

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 2508 By: Sears, Echols and Osborn of
3 the House
4 and
5 Mazzei of the Senate

6 An Act relating to revenue and taxation; ***
7 modifying income tax rates applicable to taxable
8 income of individuals; modifying certain tax rate
9 based upon effect of *** providing for modified
10 income tax rate based on certain revenue
determinations *** revenue determinations by the
State Board of Equalization; *** providing for
codification; and providing an effective date.

11 AMENDMENT NO. 1. Page 1, strike the title to read

12 "[revenue and taxation - income tax rates - top
13 marginal income tax rate - revenue determinations -
14 corporate income tax rate - repealer - codification -
effective date]"

15 Passed the Senate the 22nd day of April, 2014.

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18 Presiding Officer of the Senate

19 Passed the House of Representatives the ____ day of _____,
20 2014.

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23 Presiding Officer of the House
of Representatives
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1 ENGROSSED HOUSE
2 BILL NO. 2508

By: Sears, Echols and Osborn of
the House

3 and

4 Mazzei of the Senate
5
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7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 2355, as amended by Section 2,
9 Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2013, Section
10 2355), which relates to income tax rates; modifying
11 provisions as enacted pursuant to Enrolled House Bill
12 No. 2032 of the 1st Session of the 54th Oklahoma
13 Legislature; amending 68 O.S. 2011, Section 2355, as
14 last amended by Section 1 of this act, which relates
15 to income tax rates; modifying income tax rates
16 applicable to taxable income of individuals;
17 modifying certain tax rate based upon effect of
18 provisions related to top marginal income tax rate;
19 providing for decrease in top marginal income tax
20 rate based on certain revenue determinations by the
21 State Board of Equalization; modifying reference to
22 certain taxable years with respect to income tax on
23 corporations; prescribing income tax rate; providing
24 for modified income tax rate based on certain revenue
determinations; prescribing method for certain
revenue determinations by the State Board of
Equalization; prescribing method for revenue
determinations to implement certain decrease in
individual income tax rate; prescribing duties with
respect to revenue determinations; prescribing method
for certain revenue determinations by the State Board
of Equalization; prescribing method for revenue
determinations to implement certain decrease in
corporate income tax rate; prescribing duties with
respect to revenue determinations; repealing Section
3, Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2013,
Section 2355.1E), which relates to certain revenue
determinations by the State Board of Equalization;
providing for codification; and providing an
effective date.

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

2 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as
3 amended by Section 2, Chapter 253, O.S.L. 2013 (68 O.S. Supp. 2013,
4 Section 2355), is amended to read as follows:

5 Section 2355. A. Individuals. For all taxable years beginning
6 after December 31, 1998~~7~~ and before January 1, 2006, a tax is hereby
7 imposed upon the Oklahoma taxable income of every resident or
8 nonresident individual, which tax shall be computed at the option of
9 the taxpayer under one of the two following methods:

10 1. METHOD 1.

11 a. Single individuals and married individuals filing
12 separately not deducting federal income tax:

13 (1) 1/2% tax on first \$1,000.00 or part thereof,

14 (2) 1% tax on next \$1,500.00 or part thereof,

15 (3) 2% tax on next \$1,250.00 or part thereof,

16 (4) 3% tax on next \$1,150.00 or part thereof,

17 (5) 4% tax on next \$1,300.00 or part thereof,

18 (6) 5% tax on next \$1,500.00 or part thereof,

19 (7) 6% tax on next \$2,300.00 or part thereof, and

20 (8) (a) for taxable years beginning after December

21 31, 1998, and before January 1, 2002, 6.75%

22 tax on the remainder,

23

24

- 1 (b) for taxable years beginning on or after
2 January 1, 2002, and before January 1, 2004,
3 7% tax on the remainder, and
4 (c) for taxable years beginning on or after
5 January 1, 2004, 6.65% 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 not deducting federal income tax:

