

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB1442
Version:	Introduced
Request Number:	6100
Author:	Provenzano
Date:	2/20/2023
Impact:	OTC Analysis:
	FY24: \$5.3M revenue increase
	FY25: \$8.0M revenue increase

Research Analysis

HB1442, as introduced, directs the Oklahoma Tax Commission to use wage garnishment to collect delinquent income taxes.

Current law requires the OTC to notify a delinquent taxpayer that holds a state license that their license will not be renewed or reissued until the taxpayer comes into compliance. If the delinquent taxpayer does not respond to the notification from the OTC or fails to come into compliance, the commission will notify the applicable licensing entity and the entity is required to deny the renewal application.

Instead of withholding issuance of a state occupation license, OTC will use wage garnishment as the penalty. An exception is granted for any state licensee who was not previously required to pay income tax or has moved to the state within the last year.

Prepared By: Quyen Do

Fiscal Analysis

HB1442 proposes to allow a licensee who is not in compliance with Oklahoma income tax laws to renew a license, and allows the Oklahoma Tax Commission to garnish wages to collect delinquent tax, penalty or interest due from a licensee. This measure is expected to produce a \$5.3 million revenue increase for fiscal year 2024, and an \$8 million revenue increase for fiscal year 2025.

As provided by the Oklahoma Tax Commission

The proposal allows a licensee who is not in compliance with Oklahoma income tax laws to renew a license, and authorizes the OTC to proceed by garnishment to collect any delinquent tax, penalty or interest due from a licensee. A licensee who was not previously required to pay income tax or who has moved to Oklahoma within the past year is exempt from income tax compliance requirements pursuant to 68 O.S. § 238.1.

For FY 2022, the OTC notified 39,618 licensees that compliance could not be determined:

Return Status	Count	Amount
No Return/Missing Return	34,434	\$ -
Return Filed with a Balance Due	3,854	11,295,580.52
Missing Return and Balance Due for Another Tax Period	1,330	3,370,361.38
<i>Totals</i>	39,618	\$ 14,665,941.90

As a result of these efforts, the OTC collected approximately \$6.6 million from delinquent licensees for FY 2022. Assuming similar activity, the revenue impact of this proposal is an estimated increase of up to \$5.3 million for FY 24 (November 23 through June 2024) and \$8 million for FY 2025 for collection of delinquent tax, penalty and interest by garnishment.¹

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

None.

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