

1 STATE OF OKLAHOMA

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

3 SENATE BILL 322

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 limiting tax to certain tax years; updating statutory
16 references; updating statutory language; and
17 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

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.
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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~~ tax years 2022 through 2024, a tax is hereby
7 imposed upon the Oklahoma taxable income of every corporation doing
8 business within this state or deriving income from sources within
9 this state in an amount equal to four percent (4%) thereof. For tax
10 year 2025 and subsequent tax years, there shall be no income tax
11 imposed upon the Oklahoma taxable income of every corporation doing
12 business within this state or deriving income from sources within
13 this state.

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 of 1986, as amended.

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

1 this state, in accordance with the provisions of the Internal
2 Revenue Code of 1986, as amended, 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 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~~7~~, 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. 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 of this section for single
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1 individuals. Fiduciaries are not allowed a deduction for any
2 federal income tax paid.

3 H. 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 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 subsection A, B or C 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 2. AMENDATORY 68 O.S. 2021, Section 2370, is
17 amended to read as follows:

18 Section 2370. A. For ~~taxable years beginning after December~~
19 ~~31, 2021~~ tax years 2022 through 2024, for the privilege of doing
20 business within this state, every state banking association,
21 national banking association and credit union organized under the
22 laws of this state, located or doing business within the limits of
23 ~~the State of Oklahoma~~ this state shall annually pay to this state a
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1 privilege tax at the rate of four percent (4%) of the amount of the
2 taxable income as provided in this section.

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

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

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

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

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

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

20 2. Expense deductions claimed in arriving at taxable income
21 under paragraph 10 of Section 2353 of this title shall be reduced by
22 an amount equal to fifty percent (50%) of excluded interest income
23 on obligations of the United States government or agencies thereof
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1 and obligations of ~~the State of Oklahoma~~ this state or political
2 subdivisions thereof.

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

22 2. No credit otherwise authorized by the provisions of this
23 subsection may be claimed for any event, transaction, investment,
24 expenditure or other act occurring on or after July 1, 2010, for

1 which the credit would otherwise be allowable. The provisions of
2 this paragraph shall cease to be operative on July 1, 2012.
3 Beginning July 1, 2012, the credit authorized by this subsection may
4 be claimed for any event, transaction, investment, expenditure or
5 other act occurring on or after July 1, 2012, according to the
6 provisions of this subsection.

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

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