- 12 (1) 1/2% tax on first \$2,000.00 or part thereof,
13 (2) 1% tax on next \$3,000.00 or part thereof,
14 (3) 2% tax on next \$2,500.00 or part thereof,
15 (4) 3% tax on next \$2,300.00 or part thereof,
16 (5) 4% tax on next \$2,400.00 or part thereof,
17 (6) 5% tax on next \$2,800.00 or part thereof,
18 (7) 6% tax on next \$6,000.00 or part thereof, and
19 (8) (a) for taxable years beginning after December
20 31, 1998, and before January 1, 2002, 6.75%
21 tax on the remainder,
22 (b) for taxable years beginning on or after
23 January 1, 2002, and before January 1, 2004,
24 7% tax on the remainder, and

(c) for taxable years beginning on or after
January 1, 2004, 6.65% tax on the remainder.

2. METHOD 2.

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

- (1) 1/2% tax on first \$1,000.00 or part thereof,
- (2) 1% tax on next \$1,500.00 or part thereof,
- (3) 2% tax on next \$1,250.00 or part thereof,
- (4) 3% tax on next \$1,150.00 or part thereof,
- (5) 4% tax on next \$1,200.00 or part thereof,
- (6) 5% tax on next \$1,400.00 or part thereof,
- (7) 6% tax on next \$1,500.00 or part thereof,
- (8) 7% tax on next \$1,500.00 or part thereof,
- (9) 8% tax on next \$2,000.00 or part thereof,
- (10) 9% tax on next \$3,500.00 or part thereof, and
- (11) 10% tax on the remainder.

b. Married individuals filing jointly and surviving
spouse to the extent and in the manner that a
surviving spouse is permitted to file a joint return
under the provisions of the Internal Revenue Code and
heads of households as defined in the Internal Revenue
Code deducting federal income tax:

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

- (3) 2% tax on the next \$2,500.00 or part thereof,
- (4) 3% tax on the next \$1,400.00 or part thereof,
- (5) 4% tax on the next \$1,500.00 or part thereof,
- (6) 5% tax on the next \$1,600.00 or part thereof,
- (7) 6% tax on the next \$1,250.00 or part thereof,
- (8) 7% tax on the next \$1,750.00 or part thereof,
- (9) 8% tax on the next \$3,000.00 or part thereof,
- (10) 9% tax on the next \$6,000.00 or part thereof, and
- (11) 10% tax on the remainder.

B. Individuals. For all taxable years beginning on or after January 1, 2008, ~~and ending not later than December 31, 2014,~~ a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed as follows:

1. Single individuals and married individuals filing separately:

- (a) 1/2% tax on first \$1,000.00 or part thereof,
- (b) 1% tax on next \$1,500.00 or part thereof,
- (c) 2% tax on next \$1,250.00 or part thereof,
- (d) 3% tax on next \$1,150.00 or part thereof,
- (e) 4% tax on next \$2,300.00 or part thereof,
- (f) 5% tax on next \$1,500.00 or part thereof,
- (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and

(h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by this subparagraph shall be contingent upon the determination required to be made by the State Board of Equalization pursuant to Section 2355.1A of this title.

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

- (a) 1/2% tax on first \$2,000.00 or part thereof,
- (b) 1% tax on next \$3,000.00 or part thereof,
- (c) 2% tax on next \$2,500.00 or part thereof,
- (d) 3% tax on next \$2,300.00 or part thereof,
- (e) 4% tax on next \$2,400.00 or part thereof,
- (f) 5% tax on next \$2,800.00 or part thereof,
- (g) 5.50% tax on the remainder for the 2008 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and
- (h) 5.25% tax on the remainder for the 2009 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by

1 this subparagraph shall be contingent upon the
2 determination required to be made by the State Board
3 of Equalization pursuant to Section 2355.1A of this
4 title.

