

1 ENGROSSED SENATE  
2 BILL NO. 304

3 By: Rader of the Senate

4 and

5 Kendrix and Hays of the  
6 House

7 [ income tax rate - adjustments - personal exemption  
8 - standard deduction - effective date ]

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

10 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as

11 last amended by Section 1, Chapter 27, 1st Extraordinary Session,

12 O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), is amended to read

13 as follows:

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

19 1. METHOD 1.

20 a. Single individuals and married individuals filing  
21 separately not deducting federal income tax:

- 22 (1) 1/2% tax on first \$1,000.00 or part thereof,  
23 (2) 1% tax on next \$1,500.00 or part thereof,  
24 (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 \$1,300.00 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 of 1986, as amended, and heads of households as defined in the Internal Revenue Code of 1986, as amended, 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
  - (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.

## 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.

1           b. Married individuals filing jointly and surviving  
2           spouse to the extent and in the manner that a  
3           surviving spouse is permitted to file a joint return  
4           under the provisions of the Internal Revenue Code of  
5           1986, as amended, and heads of households as defined  
6           in the Internal Revenue Code of 1986, as amended,  
7           deducting federal income tax:

- 8           (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 9           (2) 1% tax on the next \$3,000.00 or part thereof,
- 10          (3) 2% tax on the next \$2,500.00 or part thereof,
- 11          (4) 3% tax on the next \$1,400.00 or part thereof,
- 12          (5) 4% tax on the next \$1,500.00 or part thereof,
- 13          (6) 5% tax on the next \$1,600.00 or part thereof,
- 14          (7) 6% tax on the next \$1,250.00 or part thereof,
- 15          (8) 7% tax on the next \$1,750.00 or part thereof,
- 16          (9) 8% tax on the next \$3,000.00 or part thereof,
- 17          (10) 9% tax on the next \$6,000.00 or part thereof, and
- 18          (11) 10% tax on the remainder.

19           B. Individuals. For all taxable years beginning on or after

20 January 1, 2008, and ending any tax year which begins after December  
21 31, 2015, for which the determination required pursuant to Sections  
22 4 2355.1F and 5 2355.1G of this ~~æet~~ title is made by the State Board  
23 of Equalization, a tax is hereby imposed upon the Oklahoma taxable

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) 1/2% tax on first \$1,000.00 or part thereof,
- 6               (b) 1% tax on next \$1,500.00 or part thereof,
- 7               (c) 2% tax on next \$1,250.00 or part thereof,
- 8               (d) 3% tax on next \$1,150.00 or part thereof,
- 9               (e) 4% tax on next \$2,300.00 or part thereof,
- 10              (f) 5% tax on next \$1,500.00 or part thereof,
- 11              (g) 5.50% tax on the remainder for the 2008 tax year and  
12               any subsequent tax year unless the rate prescribed by  
13               subparagraph (h) of this paragraph is in effect, and
- 14              (h) 5.25% tax on the remainder for the 2009 and subsequent  
15               tax years. The decrease in the top marginal  
16               individual income tax rate otherwise authorized by  
17               this subparagraph shall be contingent upon the  
18               determination required to be made by the State Board  
19               of Equalization pursuant to Section 2355.1A of this  
20               title.

21       2. Married individuals filing jointly and surviving spouse to  
22       the extent and in the manner that a surviving spouse is permitted to  
23       file a joint return under the provisions of the Internal Revenue  
24

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

- 3            (a) 1/2% tax on first \$2,000.00 or part thereof,
- 4            (b) 1% tax on next \$3,000.00 or part thereof,
- 5            (c) 2% tax on next \$2,500.00 or part thereof,
- 6            (d) 3% tax on next \$2,300.00 or part thereof,
- 7            (e) 4% tax on next \$2,400.00 or part thereof,
- 8            (f) 5% tax on next \$2,800.00 or part thereof,
- 9            (g) 5.50% tax on the remainder for the 2008 tax year and  
10                 any subsequent tax year unless the rate prescribed by  
11                 subparagraph (h) of this paragraph is in effect, and
- 12            (h) 5.25% tax on the remainder for the 2009 and subsequent  
13                 tax years. The decrease in the top marginal  
14                 individual income tax rate otherwise authorized by  
15                 this subparagraph shall be contingent upon the  
16                 determination required to be made by the State Board  
17                 of Equalization pursuant to Section 2355.1A of this  
18                 title.

19      C. Individuals. For ~~all taxable years beginning on or after~~  
20      ~~January 1, 2024 tax year 2024~~, a tax is hereby imposed upon the  
21      Oklahoma taxable income of every resident or nonresident individual,  
22      which tax shall be computed as follows:

23      1. Single individuals and married individuals filing  
24      separately:

- 1                     (a) 0.25% tax on first \$1,000.00 or part thereof,  
2                     (b) 0.75% tax on next \$1,500.00 or part thereof,  
3                     (c) 1.75% tax on next \$1,250.00 or part thereof,  
4                     (d) 2.75% tax on next \$1,150.00 or part thereof,  
5                     (e) 3.75% tax on next \$2,300.00 or part thereof, and  
6                     (f) 4.75% tax on the remainder.

7       2. Married individuals filing jointly and surviving spouse to  
8       the extent and in the manner that a surviving spouse is permitted to  
9       file a joint return under the provisions of the Internal Revenue  
10      Code of 1986, as amended, and heads of households as defined in the  
11      Internal Revenue Code of 1986, as amended:

- 12                     (a) 0.25% tax on first \$2,000.00 or part thereof,  
13                     (b) 0.75% tax on next \$3,000.00 or part thereof,  
14                     (c) 1.75% tax on next \$2,500.00 or part thereof,  
15                     (d) 2.75% tax on next \$2,300.00 or part thereof,  
16                     (e) 3.75% tax on next \$4,600.00 or part thereof, and  
17                     (f) 4.75% tax on the remainder.

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

20       D. For tax year 2025 and subsequent tax years, a tax is hereby  
21       imposed upon the Oklahoma taxable income of every resident or  
22       nonresident individual, which tax shall be four and seventy-five  
23       one-hundredths percent (4.75%). No deduction for federal income

1    taxes paid shall be allowed to any taxpayer to arrive at taxable  
2    income.

3       E. 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 31<sup>st</sup> 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. F. 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 of 1986, as amended.

14       F. G. Certain foreign corporations. In lieu of the tax imposed  
15 in the first paragraph of subsection ~~D~~ E 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 of 1986, as amended, a tax of four percent (4%) instead of  
19 thirty percent (30%) as used in the Internal Revenue Code of 1986,  
20 as amended, where such income is received from sources within  
21 Oklahoma this state, in accordance with the provisions of the  
22 Internal Revenue Code of 1986, as amended, and the Oklahoma Income  
23 Tax Act.

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

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

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

15       SECTION 2.       AMENDATORY       68 O.S. 2021, Section 2358, as  
16 last amended by Section 155, Chapter 452, O.S.L. 2024 (68 O.S. Supp.  
17 2024, Section 2358), is amended to read as follows:

18       Section 2358. For all tax years beginning after December 31,  
19 1981, taxable income and adjusted gross income shall be adjusted to  
20 arrive at Oklahoma taxable income and Oklahoma adjusted gross income  
21 as required by this section.

22       A. The taxable income of any taxpayer shall be adjusted to  
23 arrive at Oklahoma taxable income for corporations and Oklahoma  
24 adjusted gross income for individuals, as follows:

1       1. There shall be added interest income on obligations of any  
2 state or political subdivision thereto which is not otherwise  
3 exempted pursuant to other laws of this state, to the extent that  
4 such interest is not included in taxable income and adjusted gross  
5 income.

6       2. There shall be deducted amounts included in such income that  
7 the state is prohibited from taxing because of the provisions of the  
8 Federal United States Constitution, the State Oklahoma Constitution,  
9 federal laws or laws of Oklahoma.

10      3. The amount of any federal net operating loss deduction shall  
11 be adjusted as follows:

12       a. For carryovers and carrybacks to taxable years  
13           beginning before January 1, 1981, the amount of any  
14           net operating loss deduction allowed to a taxpayer for  
15           federal income tax purposes shall be reduced to an  
16           amount which is the same portion thereof as the loss  
17           from sources within this state, as determined pursuant  
18           to this section and Section 2362 of this title, for  
19           the taxable year in which such loss is sustained is of  
20           the total loss for such year;

21       b. For carryovers and carrybacks to taxable years  
22           beginning after December 31, 1980, the amount of any  
23           net operating loss deduction allowed for the taxable  
24           year shall be an amount equal to the aggregate of the

Oklahoma net operating loss carryovers and carrybacks to such year. Oklahoma net operating losses shall be separately determined by reference to Section 172 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 172, as modified by the Oklahoma Income Tax Act, Section 2351 et seq. of this title, and shall be allowed without regard to the existence of a federal net operating loss. For tax years beginning after December 31, 2000, and ending before January 1, 2008, the years to which such losses may be carried shall be determined solely by reference to Section 172 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 172, with the exception that the terms "net operating loss" and "taxable income" shall be replaced with "Oklahoma net operating loss" and "Oklahoma taxable income". For tax years beginning after December 31, 2007, and ending before January 1, 2009, years to which such losses may be carried back shall be limited to two (2) years. For tax years beginning after December 31, 2008, the years to which such losses may be carried back shall be determined solely by reference to Section 172 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 172, with the exception that the terms "net

1                   operating loss" and "taxable income" shall be replaced  
2                   with "Oklahoma net operating loss" and "Oklahoma  
3                   taxable income".

