

1 ENGROSSED SENATE  
2 BILL NO. 343

By: Paxton of the Senate

3 and

4 Boles of the House

5  
6 An Act relating to court fines and costs; amending 68  
7 O.S. 2011, Section 205.2, as last amended by Section  
8 1, Chapter 280, O.S.L. 2015 (68 O.S. Supp. 2020,  
9 Section 205.2), which relates to claims against  
income tax refunds; clarifying authority of courts to  
collect certain fines and costs through tax warrant  
intercept; and providing an effective date.

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

13 SECTION 1. AMENDATORY 68 O.S. 2011, Section 205.2, as  
14 last amended by Section 1, Chapter 280, O.S.L. 2015 (68 O.S. Supp.  
15 2020, Section 205.2), is amended to read as follows:

16 Section 205.2. A. For purposes of this section, a "~~qualifying~~  
17 qualified entity" shall mean a:

18 1. State agency;

19 2. Municipal court;

20 3. District court;

21 4. Public housing authority operating pursuant to Section 1062  
22 of Title 63 of the Oklahoma Statutes;

23 5. District attorney seeking to collect unpaid court-ordered  
24 monetary obligations; or

1           6. The designee of an entity described in paragraphs 1 through  
2 5 of this subsection.

3           B. A qualified entity seeking to collect a debt, unpaid  
4 municipal or district court fines and ~~cost~~ costs or final judgment  
5 of at least Fifty Dollars (\$50.00) from an individual who has filed  
6 a state income tax return may file a claim with the Oklahoma Tax  
7 Commission requesting that the amount owed to the qualified entity  
8 be deducted from any state income tax refund due to that individual.  
9 The claim shall be filed electronically in a form prescribed by the  
10 Tax Commission and shall contain information necessary to identify  
11 the person owing the debt, including the full name and Social  
12 Security number of the debtor.

13           1. Upon receiving a claim from a qualified entity, the Tax  
14 Commission shall deduct the claim amount, plus collection expenses  
15 as provided in this section, from the tax refund due to the debtor  
16 and transfer the amount to the qualified entity. Provided, the Tax  
17 Commission need not report available funds of less than Fifty  
18 Dollars (\$50.00).

19           2. The qualified entity shall send notice to the debtor by  
20 regular mail at the last-known address of the debtor as shown by the  
21 records of the Tax Commission when seeking to collect a debt not  
22 reduced to final judgment. The qualified entity shall send notice  
23 to the judgment debtor or ~~municipal court~~ defendant by first-class  
24 mail at the last-known address of the judgment debtor or ~~municipal~~

1 ~~court~~ defendant as shown by the records of the Tax Commission when  
2 seeking to collect a final judgment or unpaid ~~municipal~~ court fines  
3 and ~~cost~~ costs. The Tax Commission shall provide in an agreed  
4 electronic format to the Department of Human Services the amount  
5 withheld by the Tax Commission, the home address and the Social  
6 Security number of the taxpayer. The notice shall state:

- 7 a. that a claim has been filed with the Tax Commission  
8 for any portion of the tax refund due to the debtor or  
9 ~~municipal court~~ defendant which would satisfy the  
10 debt, unpaid ~~municipal~~ court fines and ~~cost~~ costs, or  
11 final judgment in full or in part,
- 12 b. the basis for the claim,
- 13 c. that the Tax Commission has deducted an amount from  
14 the refund and remitted it to such qualified entity,
- 15 d. that the debtor or ~~municipal court~~ defendant has the  
16 right to contest the claim by sending a written  
17 request to the qualified entity for a hearing to  
18 protest the claim, and if the debtor or ~~municipal~~  
19 ~~court~~ defendant fails to apply for a hearing within  
20 sixty (60) days after the date of the mailing of the  
21 notice, the debtor or ~~municipal court~~ defendant shall  
22 be deemed to have waived his or her opportunity to  
23 contest the claim. Provided, if the claim was filed  
24 by the Department of Human Services, the notice shall

1 state that the debtor must contest the claim by  
2 sending a written request to the Department within  
3 thirty (30) days after the date of the mailing of the  
4 notice, and

- 5 e. that a collection expense of five percent (5%) of the  
6 gross proceeds owed to the qualified entity has been  
7 charged to the debtor or ~~municipal court~~ defendant and  
8 withheld from the refund.

9 3. If the qualified entity determines that a refund is due to  
10 the taxpayer, the qualified entity shall reimburse the amount  
11 claimed plus the five-percent collection expense to the taxpayer.  
12 The qualified entity may request reimbursement of the two-percent  
13 collection expense retained by the Tax Commission. Such request  
14 must be made within ninety (90) days of reimbursement to the  
15 taxpayer. If timely requested, the Tax Commission shall make such  
16 reimbursement to the qualified entity within ninety (90) days of the  
17 request.

18 4. In the case of a joint return, the notice shall state:

- 19 a. the name of any taxpayer named in the return against  
20 whom no debt, no unpaid court fines and ~~cost~~ costs, or  
21 final judgment is claimed,  
22 b. the fact that a debt, unpaid ~~municipal~~ court fines and  
23 ~~cost~~ costs, or final judgment is not claimed against  
24 the taxpayer,

- 1           c.    the fact that the taxpayer is entitled to receive a  
2                refund if it is due regardless of the debt, ~~municipal~~  
3                court fines and ~~cost~~ costs, or final judgment asserted  
4                against the debtor or ~~municipal court~~ defendant,
- 5           d.    that in order to obtain the refund due, the taxpayer  
6                must apply, in writing, for a hearing with the  
7                qualified entity named in the notice within sixty (60)  
8                days after the date of the mailing of the notice.  
9                Provided, if the claim was filed by the Department of  
10              Human Services, the notice shall state that the  
11              taxpayer must apply, in writing, for a hearing with  
12              the Department within thirty (30) days after the date  
13              of the mailing of the notice, and
- 14          e.    if the taxpayer against whom no debt, no unpaid  
15              ~~municipal~~ court fines and ~~cost~~ costs, or final  
16              judgment is claimed fails to apply in writing for a  
17              hearing within sixty (60) days after the mailing of  
18              the notice, the taxpayer shall have waived his or her  
19              right to a refund.  Provided, if the claim was filed  
20              by the Department of Human Services, the notice shall  
21              state that if the taxpayer fails to apply in writing  
22              for a hearing with the Department within thirty (30)  
23              days after the date of the mailing of the notice, the  
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1 taxpayer shall have waived his or her right to a  
2 refund.

