as defined
13 in the Internal Revenue Code of 1986, as amended,
14 deducting federal income tax:

- 15 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 16 (2) 1% tax on the next \$3,000.00 or part thereof,
- 17 (3) 2% tax on the next \$2,500.00 or part thereof,
- 18 (4) 3% tax on the next \$1,400.00 or part thereof,
- 19 (5) 4% tax on the next \$1,500.00 or part thereof,
- 20 (6) 5% tax on the next \$1,600.00 or part thereof,
- 21 (7) 6% tax on the next \$1,250.00 or part thereof,
- 22 (8) 7% tax on the next \$1,750.00 or part thereof,
- 23 (9) 8% tax on the next \$3,000.00 or part thereof,
- 24 (10) 9% tax on the next \$6,000.00 or part thereof, and

1 (11) 10% tax on the remainder.

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

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

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

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

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

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

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

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

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

20 (h) 5.25% tax on the remainder for the 2009 and subsequent
21 tax years. The decrease in the top marginal
22 individual income tax rate otherwise authorized by
23 this subparagraph shall be contingent upon the
24 determination required to be made by the State Board

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.

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.

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

3 D. 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 of 1986, as amended, a tax of
6 eight percent (8%) instead of thirty percent (30%) as used in the
7 Internal Revenue Code of 1986, as amended, with respect to the
8 Oklahoma taxable income of such nonresident aliens as determined
9 under the provision of the Oklahoma 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.

5 E. Corporations. ~~For all taxable years beginning after~~
6 ~~December 31, 2021, a~~ A tax is hereby imposed upon the Oklahoma
7 taxable income of every corporation doing business within this state
8 or deriving income from sources within this state in an amount equal
9 to four percent (4%) for tax years 2022 through 2024, three percent
10 (3%) for tax year 2025, two percent (2%) for tax year 2026, and one
11 percent (1%) for tax year 2027 thereof. For tax year 2028 and
12 subsequent tax years, there shall be no income tax imposed upon the
13 Oklahoma taxable income of every corporation doing business within
14 this state or deriving income from sources within this state.

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

19 F. Certain foreign corporations. In lieu of the tax imposed in
20 the first paragraph of subsection D of this section, for all taxable
21 years beginning after December 31, 2021, there shall be imposed on
22 foreign corporations, as defined in the Internal Revenue Code of
23 1986, as amended, a tax of four percent (4%) instead of thirty
24 percent (30%) as used in the Internal Revenue Code of 1986, as

1 amended, where such income is received from sources within ~~Oklahoma~~
2 this state, in accordance with the provisions of the Internal
3 Revenue Code of 1986, as amended, and the Oklahoma Income Tax Act.

4 Every payer of amounts covered by this subsection shall deduct
5 and withhold from such amounts paid each payee an amount equal to
6 four percent (4%) thereof. Every payer required to deduct and
7 withhold taxes under this subsection shall for each quarterly period
8 on or before the last day of the month following the close of each
9 such quarterly period, pay over the amount so withheld as taxes to
10 the Tax Commission, and shall file a return with each such payment.
11 Such return shall be in such form as the Tax Commission shall
12 prescribe. Every payer required under this subsection to deduct and
13 withhold a tax from a payee shall, as to the total amounts paid to
14 each payee during the calendar year, furnish to such payee, on or
15 before January 31⁷ of the succeeding year, a written statement
16 showing the name of the payer, the name of the payee and the payee's
17 Social Security account number, if any, the total amounts paid
18 subject to taxation, the total amount deducted and withheld as tax,
19 and such other information as the Tax Commission may require. Any
20 payer who fails to withhold or pay to the Tax Commission any sums
21 herein required to be withheld or paid shall be personally and
22 individually liable therefor to the State of Oklahoma.

23 G. Fiduciaries. A tax is hereby imposed upon the Oklahoma
24 taxable income of every trust and estate at the same rates as are
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1 provided in subsection B or C of this section for single
2 individuals. Fiduciaries are not allowed a deduction for any
3 federal income tax paid.

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

17 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2370, is
18 amended to read as follows:

19 Section 2370. A. For ~~taxable years beginning after December~~
20 ~~31, 2021, for~~ the privilege of doing business within this state,
21 every state banking association, national banking association and
22 credit union organized under the laws of this state, located or
23 doing business within the limits of ~~the State of Oklahoma~~ this state
24 shall annually pay to this state a privilege tax at the rate of four

1 percent (4%) for tax years 2022 through 2024, three percent (3%) for
2 tax year 2025, two percent (2%) for tax year 2026, and one percent
3 (1%) for tax year 2027 of the amount of the taxable income as
4 provided in this section. For tax year 2028 and subsequent tax
5 years, there shall be no tax imposed.