4       4. Items of the following nature shall be allocated as  
5 indicated. Allowable deductions attributable to items separately  
6 allocable in subparagraphs a, b and c of this paragraph, whether or  
7 not such items of income were actually received, shall be allocated  
8 on the same basis as those items:

9                   a. Income from real and tangible personal property, such  
10                  as rents, oil and mining production or royalties, and  
11                  gains or losses from sales of such property, shall be  
12                  allocated in accordance with the situs of such  
13                  property;

14                   b. Income from intangible personal property, such as  
15                  interest, dividends, patent or copyright royalties,  
16                  and gains or losses from sales of such property, shall  
17                  be allocated in accordance with the domiciliary situs  
18                  of the taxpayer, except that:

19                   (1) where such property has acquired a nonunitary  
20                  business or commercial situs apart from the  
21                  domicile of the taxpayer such income shall be  
22                  allocated in accordance with such business or  
23                  commercial situs; interest income from  
24                  investments held to generate working capital for

1           a unitary business enterprise shall be included  
2           in apportionable income; a resident trust or  
3           resident estate shall be treated as having a  
4           separate commercial or business situs insofar as  
5           undistributed income is concerned, but shall not  
6           be treated as having a separate commercial or  
7           business situs insofar as distributed income is  
8           concerned,

- 9           (2) for taxable years beginning after December 31,  
10           2003, capital or ordinary gains or losses from  
11           the sale of an ownership interest in a publicly  
12           traded partnership, as defined by Section 7704(b)  
13           of the Internal Revenue Code of 1986, as amended,  
14           shall be allocated to this state in the ratio of  
15           the original cost of such partnership's tangible  
16           property in this state to the original cost of  
17           such partnership's tangible property everywhere,  
18           as determined at the time of the sale; if more  
19           than fifty percent (50%) of the value of the  
20           partnership's assets consists of intangible  
21           assets, capital or ordinary gains or losses from  
22           the sale of an ownership interest in the  
23           partnership shall be allocated to this state in  
24           accordance with the sales factor of the

1                    partnership for its first full tax period  
2                    immediately preceding its tax period during which  
3                    the ownership interest in the partnership was  
4                    sold; the provisions of this division shall only  
5                    apply if the capital or ordinary gains or losses  
6                    from the sale of an ownership interest in a  
7                    partnership do not constitute qualifying gain  
8                    receiving capital treatment as defined in  
9                    subparagraph a of paragraph 2 of subsection F of  
10                  this section,

11                  (3) income from such property which is required to be  
12                  allocated pursuant to the provisions of paragraph  
13                  5 of this subsection shall be allocated as herein  
14                  provided;

15                  c. Net income or loss from a business activity which is  
16                  not a part of business carried on within or without  
17                  the state of a unitary character shall be separately  
18                  allocated to the state in which such activity is  
19                  conducted;

20                  d. In the case of a manufacturing or processing  
21                  enterprise the business of which in ~~Oklahoma~~ this  
22                  state consists solely of marketing its products by:

23                  (1) sales having a situs without this state, shipped  
24                  directly to a point from without the state to a

1                    purchaser within the state, commonly known as  
2                    interstate sales,  
3                    (2) sales of the product stored in public warehouses  
4                    within the state pursuant to "in transit"  
5                    tariffs, as prescribed and allowed by the  
6                    Interstate Commerce Commission, to a purchaser  
7                    within the state,  
8                    (3) sales of the product stored in public warehouses  
9                    within the state where the shipment to such  
10                  warehouses is not covered by "in transit"  
11                  tariffs, as prescribed and allowed by the  
12                  Interstate Commerce Commission, to a purchaser  
13                  within or without the state,  
14                  the Oklahoma net income shall, at the option of the  
15                  taxpayer, be that portion of the total net income of  
16                  the taxpayer for federal income tax purposes derived  
17                  from the manufacture and/or processing and sales  
18                  everywhere as determined by the ratio of the sales  
19                  defined in this section made to the purchaser within  
20                  the state to the total sales everywhere. The term  
21                  "public warehouse" as used in this subparagraph means  
22                  a licensed public warehouse, the principal business of  
23                  which is warehousing merchandise for the public;  
24

1           e. In the case of insurance companies, Oklahoma taxable  
2           income shall be taxable income of the taxpayer for  
3           federal tax purposes, as adjusted for the adjustments  
4           provided pursuant to the provisions of paragraphs 1  
5           and 2 of this subsection, apportioned as follows:

6           (1) except as otherwise provided by division (2) of  
7           this subparagraph, taxable income of an insurance  
8           company for a taxable year shall be apportioned  
9           to this state by multiplying such income by a  
10          fraction, the numerator of which is the direct  
11          premiums written for insurance on property or  
12          risks in this state, and the denominator of which  
13          is the direct premiums written for insurance on  
14          property or risks everywhere. For purposes of  
15          this subsection, the term "direct premiums  
16          written" means the total amount of direct  
17          premiums written, assessments and annuity  
18          considerations as reported for the taxable year  
19          on the annual statement filed by the company with  
20          the Insurance Commissioner in the form approved  
21          by the National Association of Insurance  
22          Commissioners, or such other form as may be  
23          prescribed in lieu thereof,

(2) if the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the taxable income of such company shall be apportioned to this state by multiplying such income by a fraction, the numerator of which is the sum of (a) direct premiums written for insurance on property or risks in this state, plus (b) premiums written for reinsurance accepted in respect of property or risks in this state, and the denominator of which is the sum of (c) direct premiums written for insurance on property or risks everywhere, plus (d) premiums written for reinsurance accepted in respect of property or risks everywhere. For purposes of this paragraph, premiums written for reinsurance accepted in respect of property or risks in this state, whether or not otherwise determinable, may at the election of the company be determined on the basis of the proportion which premiums written for insurance accepted from companies commercially domiciled in Oklahoma this state bears to premiums written for reinsurance accepted from all sources, or alternatively in

1                   the proportion which the sum of the direct  
2                   premiums written for insurance on property or  
3                   risks in this state by each ceding company from  
4                   which reinsurance is accepted bears to the sum of  
5                   the total direct premiums written by each such  
6                   ceding company for the taxable year.

7       5. The net income or loss remaining after the separate  
8       allocation in paragraph 4 of this subsection, being that which is  
9       derived from a unitary business enterprise, shall be apportioned to  
10      this state on the basis of the arithmetical average of three factors  
11      consisting of property, payroll and sales or gross revenue  
12      enumerated as subparagraphs a, b and c of this paragraph. Net  
13      income or loss as used in this paragraph includes that derived from  
14      patent or copyright royalties, purchase discounts, and interest on  
15      accounts receivable relating to or arising from a business activity,  
16      the income from which is apportioned pursuant to this subsection,  
17      including the sale or other disposition of such property and any  
18      other property used in the unitary enterprise. Deductions used in  
19      computing such net income or loss shall not include taxes based on  
20      or measured by income. Provided, for corporations whose property  
21      for purposes of the tax imposed by Section 2355 of this title has an  
22      initial investment cost equaling or exceeding Two Hundred Million  
23      Dollars (\$200,000,000.00) and such investment is made on or after  
24      July 1, 1997, or for corporations which expand their property or

1 facilities in this state and such expansion has an investment cost  
2 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)  
3 over a period not to exceed three (3) years, and such expansion is  
4 commenced on or after January 1, 2000, the three factors shall be  
5 apportioned with property and payroll, each comprising twenty-five  
6 percent (25%) of the apportionment factor and sales comprising fifty  
7 percent (50%) of the apportionment factor. The apportionment  
8 factors shall be computed as follows:

9       a. The property factor is a fraction, the numerator of  
10      which is the average value of the taxpayer's real and  
11      tangible personal property owned or rented and used in  
12      this state during the tax period and the denominator  
13      of which is the average value of all the taxpayer's  
14      real and tangible personal property everywhere owned  
15      or rented and used during the tax period.

16       (1) Property, the income from which is separately  
17      allocated in paragraph 4 of this subsection,  
18      shall not be included in determining this  
19      fraction. The numerator of the fraction shall  
20      include a portion of the investment in  
21      transportation and other equipment having no  
22      fixed situs, such as rolling stock, buses, trucks  
23      and trailers, including machinery and equipment  
24      carried thereon, airplanes, salespersons'

1                         automobiles and other similar equipment, in the  
2                         proportion that miles traveled in ~~Oklahoma~~ this  
3                         state by such equipment bears to total miles  
4                         traveled,

5                         (2) Property owned by the taxpayer is valued at its  
6                         original cost. Property rented by the taxpayer  
7                         is valued at eight times the net annual rental  
8                         rate. Net annual rental rate is the annual  
9                         rental rate paid by the taxpayer, less any annual  
10                         rental rate received by the taxpayer from  
11                         subrentals,

12                         (3) The average value of property shall be determined  
13                         by averaging the values at the beginning and  
14                         ending of the tax period but the Oklahoma Tax  
15                         Commission may require the averaging of monthly  
16                         values during the tax period if reasonably  
17                         required to reflect properly the average value of  
18                         the taxpayer's property;

19                         b. The payroll factor is a fraction, the numerator of  
20                         which is the total compensation for services rendered  
21                         in the state during the tax period, and the  
22                         denominator of which is the total compensation for  
23                         services rendered everywhere during the tax period.  
24                         "Compensation", as used in this subsection, means

1           those paid-for services to the extent related to the  
2           unitary business but does not include officers'  
3           salaries, wages and other compensation.

