

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 2170

6 By: Pfeiffer

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to revenue and taxation; amending 68
9 O.S. 2021, Section 118, as amended by Section 35,
10 Chapter 310, O.S.L. 2023, 220, and 227, as last
11 amended by Section 4, Chapter 113, O.S.L. 2023,
12 228.1, 254, and 418 (68 O.S. Supp. 2024, Sections 118
13 and 227), which relate to state revenue
14 administration; modifying references; modifying
15 provisions related to certain revenue forecast;
16 modifying provisions related to waiver or remission
17 of interest and penalty; modifying provisions related
18 to claims for refund of certain taxes; authorizing
19 imposition of fee with respect to reissuance of tax
20 refunds; modifying provisions related to computation
21 of time period for administrative wage garnishment;
22 modifying provisions related to certain
23 administrative fines; amending 68 O.S. 2021, Section
24 255.2, as amended by Section 6, Chapter 113, O.S.L.
2023 (68 O.S. Supp. 2024, Section 255.2), which
relates to enforcement of medical marijuana tax
provisions; providing for retention of fee amount;
amending 63 O.S. 2021, Section 426, as last amended
by Section 1, Chapter 34, 1st Extraordinary Session,
O.S.L. 2023 (63 O.S. Supp. 2024, Section 426), which
relates to the Medical Marijuana Tax Fund; modifying
provisions related to retention of fee amount;
repealing 68 O.S. 2021, Section 205.5, which relates
to delinquent tax information; and providing an
effective date.

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

1 SECTION 1. AMENDATORY 68 O.S. 2021, Section 118, as
2 amended by Section 35, Chapter 310, O.S.L. 2023 (68 O.S. Supp. 2024,
3 Section 118), is amended to read as follows:

4 Section 118. A. Upon receipt of a written request from a
5 member or employee of the Legislature, the Oklahoma Tax Commission
6 shall provide:

7 1. A written estimate of the revenue gain or loss to the state
8 as a result of an actual or proposed change to any state tax law
9 within the implementation, enforcement and collection duties and
10 responsibilities of the Tax Commission; provided, upon request of a
11 legislative member or staff, Service Oklahoma shall be responsible
12 for furnishing written estimates of revenue gains or losses
13 attributable to current or proposed amendments to any state law
14 under its statutorily assigned functions and responsibilities;

15 2. A written statement of the Tax Commission's recommendation
16 to the State Board of Equalization as to the change in the amount
17 certified as available for appropriation by the Legislature as a
18 result of an actual or proposed change to a state tax law; and

19 3. A written statement outlining all analysis and methodology
20 provided by or made available by the Tax Commission to the State
21 Board of Equalization for the purpose of influencing or serving as
22 the basis for an official action of the State Board of Equalization.
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1 The Tax Commission shall provide such estimate and statement
2 within two (2) weeks of the date the request was received unless the
3 member or employee of the Legislature specifies an earlier date.

4 B. On or after December 31, 2009, and subject to the
5 availability of funds, the Tax Commission shall develop the
6 estimates and statements required by subsection A of this section
7 utilizing a dynamic revenue estimating model. Such model shall take
8 into consideration changes in economic activity as a result of the
9 proposed legislation and consequent revenue gains or losses due to
10 factors such as taxpayer behavior, employment and business
11 investment. The Tax Commission may, subject to the laws of this
12 state relating to confidentiality of information, contract with
13 institutions of higher education in this state or other entities to
14 perform its duties as set forth in this subsection or subsection C
15 of this section. The Tax Commission is authorized to promulgate
16 rules to carry out the implementation of this section.

17 C. For the purpose of providing an annual forecast of gross
18 production tax revenues ~~from the production of natural and~~
19 ~~casinghead gas~~ to the Office of Management and Enterprise Services,
20 the Tax Commission ~~shall~~ may subscribe to appropriate reference
21 materials which provide economic outlook of future gas prices that
22 have most closely followed the historical trend of Oklahoma gas
23 prices. To determine the average differential between the published
24 forecasted prices and Oklahoma gas prices, the Tax Commission ~~shall~~

1 may compare prices in at least twenty-four (24) of the immediate
2 thirty-six (36) previous months of production. The Tax Commission
3 shall utilize the procedures provided herein to forecast the
4 collection of gross production tax revenues ~~from the production of~~
5 ~~natural and casinghead gas~~ for the fiscal year beginning July 1,
6 2005, and each fiscal year thereafter.