5 ~~C. Individuals. For all taxable years beginning on or after~~
6 ~~January 1, 2015, 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 the remainder for the 2015 tax year and any~~
17 ~~subsequent tax year unless the rate prescribed by~~
18 ~~subparagraph (g) of this paragraph is in effect, and~~
- 19 ~~(g) 4.85% tax on the remainder for tax year 2016 and~~
20 ~~subsequent tax years. The decrease in the top~~
21 ~~marginal individual income tax rate otherwise~~
22 ~~authorized by this subparagraph shall be contingent~~
23 ~~upon the determination required to be made by the~~

~~State Board of Equalization pursuant to Section 3 of
this act.~~

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

- ~~(a) 1/2% tax on first \$2,000.00 or part thereof,~~
- ~~(b) 1% tax on next \$3,000.00 or part thereof,~~
- ~~(c) 2% tax on next \$2,500.00 or part thereof,~~
- ~~(d) 3% tax on next \$2,300.00 or part thereof,~~
- ~~(e) 4% tax on next \$2,400.00 or part thereof,~~
- ~~(f) 5% tax on the remainder for the 2015 tax year and any
subsequent tax year unless the rate prescribed by
subparagraph (g) of this paragraph is in effect, and~~
- ~~(g) 4.85% tax on the remainder for tax year 2016 and
subsequent tax years. The decrease in the top
marginal individual income tax rate otherwise
authorized by this subparagraph shall be contingent
upon the determination required to be made by the
State Board of Equalization pursuant to Section 3 of
this act.~~

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

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

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

1 sums herein required to be withheld or paid shall be personally and
2 individually liable therefor to the State of Oklahoma.

3 ~~F.~~ D. Corporations. For all taxable years beginning after
4 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable
5 income of every corporation doing business within this state or
6 deriving income from sources within this state in an amount equal to
7 six percent (6%) thereof.

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

12 ~~F.~~ E. Certain foreign corporations. In lieu of the tax imposed
13 in the first paragraph of subsection ~~D~~ C of this section, for all
14 taxable years beginning after December 31, 1989, there shall be
15 imposed on foreign corporations, as defined in the Internal Revenue
16 Code, a tax of six percent (6%) instead of thirty percent (30%) as
17 used in the Internal Revenue Code, where such income is received
18 from sources within Oklahoma, in accordance with the provisions of
19 the Internal Revenue Code and the Oklahoma Income 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 six percent (6%) 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, 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.~~ F. 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~~ of this section for single
18 individuals. Fiduciaries are not allowed a deduction for any
19 federal income tax paid.

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

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

10 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2355, as
11 last amended by Section 1 of this act, is amended to read as
12 follows:

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

18 1. METHOD 1.

19 a. Single individuals and married individuals filing
20 separately not 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,

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

b. Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code not deducting federal income tax:

- (1) 1/2% tax on first \$2,000.00 or part thereof,
- (2) 1% tax on next \$3,000.00 or part thereof,
- (3) 2% tax on next \$2,500.00 or part thereof,
- (4) 3% tax on next \$2,300.00 or part thereof,
- (5) 4% tax on next \$2,400.00 or part thereof,
- (6) 5% tax on next \$2,800.00 or part thereof,
- (7) 6% tax on next \$6,000.00 or part thereof, and

- 1 (8) (a) for taxable years beginning after December
2 31, 1998, and before January 1, 2002, 6.75%
3 tax on the remainder,
4 (b) for taxable years beginning on or after
5 January 1, 2002, and before January 1, 2004,
6 7% tax on the remainder, and
7 (c) for taxable years beginning on or after
8 January 1, 2004, 6.65% tax on the remainder.

9 2. METHOD 2.

10 a. Single individuals and married individuals filing
11 separately deducting federal income tax:

- 12 (1) 1/2% tax on first \$1,000.00 or part thereof,
13 (2) 1% tax on next \$1,500.00 or part thereof,
14 (3) 2% tax on next \$1,250.00 or part thereof,
15 (4) 3% tax on next \$1,150.00 or part thereof,
16 (5) 4% tax on next \$1,200.00 or part thereof,
17 (6) 5% tax on next \$1,400.00 or part thereof,
18 (7) 6% tax on next \$1,500.00 or part thereof,
19 (8) 7% tax on next \$1,500.00 or part thereof,
20 (9) 8% tax on next \$2,000.00 or part thereof,
21 (10) 9% tax on next \$3,500.00 or part thereof, and
22 (11) 10% tax on the remainder.