4           (1) In the case of a transportation enterprise, the  
5           numerator of the fraction shall include a portion  
6           of such expenditure in connection with employees  
7           operating equipment over a fixed route, such as  
8           railroad employees, airline pilots, or bus  
9           drivers, in this state only a part of the time,  
10          in the proportion that mileage traveled in  
11          Oklahoma this state bears to total mileage  
12          traveled by such employees,

13          (2) In any case the numerator of the fraction shall  
14          include a portion of such expenditures in  
15          connection with itinerant employees, such as  
16          traveling salespersons, in this state only a part  
17          of the time, in the proportion that time spent in  
18          Oklahoma this state bears to total time spent in  
19          furtherance of the enterprise by such employees;

20          c. The sales factor is a fraction, the numerator of which  
21          is the total sales or gross revenue of the taxpayer in  
22          this state during the tax period, and the denominator  
23          of which is the total sales or gross revenue of the  
24          taxpayer everywhere during the tax period. "Sales",

1 as used in this subsection, does not include sales or  
2 gross revenue which are separately allocated in  
3 paragraph 4 of this subsection.

4 (1) Sales of tangible personal property have a situs  
5 in this state if the property is delivered or  
6 shipped to a purchaser other than the United  
7 States government, within this state regardless  
8 of the ~~FOB~~ Freight on Board (FOB) point or other  
9 conditions of the sale; or the property is  
10 shipped from an office, store, warehouse, factory  
11 or other place of storage in this state and (a)  
12 the purchaser is the United States government or  
13 (b) the taxpayer is not doing business in the  
14 state of the destination of the shipment.

15 (2) In the case of a railroad or interurban railway  
16 enterprise, the numerator of the fraction shall  
17 not be less than the allocation of revenues to  
18 this state as shown in its annual report to the  
19 Corporation Commission.

20 (3) In the case of an airline, truck or bus  
21 enterprise or freight car, tank car, refrigerator  
22 car or other railroad equipment enterprise, the  
23 numerator of the fraction shall include a portion  
24 of revenue from interstate transportation in the

1 proportion that interstate mileage traveled in  
2 ~~Oklahoma~~ this state bears to total interstate  
3 mileage traveled.

4 (4) In the case of an oil, gasoline or gas pipeline  
5 enterprise, the numerator of the fraction shall  
6 be either the total of traffic units of the  
7 enterprise within ~~Oklahoma~~ this state or the  
8 revenue allocated to ~~Oklahoma~~ this state based  
9 upon miles moved, at the option of the taxpayer,  
10 and the denominator of which shall be the total  
11 of traffic units of the enterprise or the revenue  
12 of the enterprise everywhere as appropriate to  
13 the numerator. A "traffic unit" is hereby  
14 defined as the transportation for a distance of  
15 one (1) mile of one (1) barrel of oil, one (1)  
16 gallon of gasoline or one thousand (1,000) cubic  
17 feet of natural or casinghead gas, as the case  
18 may be.

19 (5) In the case of a telephone or telegraph or other  
20 communication enterprise, the numerator of the  
21 fraction shall include that portion of the  
22 interstate revenue as is allocated pursuant to  
23 the accounting procedures prescribed by the  
24 Federal Communications Commission; provided that

1                   in respect to each corporation or business entity  
2                   required by the Federal Communications Commission  
3                   to keep its books and records in accordance with  
4                   a uniform system of accounts prescribed by such  
5                   Commission, the intrastate net income shall be  
6                   determined separately in the manner provided by  
7                   such uniform system of accounts and only the  
8                   interstate income shall be subject to allocation  
9                   pursuant to the provisions of this subsection.  
10                  Provided further, that the gross revenue factors  
11                  shall be those as are determined pursuant to the  
12                  accounting procedures prescribed by the Federal  
13                  Communications Commission.

14                 In any case where the apportionment of the three factors  
15                 prescribed in this paragraph attributes to Oklahoma this state a  
16                 portion of net income of the enterprise out of all appropriate  
17                 proportion to the property owned and/or business transacted within  
18                 this state, because of the fact that one or more of the factors so  
19                 prescribed are not employed to any appreciable extent in furtherance  
20                 of the enterprise; or because one or more factors not so prescribed  
21                 are employed to a considerable extent in furtherance of the  
22                 enterprise; or because of other reasons, the Tax Commission is  
23                 empowered to permit, after a showing by taxpayer that an excessive  
24                 portion of net income has been attributed to Oklahoma this state, or

1 require, when in its judgment an insufficient portion of net income  
2 has been attributed to Oklahoma this state, the elimination,  
3 substitution, or use of additional factors, or reduction or increase  
4 in the weight of such prescribed factors. Provided, however, that  
5 any such variance from such prescribed factors which has the effect  
6 of increasing the portion of net income attributable to Oklahoma  
7 this state must not be inherently arbitrary, and application of the  
8 recomputed final apportionment to the net income of the enterprise  
9 must attribute to Oklahoma this state only a reasonable portion  
10 thereof.

11       6. For calendar years 1997 and 1998, the owner of a new or  
12 expanded agricultural commodity processing facility in this state  
13 may exclude from Oklahoma taxable income, or in the case of an  
14 individual, the Oklahoma adjusted gross income, fifteen percent  
15 (15%) of the investment by the owner in the new or expanded  
16 agricultural commodity processing facility. For calendar year 1999,  
17 and all subsequent years, the percentage, not to exceed fifteen  
18 percent (15%), available to the owner of a new or expanded  
19 agricultural commodity processing facility in this state claiming  
20 the exemption shall be adjusted annually so that the total estimated  
21 reduction in tax liability does not exceed One Million Dollars  
22 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules  
23 for determining the percentage of the investment which each eligible  
24 taxpayer may exclude. The exclusion provided by this paragraph

1 shall be taken in the taxable year when the investment is made. In  
2 the event the total reduction in tax liability authorized by this  
3 paragraph exceeds One Million Dollars (\$1,000,000.00) in any  
4 calendar year, the Tax Commission shall permit any excess over One  
5 Million Dollars (\$1,000,000.00) and shall factor such excess into  
6 the percentage for subsequent years. Any amount of the exemption  
7 permitted to be excluded pursuant to the provisions of this  
8 paragraph but not used in any year may be carried forward as an  
9 exemption from income pursuant to the provisions of this paragraph  
10 for a period not exceeding six (6) years following the year in which  
11 the investment was originally made.

12 For purposes of this paragraph:

13       a. "Agricultural commodity processing facility" means  
14                 building buildings, structures, fixtures and  
15                 improvements used or operated primarily for the  
16                 processing or production of marketable products from  
17                 agricultural commodities. The term shall also mean a  
18                 dairy operation that requires a depreciable investment  
19                 of at least Two Hundred Fifty Thousand Dollars  
20                 (\$250,000.00) and which produces milk from dairy cows.  
21                 The term does not include a facility that provides  
22                 only, and nothing more than, storage, cleaning, drying  
23                 or transportation of agricultural commodities, and

1           b. "Facility" means each part of the facility which is  
2                 used in a process primarily for:

- 3                 (1) the processing of agricultural commodities,  
4                         including receiving or storing agricultural  
5                         commodities, or the production of milk at a dairy  
6                         operation,  
7                 (2) transporting the agricultural commodities or  
8                         product before, during or after the processing,  
9                         or  
10                 (3) packaging or otherwise preparing the product for  
11                         sale or shipment.

12           7. Despite any provision to the contrary in paragraph 3 of this  
13           subsection, for taxable years beginning after December 31, 1999, in  
14           the case of a taxpayer which has a farming loss, such farming loss  
15           shall be considered a net operating loss carryback in accordance  
16           with and to the extent of the Internal Revenue Code of 1986, as  
17           amended, 26 U.S.C., Section ~~172(b)(G)~~ 172(b)(1)(B). However, the  
18           amount of the net operating loss carryback shall not exceed the  
19           lesser of:

- 20                 a. Sixty Thousand Dollars (\$60,000.00), or  
21                 b. the loss properly shown on Schedule F of the Internal  
22                         Revenue Service Form 1040 reduced by one-half (1/2) of  
23                         the income from all other sources other than reflected  
24                         on Schedule F.

1       8. In taxable years beginning after December 31, 1995, all  
2 qualified wages equal to the federal income tax credit set forth in  
3 26 U.S.C.A., Section 45A, shall be deducted from taxable income.  
4 The deduction allowed pursuant to this paragraph shall only be  
5 permitted for the tax years in which the federal tax credit pursuant  
6 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this  
7 paragraph, "qualified wages" means those wages used to calculate the  
8 federal credit pursuant to 26 U.S.C.A., Section 45A.

9       9. In taxable years beginning after December 31, 2005, an  
10 employer that is eligible for and utilizes the Safety Pays OSHA  
11 Consultation Service provided by the ~~Oklahoma~~ Department of Labor  
12 shall receive an exemption from taxable income in the amount of One  
13 Thousand Dollars (\$1,000.00) for the tax year that the service is  
14 utilized.

15      10. For taxable years beginning on or after January 1, 2010,  
16 there shall be added to Oklahoma taxable income an amount equal to  
17 the amount of deferred income not included in such taxable income  
18 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986  
19 as amended by Section 1231 of the American Recovery and Reinvestment  
20 Act of 2009 (P.L. No. 111-5). There shall be subtracted from  
21 Oklahoma taxable income an amount equal to the amount of deferred  
22 income included in such taxable income pursuant to Section 108(i)(1)  
23 of the Internal Revenue Code of 1986 as amended by Section 1231 of  
24 the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

1       11. For taxable years beginning on or after January 1, 2019,  
2 there shall be subtracted from Oklahoma taxable income or adjusted  
3 gross income any item of income or gain, and there shall be added to  
4 Oklahoma taxable income or adjusted gross income any item of loss or  
5 deduction that in the absence of an election pursuant to the  
6 provisions of the Pass-Through Entity Tax Equity Act of 2019 would  
7 be allocated to a member or to an indirect member of an electing  
8 pass-through entity pursuant to Section 2351 et seq. of this title,  
9 if (i) the electing pass-through entity has accounted for such item  
10 in computing its Oklahoma net entity income or loss pursuant to the  
11 provisions of the Pass-Through Entity Tax Equity Act of 2019, and  
12 (ii) the total amount of tax attributable to any resulting Oklahoma  
13 net entity income has been paid. The Oklahoma Tax Commission shall  
14 promulgate rules for the reporting of such exclusion to direct and  
15 indirect members of the electing pass-through entity. As used in  
16 this paragraph, "electing pass-through entity", "indirect member",  
17 and "member" shall be defined in the same manner as prescribed by  
18 Section 2355.1P-2 of this title. Notwithstanding the application of  
19 this paragraph, the adjusted tax basis of any ownership interest in  
20 a pass-through entity for purposes of Section 2351 et seq. of this  
21 title shall be equal to its adjusted tax basis for federal income  
22 tax purposes.

