

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 24, 2023

BILL NUMBER: HB 2289 STATUS AND DATE OF BILL: Engrossed 3/22/23

AUTHORS: House: Pfeiffer Senate: Rader

TAX TYPE (S): Income, Sales and Other SUBJECT: Administrative and Other

PROPOSAL: Amendatory

Engrossed HB 2289 proposes various amendments to enhance the Oklahoma Tax Commission's administration of the various tax codes.

EFFECTIVE DATE: Emergency - July 1, 2023

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 24: Minimal increase in income and sales tax revenues.

FY 25: Minimal increase in income and sales tax revenues.

<u>Mar. 27, 2023</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	<u>bf</u>
<u>3/27/2023</u> DATE	<u>Huan Gong</u> HUAN GONG, ECONOMIST	
<u>3/27/2023</u> DATE	<u>Joseph P Gappa</u> FOR THE COMMISSION	

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - HB 2289 [Engrossed] Prepared 3/24/23

Engrossed HB 2289 proposes various amendments to enhance the Oklahoma Tax Commission's (OTC) administration of the various tax codes.

Section 1 proposes to amend 68 O.S. § 221 to clarify the time allowed for a taxpayer to file a protest in response to a proposed assessment by the OTC.

Currently, a taxpayer may file a protest within 60 days of the mailing of an assessment. HB 2289 clarifies that a written protest must be filed with the OTC within 60 days of the date indicated on a proposed assessment

Section 1 Revenue Impact: No change in state revenue is expected.

Section 2 proposes to amend 68 O.S. § 225 to require all hearings held in proceedings pursuant to 68 O.S. § 225 to be held in closed court without admittance of any person other than interested parties, their counsel, and employees of the OTC and its counsel. Confidential information filed with or submitted to the Supreme Court or district court in conjunction with any proceeding pursuant to 68 O.S. § 225 will not constitute a public record and will be sealed by the court. Access to confidential information will be strictly controlled.

Section 2 Revenue Impact: No change in state revenue is expected.

Section 3 proposes to amend 68 O.S. § 226 to clarify the time allowed for a taxpayer to file a notice of the intent to file suit for the recovery of tax in response to a proposed assessment by the OTC.

Currently a taxpayer may file a notice of the intent to file suit within 30 days of the mailing of an assessment. HB 2289 clarifies that a notice of the intent to file suit must be filed with the OTC within 30 days of the date indicated on a proposed assessment.

Section 3 Revenue Impact: No change in state revenue is expected.

Section 4 proposes to amend 68 O.S. § 227 to clarify the time allowed for a taxpayer to file a demand for hearing with the OTC if a refund claim is denied.

Currently, a taxpayer may file a demand for hearing on or before the 60th day after the date the notice of denial was mailed. HB 2289 clarifies the demand for hearing must be filed with the OTC on or before the 60th day after the date indicated on the notice of denial.

Section 4 Revenue Impact: No change in state revenue is expected.

Section 5 proposes to amend 68 O.S. § 231 to require OTC to electronically file tax warrants.

Section 5 Revenue Impact: No change in state revenue is expected.

Section 6 proposes to amend 68 O.S. § 255.2, replacing the State Department of Health with the Oklahoma Medical Marijuana Authority.

Section 6 Revenue Impact: No change in state revenue is expected.

Section 7 proposes to amend 68 O.S. § 1364, requiring an individual or sole proprietor to be at least 18 years of age to obtain a sales tax permit. A parent or legal guardian may apply for a permit on behalf of an individual or sole proprietor who is not at least 18 years of age, provided, the parent or legal guardian will be considered the authorized user responsible for remitting state tax.

Section 7 Revenue Impact: No change in state revenue is expected.

Section 8 proposes to amend 68 O.S. § 1364.2, requiring promoters or organizers to provide vendor letters or forms to special event vendors for reporting sales tax collections and any other information that may be required by the OTC. At least ten days prior to the start of a special event, the organizer or promoter will submit a list of all vendors registered to attend the event. Within 15 days following the conclusion of the special event, the organizer or promoter will also submit a list of vendors who actually attended the event. Each list will include the vendor's name, address, telephone number, email address, and taxpayer identification number. If a vendor holds an Oklahoma sales tax permit issued under 68 O.S. § 1364, the permit number must also be included.

The proposal further removes the deduction allowed to compensate the promoter or organizer of a special event for keeping sales tax records, filing reports and remitting the tax when due.

Section 8 Revenue Impact: A minimal increase in sales tax revenue is expected beginning for FY 24 as a result of the proposal.

Sections 9 and 10 propose to amend 68 O.S. §§ 2373 and 2375 to clarify the time allowed for a taxpayer to file a refund claim with the OTC.

Under the proposal, any claim for refund of an overpayment of tax must be made within three years from the due date of the return, including the period of any extension of time for filing a return, or two years from the payment of the tax liability, whichever period is later, or, if no return was filed by the taxpayer, within two years from the time the tax was paid.

Unless the amount of taxable income for any year of a taxpayer under the Internal Revenue Code is changed or corrected from the amounts included in the federal return of a taxpayer for such year and such change or correction affects the Oklahoma taxable income of the taxpayer for such year, no refund will be allowed or made after the proposed expiration of the period of limitation for filing a refund claim. If a refund claim is filed during the proposed period, the amount of refund, if any, will not exceed the amount of tax paid within the period, immediately preceding the filing of the claim, equal to three years plus the period of any extension of time for filing a return. If the claim was not filed within the three-year period, the refund will not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim.

On the original due date of the return, not including any extension, a taxpayer will remit to the OTC the amount of tax due. Failure to pay such tax on or before the date the return is due, not including any extensions, will cause the tax to become delinquent.

Sections 9 and 10 Revenue Impact: No change in state revenue is expected.

Section 11 proposes to amend 68 O.S. § 2385.3 to impose a penalty of up to \$1,000 for failure of an employer to provide an annual reconciliation within 30 days of the due date. Such penalty may be collected in the same manner as provided by law for collection of delinquent taxes.

Currently, every employer that is required under 68 O.S. § 2385.3 to deduct and withhold a tax from employee wages must provide the OTC an annual reconciliation on or before January 31st of the succeeding year. The proposal is expected to encourage voluntary compliance with existing law.

Section 11 Revenue Impact: No change in state revenue is expected.

Section 12 proposes to amend 68 O.S. § 3131, relating to the resale of property by a county. When any tract or lot of land sells for more than the taxes, penalties, interest, and cost thereon, a county treasurer must notify the OTC within 30 days after the resale and include in the notification all information necessary for the OTC to determine whether a tax lien exists on the subject property.

Within 60 days of receipt of the notification, the OTC will provide notice to the county treasurer of any outstanding tax liabilities, including tax, penalty and interest attached to each tract or lot of land, regardless of whether a tax warrant has been filed. Upon timely notice of liability by the OTC, the county treasurer will remit to the OTC the lesser of the amount of the outstanding tax liabilities or the excess proceeds. Any remaining proceeds will be held in a separate fund for the record owner of such land.

Section 12 Revenue Impact: A minimal increase in income tax revenue is expected as a result of the proposal.