23 b. Married individuals filing jointly and surviving
24 spouse to the extent and in the manner that a

1 surviving spouse is permitted to file a joint return
2 under the provisions of the Internal Revenue Code and
3 heads of households as defined in the Internal Revenue
4 Code deducting federal income tax:

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

16 B. Individuals. For all taxable years beginning on or after
17 January 1, ~~2008~~ 2016, a tax is hereby imposed upon the Oklahoma
18 taxable income of every resident or nonresident individual, which
19 tax shall be computed as follows:

20 1. Single individuals and married individuals filing
21 separately:

- 22 (a) 1/2% tax on first \$1,000.00 or part thereof,
- 23 (b) 1% tax on next \$1,500.00 or part thereof,
- 24 (c) 2% tax on next \$1,250.00 or part thereof,

- (d) 3% tax on next \$1,150.00 or part thereof,
- (e) 4% tax on next \$2,300.00 or part thereof,
- (f) 5% tax on next \$1,500.00 or part thereof unless the rate prescribed by subparagraph (h) of this paragraph is in effect for which tax years the rate of tax otherwise prescribed by this paragraph shall not be imposed,
- (g) ~~5.50%~~ 5.25% tax on the remainder for the ~~2008~~ 2016 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and
- (h) ~~5.25%~~ 5% tax on the remainder for the ~~2009~~ 2016 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by this subparagraph shall be contingent upon the determination required to be made by the State Board of Equalization pursuant to Section ~~2355.1A~~ 3 of this ~~title~~ act.

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

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

- (b) 1% tax on next \$3,000.00 or part thereof,
- (c) 2% tax on next \$2,500.00 or part thereof,
- (d) 3% tax on next \$2,300.00 or part thereof,
- (e) 4% tax on next \$2,400.00 or part thereof,
- (f) 5% tax on next \$2,800.00 or part thereof unless the rate prescribed by subparagraph (h) of this paragraph is in effect for which tax years the rate of tax otherwise prescribed by this paragraph shall not be imposed,
- (g) ~~5.50%~~ 5.25% tax on the remainder for the ~~2008~~ 2016 tax year and any subsequent tax year unless the rate prescribed by subparagraph (h) of this paragraph is in effect, and
- (h) ~~5.25%~~ 5% tax on the remainder for the ~~2009~~ 2016 and subsequent tax years. The decrease in the top marginal individual income tax rate otherwise authorized by this subparagraph shall be contingent upon the determination required to be made by the State Board of Equalization pursuant to Section ~~2355.1A~~ 3 of this ~~title~~ act.

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

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

1 defined in the Internal Revenue Code, a tax of eight percent (8%)
2 instead of thirty percent (30%) as used in the Internal Revenue
3 Code, with respect to the Oklahoma taxable income of such
4 nonresident aliens as determined under the provision of the Oklahoma
5 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 Tax Commission, and shall file a return with each such payment.
13 Such return shall be in such form as the Tax Commission shall
14 prescribe. Every payer required under this subsection to deduct and
15 withhold a tax from a payee shall, as to the total amounts paid to
16 each payee during the calendar year, furnish to such payee, on or
17 before January 31, of the succeeding year, a written statement
18 showing the name of the payer, the name of the payee and the payee's
19 social security account number, if any, the total amount paid
20 subject to taxation, and the total amount deducted and withheld as
21 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.

1 D. Corporations. For all taxable years beginning ~~after~~
2 ~~December 31, 1989~~ on or after January 1, 2014, a tax is hereby
3 imposed upon the Oklahoma taxable income of every corporation doing
4 business within this state or deriving income from sources within
5 this state in an amount equal to ~~six percent (6%) thereof~~:

6 1. Six percent (6%) for the 2014 tax year and any subsequent
7 tax year unless the rate prescribed by paragraph 2 of this
8 subsection is in effect; or

9 2. Five percent (5%) for tax year 2016 and subsequent tax
10 years. The decrease in the corporate income tax rate otherwise
11 authorized by this paragraph shall be contingent upon the
12 determination required to be made by the State Board of Equalization
13 pursuant to Section 4 of this act.