7 SECTION 2. AMENDATORY 68 O.S. 2021, Section 220, is
8 amended to read as follows:

9 Section 220. A. The interest or penalty or any portion thereof
10 ordinarily accruing by reason of a taxpayer's failure to file a
11 report or return or failure to file a report or return in the
12 correct form as required by any state tax law or by this Code or to
13 pay a state tax, except for the excise tax levied on the purchase
14 price of aircraft as set forth in Section 6002 of this title, within
15 the statutory period allowed for its payment may be waived or
16 remitted by the Oklahoma Tax Commission or its designee provided the
17 taxpayer's failure to file a report or return or to pay the tax is
18 satisfactorily explained to the Tax Commission or such designee, or
19 provided such failure has resulted from a mistake by the taxpayer of
20 either the law or the facts subjecting him to such tax, or inability
21 to pay such interest or penalty resulting from insolvency.

22 B. Except as otherwise provided by subsections C and D of this
23 section, the waiver or remission of all or any part of any such
24 interest or penalties in excess of Twenty-five Thousand Dollars

1 (\$25,000.00) shall not become effective unless approved by one of
2 the judges of the district court of Oklahoma County after a full
3 hearing thereon.

4 The application for the approval of such waiver or remission
5 shall be filed in the office of the court clerk of the court at
6 least twenty (20) days prior to the entry of the order of the judge
7 finally approving or disapproving the waiver or remission. The
8 order so entered shall be a final order of the district court of the
9 county.

10 C. Taxpayers who (1) do not have outstanding tax liabilities
11 other than those reported pursuant to a voluntary disclosure
12 agreement, (2) have not been contacted by the Oklahoma Tax
13 Commission with respect to the taxpayer's potential or actual
14 obligation to file a return or make a payment to the state, (3) have
15 not collected taxes from others, such as sales and use taxes or
16 payroll taxes, and not reported those taxes, and (4) have not within
17 the preceding three (3) years entered into a voluntary disclosure
18 agreement for the type of tax owed may enter into a voluntary
19 disclosure agreement with the Tax Commission in order to report a
20 state tax liability owed by the taxpayer. Taxpayers who have
21 collected taxes from others, such as sales and use taxes or payroll
22 taxes, and not reported those taxes, may enter into a modified
23 voluntary disclosure agreement as is provided in subsection F of
24 this section provided that they meet all the other requirements

1 provided in this subsection. If the Tax Commission agrees with the
2 proposed terms for payment of the principal amount of tax due and
3 owing, the penalty otherwise imposed by law upon the principal
4 amount shall be waived by operation of law and no further action by
5 the Tax Commission or by the taxpayer shall be required for the
6 waiver of such penalty amount and fifty percent (50%) of the
7 otherwise applicable interest amount shall be waived by operation of
8 law and no further action by the Tax Commission or by the taxpayer
9 shall be required for the waiver of such interest amount.

10 D. The Tax Commission shall limit the period for which
11 additional taxes may be assessed (the lookback period) to three (3)
12 taxable years for annually filed taxes or thirty-six (36) months for
13 taxes that do not have an annual filing frequency.

14 E. Voluntary disclosure agreements may be denied or nullified
15 by the Tax Commission if a taxpayer's failure to report or pay is
16 determined to be the result of a pattern of intentional or gross
17 negligence regarding compliance with the laws.

18 F. Taxpayers who meet all of the qualifications specified in
19 subsection C of this section, except those who have collected taxes
20 from others, such as sales and use taxes or payroll taxes, and not
21 reported those taxes, may enter into a modified voluntary disclosure
22 agreement.