23       B. 1. The taxable income of any corporation shall be further  
24 adjusted to arrive at Oklahoma taxable income, except those

1 corporations electing treatment as provided in subchapter S of the  
2 Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 1361  
3 et seq., and Section 2365 of this title, deductions pursuant to the  
4 provisions of the Accelerated Cost Recovery System as defined  
5 provided and allowed in the Economic Recovery Tax Act of 1981,  
6 Public Law 97-34, 26 U.S.C., Section 168, for depreciation of assets  
7 placed into service after December 31, 1981, shall not be allowed in  
8 calculating Oklahoma taxable income. Such corporations shall be  
9 allowed a deduction for depreciation of assets placed into service  
10 after December 31, 1981, in accordance with provisions of the  
11 Internal Revenue Code of 1986, as amended, 26 U.S.C., Section 1 et  
12 seq., in effect immediately prior to the enactment of the  
13 Accelerated Cost Recovery System. The Oklahoma tax basis for all  
14 such assets placed into service after December 31, 1981, calculated  
15 in this section shall be retained and utilized for all Oklahoma  
16 income tax purposes through the final disposition of such assets.

17 Notwithstanding any other provisions of the Oklahoma Income Tax  
18 Act, Section 2351 et seq. of this title, or of the Internal Revenue  
19 Code of 1986, as amended, to the contrary, this subsection shall  
20 control calculation of depreciation of assets placed into service  
21 after December 31, 1981, and before January 1, 1983.

22 For assets placed in service and held by a corporation in which  
23 ~~accelerated cost recovery system~~ the Accelerated Cost Recovery  
24 System was previously disallowed, an adjustment to taxable income is

1 required in the first taxable year beginning after December 31,  
2 1982, to reconcile the basis of such assets to the basis allowed in  
3 the Internal Revenue Code of 1986, as amended. The purpose of this  
4 adjustment is to equalize the basis and allowance for depreciation  
5 accounts between that reported to the Internal Revenue Service and  
6 that reported to Oklahoma this state.

7       2. For tax years beginning on or after January 1, 2009, and  
8 ending on or before December 31, 2009, there shall be added to  
9 Oklahoma taxable income any amount in excess of One Hundred Seventy-  
10 five Thousand Dollars (\$175,000.00) which has been deducted as a  
11 small business expense under Internal Revenue Code of 1986, as  
12 amended, Section 179 as provided in the American Recovery and  
13 Reinvestment Act of 2009.

14       C. 1. For taxable years beginning after December 31, 1987, the  
15 taxable income of any corporation shall be further adjusted to  
16 arrive at Oklahoma taxable income for transfers of technology to  
17 qualified small businesses located in Oklahoma this state. Such  
18 transferor corporation shall be allowed an exemption from taxable  
19 income of an amount equal to the amount of royalty payment received  
20 as a result of such transfer; provided, however, such amount shall  
21 not exceed ten percent (10%) of the amount of gross proceeds  
22 received by such transferor corporation as a result of the  
23 technology transfer. Such exemption shall be allowed for a period  
24 not to exceed ten (10) years from the date of receipt of the first

1      royalty payment accruing from such transfer. No exemption may be  
2      claimed for transfers of technology to qualified small businesses  
3      made prior to January 1, 1988.

4      2. For purposes of this subsection:

5            a. "Qualified small business" means an entity, whether  
6                 organized as a corporation, partnership, or  
7                 proprietorship, organized for profit with its  
8                 principal place of business located within this state  
9                 and which meets the following criteria:

- 10                  (1) Capitalization of not more than Two Hundred Fifty  
11                           Thousand Dollars (\$250,000.00),  
12                  (2) Having at least fifty percent (50%) of its  
13                           employees and assets located in ~~Oklahoma~~ this  
14                           state at the time of the transfer, and  
15                  (3) Not a subsidiary or affiliate of the transferor  
16                           corporation;

17            b. "Technology" means a proprietary process, formula,  
18                 pattern, device or compilation of scientific or  
19                 technical information which is not in the public  
20                 domain;

21            c. "Transferor corporation" means a corporation which is  
22                 the exclusive and undisputed owner of the technology  
23                 at the time the transfer is made; and

1           d. "Gross proceeds" means the total amount of  
2           consideration for the transfer of technology, whether  
3           the consideration is in money or otherwise.

4       D. 1. For taxable years beginning after December 31, 2005, the  
5       taxable income of any corporation, estate or trust, shall be further  
6       adjusted for qualifying gains receiving capital treatment. Such  
7       corporations, estates or trusts shall be allowed a deduction from  
8       Oklahoma taxable income for the amount of qualifying gains receiving  
9       capital treatment earned by the corporation, estate or trust during  
10      the taxable year and included in the federal taxable income of such  
11      corporation, estate or trust.

12     2. As used in this subsection:

13       a. "qualifying gains receiving capital treatment" means  
14           the amount of net capital gains, as defined in Section  
15           1222(11) of the Internal Revenue Code of 1986, as  
16           amended, included in the federal income tax return of  
17           the corporation, estate or trust that result from:  
18           (1) the sale of real property or tangible personal  
19           property located within ~~Oklahoma~~ this state that  
20           has been directly or indirectly owned by the  
21           corporation, estate or trust for a holding period  
22           of at least five (5) years prior to the date of  
23           the transaction from which such net capital gains  
24           arise,

- (2) the sale of stock or on the sale of an ownership interest in an Oklahoma company, limited liability company, or partnership where such stock or ownership interest has been directly or indirectly owned by the corporation, estate or trust for a holding period of at least three (3) years prior to the date of the transaction from which the net capital gains arise, or

(3) the sale of real property, tangible personal property or intangible personal property located within ~~Oklahoma~~ this state as part of the sale of all or substantially all of the assets of an Oklahoma company, limited liability company, or partnership where such property has been directly or indirectly owned by such entity owned by the owners of such entity, and used in or derived from such entity for a period of at least three (3) years prior to the date of the transaction from which the net capital gains arise,

"holding period" means an uninterrupted period of time. The holding period shall include any additional period when the property was held by another individual or entity, if such additional period is included in the taxpayer's holding period for the

1 asset pursuant to the Internal Revenue Code of 1986,  
2 as amended,

- 3 c. "Oklahoma company", "limited liability company", or  
4 "partnership" means an entity whose primary  
5 headquarters have been located in ~~Oklahoma~~ this state  
6 for at least three (3) uninterrupted years prior to  
7 the date of the transaction from which the net capital  
8 gains arise,
- 9 d. "direct" means the taxpayer directly owns the asset,  
10 and
- 11 e. "indirect" means the taxpayer owns an interest in a  
12 pass-through entity (or chain of pass-through  
13 entities) that sells the asset that gives rise to the  
14 qualifying gains receiving capital treatment.

15 (1) With respect to sales of real property or  
16 tangible personal property located within  
17 ~~Oklahoma~~ this state, the deduction described in  
18 this subsection shall not apply unless the pass-  
19 through entity that makes the sale has held the  
20 property for not less than five (5) uninterrupted  
21 years prior to the date of the transaction that  
22 created the capital gain, and each pass-through  
23 entity included in the chain of ownership has  
24 been a member, partner, or shareholder of the

1                   pass-through entity in the tier immediately below  
2                   it for an uninterrupted period of not less than  
3                   five (5) years.

4                 (2) With respect to sales of stock or ownership  
5                   interest in or sales of all or substantially all  
6                   of the assets of an Oklahoma company, limited  
7                   liability company, or partnership, the deduction  
8                   described in this subsection shall not apply  
9                   unless the pass-through entity that makes the  
10                  sale has held the stock or ownership interest or  
11                  the assets for not less than three (3)  
12                  uninterrupted years prior to the date of the  
13                  transaction that created the capital gain, and  
14                  each pass-through entity included in the chain of  
15                  ownership has been a member, partner or  
16                  shareholder of the pass-through entity in the  
17                  tier immediately below it for an uninterrupted  
18                  period of not less than three (3) years.

19                 E. The Oklahoma adjusted gross income of any individual  
20                 taxpayer shall be further adjusted as follows to arrive at Oklahoma  
21                 taxable income:

22                 1. a. ~~In~~ For tax year 2024 and preceding tax years, in the  
23                   case of individuals, there shall be added or deducted,  
24                   as the case may be, the difference necessary to allow

1 personal exemptions of One Thousand Dollars  
2 (\$1,000.00) in lieu of the personal exemptions allowed  
3 by the Internal Revenue Code of 1986, as amended.