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

18 E. Certain foreign corporations. In lieu of the tax imposed in
19 the first paragraph of subsection C of this section, for all taxable
20 years beginning after December 31, 1989, there shall be imposed on
21 foreign corporations, as defined in the Internal Revenue Code, a tax
22 of six percent (6%) instead of thirty percent (30%) as used in the
23 Internal Revenue Code, where such income is received from sources
24

1 within Oklahoma, in accordance with the provisions of the Internal
2 Revenue Code and the 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 six percent (6%) 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 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 F. 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 of this section for single individuals.

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

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

16 SECTION 3. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 2355.1G of Title 68, unless
18 there is created a duplication in numbering, reads as follows:

19 A. The provisions of this section shall be applicable with
20 respect to the implementation of the decreases in the top marginal
21 rate of individual income tax otherwise authorized pursuant to the
22 provisions of subparagraph (h) of paragraphs 1 and 2 of subsection B
23 of Section 2355 of Title 68 of the Oklahoma Statutes, which shall be
24 contingent upon a determination by the State Board of Equalization

1 made by a comparison of the revenue computations described by this
2 section which shall be conducted until the income tax rate of five
3 percent (5%) is effective.

4 B. In addition to any other duties prescribed by law, at the
5 meeting required by paragraph 1 of Section 23 of Article X of the
6 Oklahoma Constitution to be held in December 2014, and for any
7 subsequent December meeting of the State Board of Equalization if
8 the top marginal income tax rate prescribed by subparagraph (h) of
9 paragraphs 1 and 2 of subsection B of Section 2355 of Title 68 of
10 the Oklahoma Statutes has not become effective, the State Board of
11 Equalization shall determine:

12 1. The amount of estimated revenue growth in the General
13 Revenue Fund of the State Treasury for the fiscal year beginning on
14 the next ensuing July 1; and

15 2. The amount by which the income tax revenue for the tax year
16 which will begin on the second January 1 following such December
17 meeting is estimated to be reduced by a twenty-five-hundredths-
18 percent decrease in the top marginal income tax rate, in order for a
19 top marginal income tax rate of five percent (5%) to be effective.

20 If the amount determined pursuant to the provisions of paragraph
21 1 of this subsection is equal to or greater than the amount
22 determined pursuant to the provisions of paragraph 2 of this
23 subsection, the Board shall make a preliminary finding that the
24 Board anticipates that a finding will be made at the February

1 meeting immediately subsequent to the December meeting that the
2 revenue computations required by this section will authorize the
3 implementation of the provisions of subparagraph (h) of paragraphs 1
4 and 2 of subsection B of Section 2355 of Title 68 of the Oklahoma
5 Statutes beginning on the second January 1 following the December
6 meeting.

7 If the amount determined pursuant to the provisions of paragraph
8 1 of this subsection is less than the amount determined pursuant to
9 the provisions of paragraph 2 of this subsection, the Board shall
10 make a preliminary finding that the Board anticipates that a finding
11 will be made at the February meeting immediately subsequent to the
12 December meeting that the revenue computations required by this
13 section will not authorize the implementation of the provisions of
14 subparagraph (h) of paragraphs 1 and 2 of subsection B of Section
15 2355 of Title 68 of the Oklahoma Statutes beginning on the second
16 January 1 following the December meeting.