23 G. The provisions of a modified voluntary disclosure agreement
24 shall be the same as a voluntary disclosure agreement as specified

1 in subsection C of this section, except that (1) waiver of interest
2 shall not apply except as may be optionally granted at the
3 discretion of the Tax Commission, and (2) the period for which taxes
4 must be reported and remitted is extended beyond the three-year or
5 thirty-six-month period provided in subsection C of this section to
6 include all periods in which tax has been collected but not
7 remitted.

8 SECTION 3. AMENDATORY 68 O.S. 2021, Section 227, as last
9 amended by Section 4, Chapter 113, O.S.L. 2023 (68 O.S. Supp. 2024,
10 Section 227), is amended to read as follows:

11 Section 227. A. Except as provided in subsection B of Section
12 1361.2 and subsection D of Section 1364.1 of this title, any
13 taxpayer who has paid to the State of Oklahoma, through error of
14 fact, or computation, or misinterpretation of law, any tax collected
15 by the Tax Commission may, as hereinafter provided, be refunded the
16 amount of such tax so erroneously paid, without interest.

17 B. 1. Except as otherwise provided by paragraph 2 of this
18 subsection, any taxpayer who has so paid any such tax may, within
19 three (3) years from the date of payment thereof file with the Tax
20 Commission a verified claim for refund of such tax so erroneously
21 paid. ~~The Tax Commission may accept an amended withholding tax or~~
22 ~~other report or return as a verified claim for refund if the amended~~
23 ~~report or return establishes a liability less than the original~~

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1 ~~report or return previously filed~~ Any verified claim for refund
2 shall be submitted on a form prescribed by the Tax Commission.

3 2. Upon August 26, 2016, with respect to the sales tax imposed
4 by Section 1354 of this title and with respect to the use tax
5 imposed by Section 1402 of this title, any taxpayer who has so paid
6 such sales or use tax may, within two (2) years from the date of
7 payment thereof file with the Tax Commission a verified claim for
8 refund of such tax so erroneously paid. ~~The Tax Commission may~~
9 ~~accept an amended sales or use tax report or return as a verified~~
10 ~~claim for refund if the amended report or return establishes a~~
11 ~~liability less than the original report or return previously filed~~
12 Any verified claim for refund shall be submitted on a form
13 prescribed by the Tax Commission.

14 C. The claim so filed with the Tax Commission, ~~except for an~~
15 ~~amended report or return,~~ shall specify the name of the taxpayer,
16 the time when and period for which the tax was paid, the nature and
17 kind of tax so paid, the amount of the tax which the taxpayer
18 claimed was erroneously paid, the grounds upon which a refund is
19 sought, and such other information or data relative to such payment
20 as may be necessary to an adjustment thereof by the Tax Commission.
21 It shall be the duty of the Commission to determine what amount of
22 refund, if any, is due as soon as practicable after such claim has
23 been filed and advise the taxpayer about the correctness of his
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1 claim and the claim for refund shall be approved or denied by
2 written notice to the taxpayer.

3 D. If the claim for refund is denied, the taxpayer may file a
4 demand for hearing with the Commission. The demand for hearing must
5 be filed on or before the sixtieth day after the date indicated on
6 the notice of denial. If the taxpayer fails to file a demand for
7 hearing, the claim for refund shall be barred.

8 E. Upon the taxpayer's timely filing of a demand for hearing,
9 the Commission shall set a date for hearing upon the claim for
10 refund which date shall not be later than sixty (60) days from the
11 date the demand for hearing was mailed. The taxpayer shall be
12 notified of the time and place of the hearing. The hearing may be
13 held after the sixty-day period provided by this subsection upon
14 agreement of the taxpayer.

15 F. The provisions of this section shall not apply:

16 1. To refunds of income tax erroneously paid, refunds of which
17 tax shall be payable out of the income tax adjustment fund as
18 provided by law;

19 2. To estate tax because the payment of such tax is covered by
20 an order of the Tax Commission and the estate and interested parties
21 are given notice that Commission's position and computation of the
22 tax will become final unless they protest and resist the payment
23 thereof as provided by statute; nor

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1 3. In any case where the tax was paid after an assessment
2 thereof was made by the Tax Commission which assessment became final
3 under the law.