3 C. If the qualified entity asserting the claim receives a  
4 written request for a hearing from the debtor or taxpayer against  
5 whom no debt, no ~~municipal~~ court fines and ~~cost~~ costs, or final  
6 judgment is claimed, the qualified entity shall grant a hearing  
7 according to the provisions of the Administrative Procedures Act.  
8 It shall be determined at the hearing whether the claimed sum is  
9 correct or whether an adjustment to the claim shall be made.  
10 Pending final determination at the hearing of the validity of the  
11 debt, unpaid court fines and ~~cost~~ costs, or final judgment asserted  
12 by the qualified entity, no action shall be taken in furtherance of  
13 the collection of the debt, unpaid court fines and ~~cost~~ costs, or  
14 final judgment. Appeals from actions taken at the hearing shall be  
15 in accordance with the provisions of the Administrative Procedures  
16 Act.

17 D. Upon final determination at a hearing, as provided for in  
18 subsection C of this section, of the amount of the debt, unpaid  
19 court fines and ~~cost~~ costs, or final judgment, or upon failure of  
20 the debtor or taxpayer against whom no debt, no unpaid court fines  
21 and ~~cost~~ costs, or final judgment is claimed to request such a  
22 hearing, the qualified entity shall apply the amount of the claim to  
23 the debt owed. Any amounts held by the qualified entity in excess  
24 of the final determination of the debt and collection expense shall

1 be refunded by the qualified entity to the taxpayer. However, if  
2 the tax refund due is inadequate to pay the collection expense and  
3 debt, unpaid court fines and ~~cost~~ costs, or final judgment, the  
4 balance due the qualified entity shall be a continuing debt or final  
5 judgment until paid in full.

6 E. Upon receipt of a claim as provided in subsection A of this  
7 section, the Tax Commission shall:

8 1. Deduct from the refund five percent (5%) of the gross  
9 proceeds owed to the qualified entity, and distribute it by  
10 retaining two percent (2%) and transferring three percent (3%) to  
11 the qualified entity, as an expense of collection. The two percent  
12 (2%) retained by the Tax Commission shall be deposited in the  
13 Oklahoma Tax Commission Fund;

14 2. Transfer the amount of the claimed debt, unpaid court fines  
15 and ~~cost~~ costs, or final judgment or so much thereof as is available  
16 to the qualified entity;

17 3. Notify the debtor in writing as to how the refund was  
18 applied; and

19 4. Refund to the debtor any balance remaining after deducting  
20 the collection expense and debt, unpaid court fines and ~~cost~~ costs,  
21 or final judgment.

22 F. The Tax Commission shall deduct from any state tax refund  
23 due to a taxpayer the amount of delinquent state tax and penalty and  
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1 interest thereon, which such taxpayer owes pursuant to any state tax  
2 law prior to payment of such refund.

3 G. The Tax Commission shall have first priority over all other  
4 qualified entities, when the Tax Commission is collecting a debt,  
5 ~~municipal~~ court fines and ~~cost~~ costs, or final judgment pursuant to  
6 the provisions of this section. Subsequent to the Tax Commission  
7 priority, a claim filed by the Department of Human Services for the  
8 collection of child support and spousal support shall have priority  
9 over all other claims filed pursuant to this section. Priority in  
10 multiple claims by other qualified entities pursuant to the  
11 provisions of this section shall be in the order in time, in which  
12 the Tax Commission receives the claim from the qualified entities  
13 required by the provisions of subsection B of this section.

14 H. The Tax Commission shall prescribe or approve forms and  
15 promulgate rules and regulations for implementing the provisions of  
16 this section.

17 I. The information obtained by a qualified entity from the Tax  
18 Commission pursuant to the provisions of this section shall be used  
19 only to aid in collection of the debt, unpaid court fines and ~~cost~~  
20 costs, or final judgment owed to the qualified entity. Disclosure  
21 of the information for any other purpose shall constitute a  
22 misdemeanor. Any employee of a qualified entity or person convicted  
23 of violating this provision shall be subject to a fine not exceeding  
24 One Thousand Dollars (\$1,000.00) or imprisonment in the county jail



1 for a term not exceeding one (1) year, or both fine and imprisonment  
2 and, if still employed by the qualified entity, shall be dismissed  
3 from employment.

4 J. The Tax Commission may employ the procedures provided by  
5 this section in order to collect a debt owed to the Internal Revenue  
6 Service if the Internal Revenue Service requires such procedure as a  
7 condition to providing information to the Commission concerning  
8 federal income tax.

9 K. The provisions of this section shall not apply to claims  
10 filed under the provisions of Section 2906 or Section 5011 of this  
11 title.

12 SECTION 2. This act shall become effective November 1, 2021.

13 Passed the Senate the 3rd day of March, 2021.

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Presiding Officer of the Senate

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17 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
18 2021.

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Presiding Officer of the House  
of Representatives

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