4 b. There For tax year 2024 and preceding tax years, there  
5 shall be allowed an additional exemption of One  
6 Thousand Dollars (\$1,000.00) for each taxpayer or  
7 spouse who is blind at the close of the tax year. For  
8 purposes of this subparagraph, an individual is blind  
9 only if the central visual acuity of the individual  
10 does not exceed 20/200 in the better eye with  
11 correcting lenses, or if the visual acuity of the  
12 individual is greater than 20/200, but is accompanied  
13 by a limitation in the fields of vision such that the  
14 widest diameter of the visual field subtends an angle  
15 no greater than twenty (20) degrees.

16 c. There For tax year 2024 and preceding tax years, there  
17 shall be allowed an additional exemption of One  
18 Thousand Dollars (\$1,000.00) for each taxpayer or  
19 spouse who is sixty-five (65) years of age or older at  
20 the close of the tax year based upon the filing status  
21 and federal adjusted gross income of the taxpayer.  
22 Taxpayers with the following filing status may claim  
23 this exemption if the federal adjusted gross income  
24 does not exceed:

- (1) Twenty-five Thousand Dollars (\$25,000.00) if married and filing jointly,
  - (2) Twelve Thousand Five Hundred Dollars (\$12,500.00) if married and filing separately,
  - (3) Fifteen Thousand Dollars (\$15,000.00) if single, and
  - (4) Nineteen Thousand Dollars (\$19,000.00) if a qualifying head of household.

Provided, for taxable years beginning after December 31, 1999, amounts included in the calculation of federal adjusted gross income pursuant to the conversion of a traditional individual retirement account to a Roth individual retirement account shall be excluded from federal adjusted gross income for purposes of the income thresholds provided in this subparagraph.

2. a. For taxable years beginning on or before December 31, 2005, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code of 1986, as amended, in an amount equal to the larger of fifteen percent (15%) of the Oklahoma

1                   adjusted gross income or One Thousand Dollars  
2                   (\$1,000.00), but not to exceed Two Thousand Dollars  
3                   (\$2,000.00), except that in the case of a married  
4                   individual filing a separate return such deduction  
5                   shall be the larger of fifteen percent (15%) of such  
6                   Oklahoma adjusted gross income or Five Hundred Dollars  
7                   (\$500.00), but not to exceed the maximum amount of One  
8                   Thousand Dollars (\$1,000.00).

9                   b. For taxable years beginning on or after January 1,  
10                  2006, and before January 1, 2007, in the case of  
11                  individuals who use the standard deduction in  
12                  determining taxable income, there shall be added or  
13                  deducted, as the case may be, the difference necessary  
14                  to allow a standard deduction in lieu of the standard  
15                  deduction allowed by the Internal Revenue Code of 1986,  
16                  as amended, in an amount equal to:

- 17                  (1) Three Thousand Dollars (\$3,000.00), if the filing  
18                  status is married filing joint, head of household  
19                  or qualifying widow, or
- 20                  (2) Two Thousand Dollars (\$2,000.00), if the filing  
21                  status is single or married filing separate.

22                  c. For the taxable year beginning on January 1, 2007, and  
23                  ending December 31, 2007, in the case of individuals  
24                  who use the standard deduction in determining taxable

1                   income, there shall be added or deducted, as the case  
2                   may be, the difference necessary to allow a standard  
3                   deduction in lieu of the standard deduction allowed by  
4                   the Internal Revenue Code of 1986, as amended, in an  
5                   amount equal to:

- 6                   (1) Five Thousand Five Hundred Dollars (\$5,500.00),  
7                         if the filing status is married filing joint or  
8                         qualifying widow, or  
9                   (2) Four Thousand One Hundred Twenty-five Dollars  
10                         (\$4,125.00) for a head of household, or  
11                   (3) Two Thousand Seven Hundred Fifty Dollars  
12                         (\$2,750.00), if the filing status is single or  
13                         married filing separate.

14                  d. For the taxable year beginning on January 1, 2008, and  
15                         ending December 31, 2008, in the case of individuals  
16                         who use the standard deduction in determining taxable  
17                         income, there shall be added or deducted, as the case  
18                         may be, the difference necessary to allow a standard  
19                         deduction in lieu of the standard deduction allowed by  
20                         the Internal Revenue Code of 1986, as amended, in an  
21                         amount equal to:

- 22                   (1) Six Thousand Five Hundred Dollars (\$6,500.00), if  
23                         the filing status is married filing joint or  
24                         qualifying widow,

(2) Four Thousand Eight Hundred Seventy-five Dollars  
(\$4,875.00) for a head of household, or

(3) Three Thousand Two Hundred Fifty Dollars  
(\$3,250.00), if the filing status is single or  
married filing separate.

e. For the taxable year beginning on January 1, 2009, and ending December 31, 2009, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code of 1986, as amended, in an amount equal to:

- (1) Eight Thousand Five Hundred Dollars (\$8,500.00), if the filing status is married filing joint or qualifying widow,
- (2) Six Thousand Three Hundred Seventy-five Dollars (\$6,375.00) for a head of household, or
- (3) Four Thousand Two Hundred Fifty Dollars (\$4,250.00), if the filing status is single or married filing separate.

Oklahoma adjusted gross income shall be increased by any amounts paid for motor vehicle excise taxes which

were deducted as allowed by the Internal Revenue Code of 1986, as amended.

f. For taxable years beginning on or after January 1, 2010, and ending on December 31, 2016, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction equal to the standard deduction allowed by the Internal Revenue Code of 1986, as amended, based upon the amount and filing status prescribed by such Code for purposes of filing federal individual income tax returns.

g. For taxable years beginning on or after January 1,  
2017 tax years 2017 through 2024, in the case of  
individuals who use the standard deduction in  
determining taxable income, there shall be added or  
deducted, as the case may be, the difference necessary  
to allow a standard deduction in lieu of the standard  
deduction allowed by the Internal Revenue Code of  
1986, as amended, as follows:

(1) Six Thousand Three Hundred Fifty Dollars  
(\$6,350.00) for single or married filing  
separately,

(2) Twelve Thousand Seven Hundred Dollars  
(\$12,700.00) for married filing jointly or  
qualifying widower with dependent child, and

(3) Nine Thousand Three Hundred Fifty Dollars  
(\$9,350.00) for head of household.

h. For tax year 2025 and subsequent tax years, in the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code of 1986, as amended, as follows:

(1) Thirteen Thousand Five Hundred Fifty Dollars  
 $\$13,550.00$  for single or married filing  
separately,

(2) Twenty-seven Thousand One Hundred Dollars  
 $\$27,100.00$  for married filing jointly or  
qualifying widower with dependent child, and

(3) Nineteen Thousand Two Hundred Twenty-five Do  
 $\$19,225.00$  for head of household.

3. a. In the case of resident and part-year resident individuals having adjusted gross income from sources both within and without the state, the itemized or standard deductions and personal exemptions shall be

reduced to an amount which is the same portion of the total thereof as Oklahoma adjusted gross income is of adjusted gross income. To the extent itemized deductions include allowable moving expense, proration of moving expense shall not be required or permitted but allowable moving expense shall be fully deductible for those taxpayers moving within or into ~~Oklahoma~~  
this state and no part of moving expense shall be deductible for those taxpayers moving without or out of ~~Oklahoma~~ this state. All other itemized or standard deductions and personal exemptions shall be subject to proration as provided by law.

b. For taxable years beginning on or after January 1, 2018, the net amount of itemized deductions allowable on an Oklahoma income tax return, subject to the provisions of paragraph 24 of this subsection, shall not exceed Seventeen Thousand Dollars (\$17,000.00).

For purposes of this subparagraph, charitable contributions and medical expenses deductible for federal income tax purposes shall be excluded from the amount of Seventeen Thousand Dollars (\$17,000.00) as specified by this subparagraph.

23       4. A resident individual with a physical disability  
24 constituting a substantial handicap to employment may deduct from

1 Oklahoma adjusted gross income such expenditures to modify a motor  
2 vehicle, home or workplace as are necessary to compensate for his or  
3 her handicap. A veteran certified by the United States Department  
4 of Veterans Affairs of the federal government as having a service-  
5 connected disability shall be conclusively presumed to be an  
6 individual with a physical disability constituting a substantial  
7 handicap to employment. The Tax Commission shall promulgate rules  
8 containing a list of combinations of common disabilities and  
9 modifications which may be presumed to qualify for this deduction.  
10 The Tax Commission shall prescribe necessary requirements for  
11 verification.

1           c. Whenever the filing of a timely income tax return by a  
2           member of the Armed Forces of the United States is  
3           made impracticable or impossible of accomplishment by  
4           reason of:

- 5           (1) absence from the United States, which term  
6           includes only the states and the District of  
7           Columbia,  
8           (2) absence from ~~the State of Oklahoma~~ this state  
9           while on active duty, or  
10          (3) confinement in a hospital within the United  
11           States for treatment of wounds, injuries or  
12           disease,

13          the time for filing a return and paying an income tax  
14          shall be and is hereby extended without incurring  
15          liability for interest or penalties, to the fifteenth  
16          day of the third month following the month in which:

- 17          (a) Such individual shall return to the United  
18           States if the extension is granted pursuant  
19           to ~~subparagraph a~~ division 1 of this  
20           paragraph subparagraph, return to ~~the State~~  
21           ~~of Oklahoma~~ this state if the extension is  
22           granted pursuant to ~~subparagraph b~~ division  
23           2 of this ~~paragraph subparagraph~~ or be  
24           discharged from such hospital if the

extension is granted pursuant to  
~~subparagraph e~~ division 3 of this paragraph  
subparagraph, or

(b) An executor, administrator, or conservator of the estate of the taxpayer is appointed, whichever event occurs the earliest.