17 C. In addition to any other duties prescribed by law, at the
18 meeting required by paragraph 3 of Section 23 of Article X of the
19 Oklahoma Constitution to be held in February 2015, and for any
20 subsequent February meeting of the State Board of Equalization if
21 the top marginal income tax rate prescribed by subparagraph (h) of
22 paragraphs 1 and 2 of subsection B of Section 2355 of Title 68 of
23 the Oklahoma Statutes has not become effective, the State Board of
24 Equalization shall determine:

1 1. The amount of estimated revenue growth in the General
2 Revenue Fund of the State Treasury for the fiscal year beginning on
3 the next ensuing July 1; and

4 2. The amount by which the income tax revenue for the tax year
5 which will begin on the January 1 immediately following the February
6 meeting is estimated to be reduced by a twenty-five-hundredths-
7 percent decrease in the top marginal income tax rate, in order for a
8 top marginal income tax rate of five percent (5%) to be effective.

9 If the amount determined pursuant to the provisions of paragraph
10 1 of this subsection is equal to or greater than the amount
11 determined pursuant to the provisions of paragraph 2 of this
12 subsection, the Board shall make a finding that the revenue
13 computations required by this section will authorize the
14 implementation of the provisions of subparagraph (h) of paragraphs 1
15 and 2 of subsection B of Section 2355 of Title 68 of the Oklahoma
16 Statutes beginning on the January 1 immediately following the
17 February meeting.

18 If the amount determined pursuant to the provisions of paragraph
19 1 of this subsection is less than the amount determined pursuant to
20 the provisions of paragraph 2 of this subsection, the Board shall
21 make a finding that the revenue computations required by this
22 section do not authorize the implementation of the provisions of
23 subparagraph (h) of paragraphs 1 and 2 of subsection B of Section
24

1 2355 of Title 68 of the Oklahoma Statutes beginning with the January
2 1 immediately following the February meeting.

3 D. If the Board makes a finding that the revenue computations
4 required by this section do not authorize the implementation of the
5 provisions of subparagraph (h) of paragraphs 1 and 2 of subsection B
6 of Section 2355 of Title 68 of the Oklahoma Statutes beginning with
7 calendar year 2016 pursuant to the provisions of subsection C of
8 this section, the procedures prescribed by subsections A, B and C of
9 this section shall be repeated by the State Board of Equalization
10 for each successive two-year comparison. Once the income tax rate
11 otherwise authorized pursuant to subparagraph (h) of paragraphs 1
12 and 2 of subsection B of Section 2355 of Title 68 of the Oklahoma
13 Statutes has been implemented, such income tax rate shall be in
14 effect for the tax years as prescribed by subparagraph (h) of
15 paragraphs 1 and 2 of subsection B of Section 2355 of Title 68 of
16 the Oklahoma Statutes.

17 SECTION 4. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 2355.1F of Title 68, unless
19 there is created a duplication in numbering, reads as follows:

20 A. The provisions of this section shall be applicable with
21 respect to the implementation of the decrease in the rate of
22 corporate income tax otherwise authorized pursuant to the provisions
23 of paragraph 2 of subsection D of Section 2355 of Title 68 of the
24 Oklahoma Statutes, which shall be contingent upon a determination by

1 the State Board of Equalization made by a comparison of the revenue
2 computations described by this section which shall be conducted
3 until the corporate tax rate of five percent (5%) is effective.

4 B. In addition to any other duties prescribed by law, at the
5 meeting required by paragraph 1 of Section 23 of Article X of the
6 Oklahoma Constitution to be held in December 2014, and for any
7 subsequent December meeting of the State Board of Equalization if
8 the corporate income tax rate prescribed by paragraph 2 of
9 subsection D of Section 2355 of Title 68 of the Oklahoma Statutes
10 has not become effective, the State Board of Equalization shall
11 determine:

12 1. The amount of estimated revenue growth in the General
13 Revenue Fund of the State Treasury for the fiscal year beginning on
14 the next ensuing July 1; and

15 2. The amount by which the income tax revenue for the tax year
16 which will begin on the second January 1 following such December
17 meeting is estimated to be reduced by a one-percent decrease in the
18 corporate income tax rate, in order for a corporate income tax rate
19 of five percent (5%) to be effective.