6 B. 1. The privilege tax levied by this section shall be in
7 addition to the Business Activity Tax levied in Section 1218 of this
8 title and the franchise tax levied in Article 12 of this title and
9 in lieu of the tax levied by Section 2355 of this title and in lieu
10 of all taxes levied by ~~the State of Oklahoma~~ this state, or any
11 subdivision thereof, upon the shares of stock or personal property
12 of any banking association or credit union subject to taxation under
13 this section.

14 2. Nothing in this section shall be construed to exempt the
15 real property of any banking associations or credit unions from
16 taxation to the same extent, according to its value, as other real
17 property is taxed. Nothing herein shall be construed to exempt an
18 association from payment of any fee or tax authorized or levied
19 pursuant to the banking laws.

20 3. Personal property which is subject to a lease agreement
21 between a bank or credit union, as lessor, and a nonbanking business
22 entity or individual, as lessee, is not exempt from personal
23 property ad valorem taxation. Provided further, that it shall be
24 the duty of the lessee of such personal property to return sworn
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1 lists or schedules of their taxable property within each county to
2 the county assessor of such county as provided in Sections 2433 and
3 2434 of this title.

4 C. Any tax levied under this section shall accrue on the last
5 day of the taxable year and be payable as provided in Section 2375
6 of this title. The accrual of such tax for the first taxable year
7 to which ~~this act~~ the Oklahoma Income Tax Act applies, shall apply
8 notwithstanding the prior accrual of a tax in the same taxable year
9 based upon the net income of the next preceding taxable year;
10 provided, however, any additional deduction enuring to the benefit
11 of the taxpayer shall be deducted in accordance with the optional
12 transitional deduction procedures in Section 2354 of this title.

13 D. The basis of the tax shall be United States taxable income
14 as defined in paragraph 10 of Section 2353 of this title and any
15 adjustments thereto under the provisions of Section 2358 of this
16 title with the following adjustments:

17 1. There shall be deducted all interest income on obligations
18 of the United States government and agencies thereof not otherwise
19 exempted and all interest income on obligations of ~~the State of~~
20 ~~Oklahoma~~ this state or political subdivisions thereof, including
21 public trust authorities, not otherwise exempted under the laws of
22 this state; and

23 2. Expense deductions claimed in arriving at taxable income
24 under paragraph 10 of Section 2353 of this title shall be reduced by

1 an amount equal to fifty percent (50%) of excluded interest income
2 on obligations of the United States government or agencies thereof
3 and obligations of ~~the State of Oklahoma~~ this state or political
4 subdivisions thereof.

5 E. 1. Except as otherwise provided in paragraph 2 of this
6 subsection, before January 1, 2017, there shall be allowed a credit
7 against the tax levied in subsection A of this section in an amount
8 equal to the amount of taxable income received by a participating
9 financial institution as defined in Section 90.2 of Title 62 of the
10 Oklahoma Statutes pursuant to a loan made under the Rural Economic
11 Development Loan Act. Such credit shall be limited each year to
12 five percent (5%) of the amount of annual payroll certified by the
13 Oklahoma Rural Economic Development Loan Program Review Board
14 pursuant to the provisions of paragraph 3 of subsection B of Section
15 90.4 of Title 62 of the Oklahoma Statutes with respect to the loan
16 made by the participating financial institution and may be claimed
17 for any number of years necessary until the amount of total credits
18 claimed is equal to the total amount of taxable income received by
19 the participating financial institution pursuant to the loan. Any
20 credit allowed but not used in a taxable year may be carried forward
21 for a period not to exceed five (5) taxable years. In no event
22 shall a credit allowed pursuant to the provisions of this subsection
23 be transferable or refundable.

1 2. No credit otherwise authorized by the provisions of this
2 subsection may be claimed for any event, transaction, investment,
3 expenditure or other act occurring on or after July 1, 2010, for
4 which the credit would otherwise be allowable. The provisions of
5 this paragraph shall cease to be operative on July 1, 2012.
6 Beginning July 1, 2012, the credit authorized by this subsection may
7 be claimed for any event, transaction, investment, expenditure or
8 other act occurring on or after July 1, 2012, according to the
9 provisions of this subsection.

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

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