7       Provided, that the Tax Commission may, in its discretion, grant  
8       any member of the Armed Forces of the United States an extension of  
9       time for filing of income tax returns and payment of income tax  
10      without incurring liabilities for interest or penalties. Such  
11      extension may be granted only when in the judgment of the Tax  
12      Commission a good cause exists therefor and may be for a period in  
13      excess of six (6) months. A record of every such extension granted,  
14      and the reason therefor, shall be kept.

15       6. Before July 1, 2010, the salary or any other form of  
16 compensation, received from the United States by a member of any  
17 component of the Armed Forces of the United States, shall be  
18 deducted from taxable income during the time in which the person is  
19 detained by the enemy in a conflict, is a prisoner of war or is  
20 missing in action and not deceased; provided, after July 1, 2010,  
21 all such salary or compensation shall be subject to the deduction as  
22 provided pursuant to paragraph 5 of this subsection.

1                   income taxes paid by the taxpayer during the taxable  
2                   year.

3         b. Federal taxes as described in subparagraph a of this  
4                   paragraph shall be deductible by any individual  
5                   taxpayer, whether resident or nonresident, only to the  
6                   extent they relate to income subject to taxation  
7                   pursuant to the provisions of the Oklahoma Income Tax  
8                   Act. The maximum amount allowable in ~~the preceding~~  
9                   paragraph 5 of this subsection shall be prorated on  
10                  the ratio of the Oklahoma adjusted gross income to  
11                  federal adjusted gross income.

12         c. For the purpose of this paragraph, "federal income  
13                  taxes paid" shall mean federal income taxes, surtaxes  
14                  imposed on incomes or excess profits taxes, as though  
15                  the taxpayer was on the accrual basis. In determining  
16                  the amount of deduction for federal income taxes for  
17                  tax year 2001, the amount of the deduction shall not  
18                  be adjusted by the amount of any accelerated ten  
19                  percent (10%) tax rate bracket credit or advanced  
20                  refund of the credit received during the tax year  
21                  provided pursuant to the federal Economic Growth and  
22                  Tax Relief Reconciliation Act of 2001, P.L. No. 107-  
23                  16, and the advanced refund of such credit shall not  
24                  be subject to taxation.

1                   d. The provisions of this paragraph shall apply to all  
2                   taxable years ending after December 31, 1978, and  
3                   beginning before January 1, 2006.

4       8. Retirement benefits not to exceed Five Thousand Five Hundred  
5       Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
6       Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand  
7       Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax  
8       years, which are received by an individual from the civil service of  
9       the United States, the Oklahoma Public Employees Retirement System,  
10      the Teachers' Retirement System of Oklahoma, the Oklahoma Law  
11      Enforcement Retirement System, the Oklahoma Firefighters Pension and  
12      Retirement System, the Oklahoma Police Pension and Retirement  
13      System, the employee retirement systems created by counties pursuant  
14      to Section 951 et seq. of Title 19 of the Oklahoma Statutes, ~~the~~ The  
15      Uniform Retirement System for Justices and Judges, the Oklahoma  
16      Wildlife Conservation Department Retirement Fund, the Oklahoma  
17      Employment Security Commission Retirement Plan, or the employee  
18      retirement systems created by municipalities pursuant to Section 48-  
19      101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt  
20      from taxable income.

21       9. In taxable years beginning after December 31, 1984, Social  
22       Security benefits received by an individual shall be exempt from  
23       taxable income, to the extent such benefits are included in the  
24       federal adjusted gross income pursuant to the provisions of Section

1 86 of the Internal Revenue Code of 1986, as amended, 26 U.S.C.,  
2 Section 86.

3       10. For taxable years beginning after December 31, 1994, lump-  
4 sum distributions from employer plans of deferred compensation,  
5 which are not qualified plans within the meaning of Section 401(a)  
6 of the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section  
7 401(a), and which are deposited in and accounted for within a  
8 separate bank account or brokerage account in a financial  
9 institution within this state, shall be excluded from taxable income  
10 in the same manner as a qualifying rollover contribution to an  
11 individual retirement account within the meaning of Section 408 of  
12 the Internal Revenue Code of 1986, as amended, 26 U.S.C., Section  
13 408. Amounts withdrawn from such bank or brokerage account,  
14 including any earnings thereon, shall be included in taxable income  
15 when withdrawn in the same manner as withdrawals from individual  
16 retirement accounts within the meaning of Section 408 of the  
17 Internal Revenue Code of 1986, as amended.

18       11. In taxable years beginning after December 31, 1995,  
19 contributions made to and interest received from a medical savings  
20 account established pursuant to Sections 2621 through 2623 of Title  
21 63 of the Oklahoma Statutes shall be exempt from taxable income.

22       12. For taxable years beginning after December 31, 1996, the  
23 Oklahoma adjusted gross income of any individual taxpayer who is a  
24 swine or poultry producer may be further adjusted for the deduction

1 for depreciation allowed for new construction or expansion costs  
2 which may be computed using the same depreciation method elected for  
3 federal income tax purposes except that the useful life shall be  
4 seven (7) years for purposes of this paragraph. If depreciation is  
5 allowed as a deduction in determining the adjusted gross income of  
6 an individual, any depreciation calculated and claimed pursuant to  
7 this section shall in no event be a duplication of any depreciation  
8 allowed or permitted on the federal income tax return of the  
9 individual.

1                   less than the qualifying amount specified in this  
2                   paragraph, shall be exempt from taxable income.

3                   b. For purposes of this paragraph, the qualifying amount  
4                   shall be as follows:

5                   (1) in taxable years beginning after December 31,  
6                   2004, and prior to January 1, 2007, the  
7                   qualifying amount shall be Thirty-seven Thousand  
8                   Five Hundred Dollars (\$37,500.00) or less if the  
9                   filing status is single, head of household, or  
10                  married filing separate, or Seventy-five Thousand  
11                  Dollars (\$75,000.00) or less if the filing status  
12                  is married filing jointly or qualifying widow,

13                  (2) in the taxable year beginning January 1, 2007,  
14                  the qualifying amount shall be Fifty Thousand  
15                  Dollars (\$50,000.00) or less if the filing status  
16                  is single, head of household, or married filing  
17                  separate, or One Hundred Thousand Dollars  
18                  (\$100,000.00) or less if the filing status is  
19                  married filing jointly or qualifying widow,

20                  (3) in the taxable year beginning January 1, 2008,  
21                  the qualifying amount shall be Sixty-two Thousand  
22                  Five Hundred Dollars (\$62,500.00) or less if the  
23                  filing status is single, head of household, or  
24                  married filing separate, or One Hundred Twenty-

1               five Thousand Dollars (\$125,000.00) or less if  
2               the filing status is married filing jointly or  
3               qualifying widow,

4               (4) in the taxable year beginning January 1, 2009,  
5               the qualifying amount shall be One Hundred  
6               Thousand Dollars (\$100,000.00) or less if the  
7               filing status is single, head of household, or  
8               married filing separate, or Two Hundred Thousand  
9               Dollars (\$200,000.00) or less if the filing  
10              status is married filing jointly or qualifying  
11              widow, and

12              (5) in the taxable year beginning January 1, 2010,  
13              and subsequent taxable years, there shall be no  
14              limitation upon the qualifying amount.

15              c. For purposes of this paragraph, "retirement benefits"  
16              means the total distributions or withdrawals from the  
17              following:

18              (1) an employee pension benefit plan which satisfies  
19              the requirements of Section 401 of the Internal  
20              Revenue Code of 1986, as amended, 26 U.S.C.,  
21              Section 401,

22              (2) an eligible deferred compensation plan that  
23              satisfies the requirements of Section 457 of the

- 1                   Internal Revenue Code of 1986, as amended, 26
- 2                   U.S.C., Section 457,
- 3                   (3) an individual retirement account, annuity or
- 4                   trust or simplified employee pension that
- 5                   satisfies the requirements of Section 408 of the
- 6                   Internal Revenue Code of 1986, as amended, 26
- 7                   U.S.C., Section 408,
- 8                   (4) an employee annuity subject to the provisions of
- 9                   Section 403(a) or (b) of the Internal Revenue
- 10                  Code of 1986, as amended, 26 U.S.C., Section
- 11                  403(a) or (b),
- 12                  (5) United States Retirement Bonds which satisfy the
- 13                  requirements of Section 86 of the Internal
- 14                  Revenue Code of 1986, as amended, 26 U.S.C.,
- 15                  Section 86, or
- 16                  (6) lump-sum distributions from a retirement plan
- 17                  which satisfies the requirements of Section
- 18                  402(e) of the Internal Revenue Code of 1986, as
- 19                  amended, 26 U.S.C., Section 402(e).
- 20                  d. The amount of the exemption provided by this paragraph
- 21                  shall be limited to Five Thousand Five Hundred Dollars
- 22                  (\$5,500.00) for the 2004 tax year, Seven Thousand Five
- 23                  Hundred Dollars (\$7,500.00) for the 2005 tax year and
- 24                  Ten Thousand Dollars (\$10,000.00) for the tax year

1                   2006 and for all subsequent tax years. Any individual  
2                   who claims the exemption provided for in paragraph 8  
3                   of this subsection shall not be permitted to claim a  
4                   combined total exemption pursuant to this paragraph  
5                   and paragraph 8 of this subsection in an amount  
6                   exceeding Five Thousand Five Hundred Dollars  
7                   (\$5,500.00) for the 2004 tax year, Seven Thousand Five  
8                   Hundred Dollars (\$7,500.00) for the 2005 tax year and  
9                   Ten Thousand Dollars (\$10,000.00) for the 2006 tax  
10                  year and all subsequent tax years.

11                 14. In taxable years beginning after December 31, 1999, for an  
12                 individual engaged in production agriculture who has filed a  
13                 Schedule F form with the taxpayer's federal income tax return for  
14                 such taxable year, there shall be excluded from taxable income any  
15                 amount which was included as federal taxable income or federal  
16                 adjusted gross income and which consists of the discharge of an  
17                 obligation by a creditor of the taxpayer incurred to finance the  
18                 production of agricultural products.