20 If the amount determined pursuant to the provisions of paragraph
21 1 of this subsection is equal to or greater than the amount
22 determined pursuant to the provisions of paragraph 2 of this
23 subsection, the Board shall make a preliminary finding that the
24 Board anticipates that a finding will be made at the February

1 meeting immediately subsequent to the December meeting that the
2 revenue computations required by this section will authorize the
3 implementation of the provisions of paragraph 2 of subsection D of
4 Section 2355 of Title 68 of the Oklahoma Statutes beginning on the
5 second January 1 following the December meeting.

6 If the amount determined pursuant to the provisions of paragraph
7 1 of this subsection is less than the amount determined pursuant to
8 the provisions of paragraph 2 of this subsection, the Board shall
9 make a preliminary finding that the Board anticipates that a finding
10 will be made at the February meeting immediately subsequent to the
11 December meeting that the revenue computations required by this
12 section will not authorize the implementation of the provisions of
13 paragraph 2 of subsection D of Section 2355 of Title 68 of the
14 Oklahoma Statutes beginning on the second January 1 following the
15 December meeting.

16 C. In addition to any other duties prescribed by law, at the
17 meeting required by paragraph 3 of Section 23 of Article X of the
18 Oklahoma Constitution to be held in February 2015, and for any
19 subsequent February meeting of the State Board of Equalization if
20 the corporate income tax rate prescribed by paragraph 2 of
21 subsection D of Section 2355 of Title 68 of the Oklahoma Statutes
22 has not become effective, the State Board of Equalization shall
23 determine:
24

1 1. The amount of estimated revenue growth in the General
2 Revenue Fund of the State Treasury for the fiscal year beginning on
3 the next ensuing July 1; and

4 2. The amount by which the income tax revenue for the tax year
5 which will begin on the January 1 immediately following the February
6 meeting is estimated to be reduced by a one-percent decrease in the
7 corporate income tax rate, in order for a corporate income tax rate
8 of five percent (5%) to be effective.

9 If the amount determined pursuant to the provisions of paragraph
10 1 of this subsection is equal to or greater than the amount
11 determined pursuant to the provisions of paragraph 2 of this
12 subsection, the Board shall make a finding that the revenue
13 computations required by this section will authorize the
14 implementation of the provisions of paragraph 2 of subsection D of
15 Section 2355 of Title 68 of the Oklahoma Statutes beginning on the
16 January 1 immediately following the February meeting.

17 If the amount determined pursuant to the provisions of paragraph
18 1 of this subsection is less than the amount determined pursuant to
19 the provisions of paragraph 2 of this subsection, the Board shall
20 make a finding that the revenue computations required by this
21 section do not authorize the implementation of the provisions of
22 paragraph 2 of subsection D of Section 2355 of Title 68 of the
23 Oklahoma Statutes beginning with the January 1 immediately following
24 the February meeting.

1 D. If the Board makes a finding that the revenue computations
2 required by this section do not authorize the implementation of the
3 provisions of paragraph 2 of subsection D of Section 2355 of Title
4 68 of the Oklahoma Statutes beginning with calendar year 2016
5 pursuant to the provisions of subsection C of this section, the
6 procedures prescribed by subsection A, subsection B, and subsection
7 C of this section shall be repeated by the State Board of
8 Equalization for each successive two-year comparison. Once the
9 income tax rate otherwise authorized pursuant to paragraph 2 of
10 subsection D of Section 2355 of Title 68 of the Oklahoma Statutes
11 has been implemented, such income tax rate shall be in effect for
12 the tax years as prescribed by paragraph 2 of subsection D of
13 Section 2355 of Title 68 of the Oklahoma Statutes.

14 SECTION 5. REPEALER Section 3, Chapter 253, O.S.L. 2013
15 (68 O.S. Supp. 2013, Section 2355.1E), is hereby repealed.

16 SECTION 6. This act shall become effective January 1, 2016.
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1 Passed the House of Representatives the 6th day of March, 2014.

2
3 _____
4 Presiding Officer of the House
5 of Representatives

6 Passed the Senate the ____ day of _____, 2014.

7
8 _____
9 Presiding Officer of the Senate