

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 20, 2023

BILL NUMBER: SB 604 **STATUS AND DATE OF BILL:** Introduced 1/17/23

AUTHORS: House: n/a Senate: Rader

TAX TYPE (S): Other **SUBJECT:** Administrative

PROPOSAL: Amendatory

SB 604 proposes to amend 68 O.S. § 225 to require all related hearings to be held in closed court without admittance of any person other than interested parties, their counsel, and employees of the Oklahoma Tax Commission (OTC) and its counsel. SB 604 also 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. SB 604 further proposes to amend 68 O.S. § 3131, relating to the resale of property by a county.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: Unknown minimal increase in income tax revenue.

Jan. 20, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

1/25/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/31/2023
DATE

Joseph P. Hayman
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 – SB 604 [Introduced] Prepared 1/20/23

SB 604 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 Oklahoma Tax Commission (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.

SB 604 also 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.

SB 604 further 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.

An unknown minimal increase in income tax collections is expected as a result of the proposal.