19                 15. In taxable years beginning December 31, 2000, an amount  
20                 equal to one hundred percent (100%) of the amount of any scholarship  
21                 or stipend received from participation in the Oklahoma Police Corps  
22                 Program, as established in Section 2-140.3 of Title 47 of the  
23                 Oklahoma Statutes shall be exempt from taxable income.

16. a. In taxable years beginning after December 31, 2001, and before January 1, 2005, there shall be allowed a deduction in the amount of contributions to accounts established pursuant to the Oklahoma College Savings Plan Act. The deduction shall equal the amount of contributions to accounts, but in no event shall the deduction for each contributor exceed Two Thousand Five Hundred Dollars (\$2,500.00) each taxable year for each account.

b. In taxable years beginning after December 31, 2004, each taxpayer shall be allowed a deduction for contributions to accounts established pursuant to the Oklahoma College Savings Plan Act. The maximum annual deduction shall equal the amount of contributions to all such accounts plus any contributions to such accounts by the taxpayer for prior taxable years after December 31, 2004, which were not deducted, but in no event shall the deduction for each tax year exceed Ten Thousand Dollars (\$10,000.00) for each individual taxpayer or Twenty Thousand Dollars (\$20,000.00) for taxpayers filing a joint return. Any amount of a contribution that is not deducted by the taxpayer in the year for which the contribution is made may be carried forward as a deduction from income for the

1           succeeding five (5) years. For taxable years  
2           beginning after December 31, 2005, deductions may be  
3           taken for contributions and rollovers made during a  
4           taxable year and up to April 15 of the succeeding  
5           year, or the due date of a taxpayer's state income tax  
6           return, excluding extensions, whichever is later.

7           Provided, a deduction for the same contribution may  
8           not be taken for two (2) different taxable years.

9           c. In taxable years beginning after December 31, 2006,  
10          deductions for contributions made pursuant to  
11          subparagraph b of this paragraph shall be limited as  
12          follows:

13           (1) for a taxpayer who qualified for the five-year  
14          carryforward election and who takes a rollover or  
15          nonqualified withdrawal during that period, the  
16          tax deduction otherwise available pursuant to  
17          subparagraph b of this paragraph shall be reduced  
18          by the amount which is equal to the rollover or  
19          nonqualified withdrawal, and

20           (2) for a taxpayer who elects to take a rollover or  
21          nonqualified withdrawal within the same tax year  
22          in which a contribution was made to the  
23          taxpayer's account, the tax deduction otherwise  
24          available pursuant to subparagraph b of this

1                   paragraph shall be reduced by the amount of the  
2                   contribution which is equal to the rollover or  
3                   nonqualified withdrawal.

4                 d. If a taxpayer elects to take a rollover on a  
5                   contribution for which a deduction has been taken  
6                   pursuant to subparagraph b of this paragraph within  
7                   one (1) year of the date of contribution, the amount  
8                   of such rollover shall be included in the adjusted  
9                   gross income of the taxpayer in the taxable year of  
10                  the rollover.

11                e. If a taxpayer makes a nonqualified withdrawal of  
12                   contributions for which a deduction was taken pursuant  
13                   to subparagraph b of this paragraph, such nonqualified  
14                   withdrawal and any earnings thereon shall be included  
15                   in the adjusted gross income of the taxpayer in the  
16                   taxable year of the nonqualified withdrawal.

17                f. As used in this paragraph:

18                   (1) "non-qualified withdrawal" means a withdrawal  
19                   from an Oklahoma College Savings Plan account  
20                   other than one of the following:

21                   (a) a qualified withdrawal,

22                   (b) a withdrawal made as a result of the death  
23                   or disability of the designated beneficiary  
24                   of an account,

(c) a withdrawal that is made on the account of  
a scholarship or the allowance or payment  
described in Section 135(d)(1)(B) or (C) or  
by the Internal Revenue Code of 1986, as  
amended, received by the designated

beneficiary to the extent the amount of the refund does not exceed the amount of the scholarship, allowance, or payment, or

(d) a rollover or change of designated

beneficiary as permitted by subsection F of  
Section 3970.7 of Title 70 of the Oklahoma  
Statutes, and

(2) "rollover" means the transfer of funds from the Oklahoma College Savings Plan to any other plan under Section 529 of the Internal Revenue Code of 1986, as amended.

17. For tax years 2006 through 2021, retirement benefits

18 received by an individual from any component of the Armed Forces of  
19 the United States in an amount not to exceed the greater of seventy-  
20 five percent (75%) of such benefits or Ten Thousand Dollars  
21 (\$10,000.00) shall be exempt from taxable income but in no case less  
22 than the amount of the exemption provided by paragraph 13 of this  
23 subsection. For tax year 2022 and subsequent tax years, retirement

1 benefits received by an individual from any component of the Armed  
2 Forces of the United States shall be exempt from taxable income.

3       18. For taxable years beginning after December 31, 2006,  
4 retirement benefits received by federal civil service retirees,  
5 including survivor annuities, paid in lieu of Social Security  
6 benefits shall be exempt from taxable income to the extent such  
7 benefits are included in the federal adjusted gross income pursuant  
8 to the provisions of Section 86 of the Internal Revenue Code of  
9 1986, as amended, 26 U.S.C., Section 86, according to the following  
10 schedule:

- a. in the taxable year beginning January 1, 2007, twenty percent (20%) of such benefits shall be exempt,
- b. in the taxable year beginning January 1, 2008, forty percent (40%) of such benefits shall be exempt,
- c. in the taxable year beginning January 1, 2009, sixty percent (60%) of such benefits shall be exempt,
- d. in the taxable year beginning January 1, 2010, eighty percent (80%) of such benefits shall be exempt, and
- e. in the taxable year beginning January 1, 2011, and subsequent taxable years, one hundred percent (100%) of such benefits shall be exempt.

19. a. For taxable years beginning after December 31, 2007, a resident individual may deduct up to Ten Thousand Dollars (\$10,000.00) from Oklahoma adjusted gross

1                   income if the individual, or the dependent of the  
2                   individual, while living, donates one or more human  
3                   organs of the individual to another human being for  
4                   human organ transplantation. As used in this  
5                   paragraph, "human organ" means all or part of a liver,  
6                   pancreas, kidney, intestine, lung, or bone marrow. A  
7                   deduction that is claimed under this paragraph may be  
8                   claimed in the taxable year in which the human organ  
9                   transplantation occurs.

- 10                  b. An individual may claim this deduction only once, and  
11                   the deduction may be claimed only for unreimbursed  
12                   expenses that are incurred by the individual and  
13                   related to the organ donation of the individual.
- 14                  c. The Oklahoma Tax Commission shall promulgate rules to  
15                   implement the provisions of this paragraph which shall  
16                   contain a specific list of expenses which may be  
17                   presumed to qualify for the deduction. The Tax  
18                   Commission shall prescribe necessary requirements for  
19                   verification.

20                  20. For taxable years beginning after December 31, 2009, there  
21                   shall be exempt from taxable income any amount received by the  
22                   beneficiary of the death benefit for an emergency medical technician  
23                   or a registered emergency medical responder provided by Section 1-  
24                   2505.1 of Title 63 of the Oklahoma Statutes.

1       21. For taxable years beginning after December 31, 2008,  
2 taxable income shall be increased by any unemployment compensation  
3 exempted under Section 85(c) of the Internal Revenue Code of 1986,  
4 as amended, 26 U.S.C., Section 85(c)(~~2009~~).

5       22. For taxable years beginning after December 31, 2008, there  
6 shall be exempt from taxable income any payment in an amount less  
7 than Six Hundred Dollars (\$600.00) received by a person as an award  
8 for participation in a competitive livestock show event. For  
9 purposes of this paragraph, the payment shall be treated as a  
10 scholarship amount paid by the entity sponsoring the event and the  
11 sponsoring entity shall cause the payment to be categorized as a  
12 scholarship in its books and records.

13       23. For taxable years beginning on or after January 1, 2016,  
14 taxable income shall be increased by any amount of state and local  
15 sales or income taxes deducted under 26 U.S.C., Section 164 of the  
16 Internal Revenue Code of 1986, as amended. If the amount of state  
17 and local taxes deducted on the federal return is limited, taxable  
18 income on the state return shall be increased only by the amount  
19 actually deducted after any such limitations are applied.

20       24. For taxable years beginning after December 31, 2020, each  
21 taxpayer shall be allowed a deduction for contributions to accounts  
22 established pursuant to the Achieving a Better Life Experience  
23 (ABLE) Program program as established in Section 4001.1 et seq. of  
24 Title 56 of the Oklahoma Statutes. For any tax year, the deduction

provided for in this paragraph shall not exceed Ten Thousand Dollars (\$10,000.00) for an individual taxpayer or Twenty Thousand Dollars (\$20,000.00) for taxpayers filing a joint return. Any amount of contribution not deducted by the taxpayer in the tax year for which the contribution is made may be carried forward as a deduction from income for up to five (5) tax years. Deductions may be taken for contributions made during the tax year and through April 15 of the succeeding tax year, or through the due date of a taxpayer's state income tax return excluding extensions, whichever is later.

Provided, a deduction for the same contribution may not be taken in more than one (1) tax year.

F. 1. For taxable years beginning after December 31, 2004, a deduction from the Oklahoma adjusted gross income of any individual taxpayer shall be allowed for qualifying gains receiving capital treatment that are included in the federal adjusted gross income of such individual taxpayer during the taxable year.

