

**The following is a corporate tax example assuming the facts as set out:**

- Manufacturing company “A” in Oklahoma with a sales office in another state.
- The company has an income of \$1 million.
- After adjustments the company reports a federal taxable income of \$500,000.
- Three-Factor Formula:
  - A. Property in Oklahoma is 95% of Total USA Property
  - B. Payroll in Oklahoma is 85% of Total USA Payroll
  - C. Sales in Oklahoma are 10% of Total USA Sales
$$\frac{A+B+C}{3} = \frac{95\% + 85\% + 10\%}{3} = \frac{190}{3} = 63\frac{1}{3}\%$$

Three-Factor Formula:		63 $\frac{1}{3}$ %
X Reported Federal Income:	x	\$500,000
= Oklahoma Taxable Income:	=	\$316,650
(Less Oklahoma Adjustments)		
Oklahoma Taxable Income:		\$316,650
X Oklahoma Income Tax Rate:	x	6%
= Oklahoma Income Tax:	=	\$ 18,999

## 5. Right-to-work Constitutional Provision

**This constitutional amendment was voted into Oklahoma’s Constitution in 2001:**

Article 13, Section 1a reads as follows:

5a. As used in this section, “labor organization” means any organization of any kind, or agency or employee representation committee or union, that exists for the purpose, in whole or in part, of dealing with employers concerning wages, rates of pay, hours of work, other conditions of employment, or other forms of compensation.

5b. No person shall be required, as a condition of employment or continuation of employment, to:

- Resign or refrain from voluntary membership in, voluntary affiliation with, or voluntary financial support of a labor organization;
- Become or remain a member of a labor organization;
- Pay any dues, fees, assessments, or other charges of any kind or amount to a labor organization;
- Pay to any charity or other third party, in lieu of such payments, any amount equivalent to or pro rata portion of dues, fees, assessments, or other charges regularly required of members of a labor organization; or
- Be recommended, approved, referred, or cleared by or through a labor organization.