2. As used in this subsection:

a. "qualifying gains receiving capital treatment" means the amount of net capital gains, as defined in Section 1222(11) of the Internal Revenue Code of 1986, as amended, included in an individual taxpayer's federal income tax return that result from:

(1) the sale of real property or tangible personal property located within ~~Oklahoma~~ this state that

1 has been directly or indirectly owned by the  
2 individual taxpayer for a holding period of at  
3 least five (5) years prior to the date of the  
4 transaction from which such net capital gains  
5 arise,

- 6 (2) the sale of stock or the sale of a direct or  
7 indirect ownership interest in an Oklahoma  
8 company, limited liability company, or  
9 partnership where such stock or ownership  
10 interest has been directly or indirectly owned by  
11 the individual taxpayer for a holding period of  
12 at least two (2) years prior to the date of the  
13 transaction from which the net capital gains  
14 arise, or

- 15 (3) the sale of real property, tangible personal  
16 property or intangible personal property located  
17 within ~~Oklahoma~~ this state as part of the sale of  
18 all or substantially all of the assets of an  
19 Oklahoma company, limited liability company, or  
20 partnership or an Oklahoma proprietorship  
21 business enterprise where such property has been  
22 directly or indirectly owned by such entity or  
23 business enterprise or owned by the owners of  
24 such entity or business enterprise for a period

of at least two (2) years prior to the date of  
the transaction from which the net capital gains  
arise,

- b. "holding period" means an uninterrupted period of time. The holding period shall include any additional period when the property was held by another individual or entity, if such additional period is included in the taxpayer's holding period for the asset pursuant to the Internal Revenue Code of 1986, as amended,
  - c. "Oklahoma company," "limited liability company," or "partnership" means an entity whose primary headquarters have been located in ~~Oklahoma~~ this state for at least three (3) uninterrupted years prior to the date of the transaction from which the net capital gains arise,
  - d. "direct" means the individual taxpayer directly owns the asset,
  - e. "indirect" means the individual taxpayer owns an interest in a pass-through entity (or chain of pass-through entities) that sells the asset that gives rise to the qualifying gains receiving capital treatment.
    - (1) With respect to sales of real property or tangible personal property located within

1                         Oklahoma this state, the deduction described in  
2                         this subsection shall not apply unless the pass-  
3                         through entity that makes the sale has held the  
4                         property for not less than five (5) uninterrupted  
5                         years prior to the date of the transaction that  
6                         created the capital gain, and each pass-through  
7                         entity included in the chain of ownership has  
8                         been a member, partner, or shareholder of the  
9                         pass-through entity in the tier immediately below  
10                         it for an uninterrupted period of not less than  
11                         five (5) years.

12                         (2) With respect to sales of stock or ownership  
13                         interest in or sales of all or substantially all  
14                         of the assets of an Oklahoma company, limited  
15                         liability company, partnership or Oklahoma  
16                         proprietorship business enterprise, the deduction  
17                         described in this subsection shall not apply  
18                         unless the pass-through entity that makes the  
19                         sale has held the stock or ownership interest for  
20                         not less than two (2) uninterrupted years prior  
21                         to the date of the transaction that created the  
22                         capital gain, and each pass-through entity  
23                         included in the chain of ownership has been a  
24                         member, partner or shareholder of the pass-

1                   through entity in the tier immediately below it  
2                   for an uninterrupted period of not less than two  
3                   (2) years. For purposes of this division,  
4                   uninterrupted ownership prior to July 1, 2007,  
5                   shall be included in the determination of the  
6                   required holding period prescribed by this  
7                   division, and

8                 f. "Oklahoma proprietorship business enterprise" means a  
9                   business enterprise whose income and expenses have  
10                  been reported on Schedule C or F of an individual  
11                  taxpayer's federal income tax return, or any similar  
12                  successor schedule published by the Internal Revenue  
13                  Service and whose primary headquarters have been  
14                  located in ~~Oklahoma~~ this state for at least three (3)  
15                  uninterrupted years prior to the date of the  
16                  transaction from which the net capital gains arise.

17                 G. 1. For purposes of computing its Oklahoma taxable income  
18                  under this section, the dividends-paid deduction otherwise allowed  
19                  by federal law in computing net income of a real estate investment  
20                  trust that is subject to federal income tax shall be added back in  
21                  computing the tax imposed by this state under this title if the real  
22                  estate investment trust is a captive real estate investment trust.

23                 2. For purposes of computing its Oklahoma taxable income under  
24                  this section, a taxpayer shall add back otherwise deductible rents

1 and interest expenses paid to a captive real estate investment trust  
2 that is not subject to the provisions of paragraph 1 of this  
3 subsection. As used in this subsection:

- 4       a. the term "real estate investment trust" or "REIT"  
5           means the meaning ascribed to such term in Section 856  
6           of the Internal Revenue Code of 1986, as amended,  
7       b. the term "captive real estate investment trust" means  
8           a real estate investment trust, the shares or  
9           beneficial interests of which are not regularly traded  
10          on an established securities market and more than  
11          fifty percent (50%) of the voting power or value of  
12          the beneficial interests or shares of which are owned  
13          or controlled, directly or indirectly, or  
14          constructively, by a single entity that is:  
15           (1) treated as an association taxable as a  
16              corporation under the Internal Revenue Code of  
17              1986, as amended, and  
18           (2) not exempt from federal income tax pursuant to  
19              the provisions of Section 501(a) of the Internal  
20              Revenue Code of 1986, as amended.

21          The term shall not include a real estate investment  
22          trust that is intended to be regularly traded on an  
23          established securities market, and that satisfies the  
24          requirements of Section 856(a)(5) and (6) of the U.S.

1                   Internal Revenue Code of 1986, as amended, by reason  
2                   of Section 856(h)(2) of the Internal Revenue Code of  
3                   1986, as amended,

4                 c. the term "association taxable as a corporation" shall  
5                 not include the following entities:

6                 (1) any real estate investment trust as defined in  
7                 paragraph a of this subsection other than a  
8                 "captive real estate investment trust" captive  
9                 real estate investment trust,

10                (2) any qualified real estate investment trust  
11                 subsidiary under Section 856(i) of the Internal  
12                 Revenue Code of 1986, as amended, other than a  
13                 qualified REIT subsidiary of a "captive real  
14                 estate investment trust" captive real estate  
15                 investment trust,

16                (3) any Listed Australian Property Trust listed  
17                 Australian property trust (meaning an Australian  
18                 unit trust registered as a "Managed Investment  
19                 Scheme" managed investment scheme under the  
20                 Australian Corporations Act 2001 in which the  
21                 principal class of units is listed on a  
22                 recognized stock exchange in Australia and is  
23                 regularly traded on an established securities  
24                 market), or an entity organized as a trust,

1 provided that a ~~Listed Australian Property Trust~~  
2 listed Australian property trust owns or  
3 controls, directly or indirectly, seventy-five  
4 percent (75%) or more of the voting power or  
5 value of the beneficial interests or shares of  
6 such trust, or

- 7 (4) any ~~Qualified Foreign Entity~~ qualified foreign  
8 entity, meaning a corporation, trust, association  
9 or partnership organized outside the laws of the  
10 United States and which satisfies the following  
11 criteria:

- 12 (a) at least seventy-five percent (75%) of the  
13 entity's total asset value at the close of  
14 its taxable year is represented by real  
15 estate assets, as defined in Section  
16 856(c)(5)(B) of the Internal Revenue Code of  
17 1986, as amended, thereby including shares  
18 or certificates of beneficial interest in  
19 any real estate investment trust, cash and  
20 cash equivalents, and U.S. Government  
21 securities,

- 22 (b) the entity receives a dividend-paid  
23 deduction comparable to Section 561 of the

1                   Internal Revenue Code of 1986, as amended,

2                   or is exempt from entity level tax,

- 3                   (c) the entity is required to distribute at  
4                   least eighty-five percent (85%) of its  
5                   taxable income, as computed in the  
6                   jurisdiction in which it is organized, to  
7                   the holders of its shares or certificates of  
8                   beneficial interest on an annual basis,  
9                   (d) not more than ten percent (10%) of the  
10                  voting power or value in such entity is held  
11                  directly or indirectly or constructively by  
12                  a single entity or individual, or the shares  
13                  or beneficial interests of such entity are  
14                  regularly traded on an established  
15                  securities market, and  
16                  (e) the entity is organized in a country which  
17                  has a tax treaty with the United States.

18                  3. For purposes of this subsection, the constructive ownership  
19                  rules of Section 318(a) of the Internal Revenue Code, as modified by  
20                  Section 856(d)(5) of the Internal Revenue Code of 1986, as amended,  
21                  shall apply in determining the ownership of stock, assets, or net  
22                  profits of any person.

23                  4. A real estate investment trust that does not become  
24                  regularly traded on an established securities market within one (1)

1 year of the date on which it first becomes a real estate investment  
2 trust shall be deemed not to have been regularly traded on an  
3 established securities market, retroactive to the date it first  
4 became a real estate investment trust, and shall file an amended  
5 return reflecting such retroactive designation for any tax year or  
6 part year occurring during its initial year of status as a real  
7 estate investment trust. For purposes of this subsection, a real  
8 estate investment trust becomes a real estate investment trust on  
9 the first day it has both met the requirements of Section 856 of the  
10 Internal Revenue Code of 1986, as amended, and has elected to be  
11 treated as a real estate investment trust pursuant to Section  
12 856(c)(1) of the Internal Revenue Code of 1986, as amended.

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

14 Passed the Senate the 25th day of March, 2025.

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16 Presiding Officer of the Senate

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18 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
19 2025.

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21 Presiding Officer of the House  
22 of Representatives