4 SECTION 4. AMENDATORY 68 O.S. 2021, Section 228.1, is
5 amended to read as follows:

6 Section 228.1. A. Except as otherwise provided by law, claims
7 for refunds which are required to be paid by the Oklahoma Tax
8 Commission shall be paid from funds in the official depository
9 clearing account of the Tax Commission, derived from collections
10 from the same source from which the overpayment occurred. Provided,
11 in the case of refunds due to taxpayers who are required to remit
12 taxes to the Tax Commission on a monthly or quarterly basis, the Tax
13 Commission may, in lieu of such refund, credit the account of the
14 taxpayer for such amount. If current collections from the same
15 source are insufficient to pay refunds, available cash funds from
16 the unclassified taxes account may be used for such purpose.

17 B. The Oklahoma Tax Commission is authorized to charge a fee to
18 a taxpayer for reissuing a refund requested by the taxpayer. The
19 fee shall be the same amount as specified in Section 89.6 of Title
20 62 of the Oklahoma Statutes for handling a stop-payment processed by
21 the State Treasurer. All receipts of the fee shall be placed to the
22 credit of the Oklahoma Tax Commission Fund.

23 SECTION 5. AMENDATORY 68 O.S. 2021, Section 254, is
24 amended to read as follows:

1 Section 254. A. Upon a hearing with notice the Oklahoma Tax
2 Commission shall be entitled to proceed by garnishment to collect
3 any delinquent tax and to collect any penalty or interest due and
4 owing as a result of a tax delinquency. Provided, that upon proper
5 application under the procedures outlined herein, the court may
6 issue an order continuing the garnishment for the collection of
7 delinquent taxes, penalties or interest until the total amount of
8 such delinquent taxes, penalties or interest have been collected.

9 B. The Oklahoma Tax Commission may garnish the accrued earnings
10 of a delinquent taxpayer employee by sending notice to the
11 taxpayer's employer. For the purpose of this section, "earnings"
12 means any form of payment to an individual including, but not
13 limited to, salary, wages, commission or other compensation, but
14 does not include reimbursements for travel expenses for state
15 employees. Such notice may be served by mail or by delivery by a
16 field agent of the Tax Commission to the taxpayer's employer along
17 with a copy to the delinquent taxpayer. Upon receipt of such notice
18 of delinquency, the employer shall withhold from compensation due,
19 or to become due to the employee, the total amount shown by the
20 notice. The Tax Commission may direct the employer to withhold part
21 of the amount due, not to exceed twenty-five percent (25%) of
22 earnings per pay period, until the total amount as shown by the
23 notice, plus interest and penalty, has been withheld and remitted to
24 the Tax Commission. The employer's response and calculation of

1 amounts withheld shall be on a form prescribed by the Tax
2 Commission.

3 C. Within seven (7) days after the end of each pay period, or
4 if the delinquent taxpayer does not have regular pay periods, within
5 thirty (30) days from the date of the notice, the employer shall
6 withhold amounts due or provide an explanation to the Tax Commission
7 why amounts due will not be withheld and remitted to the Tax
8 Commission. In any case in which the employee ceases to be employed
9 by the employer before the full amount set forth in the notice of
10 delinquency, plus delinquent penalty and interest, has been withheld
11 by the employer, the employer shall immediately notify the Tax
12 Commission in writing the date the employee resigned or was
13 terminated. Any employer who knowingly and willfully refuses to
14 respond by any means to the notice as provided in subsection B of
15 this section may be liable for the total amount as set forth in the
16 notice. The employer may not terminate the delinquent taxpayer
17 employee based upon the notice of administrative wage garnishment.

18 D. An administrative wage garnishment may be issued after
19 ~~ninety (90) days in which the~~ 1) tax has become ninety (90) days
20 delinquent, 2) notice has been sent to the taxpayer of the
21 delinquency and possible remedies to resolve the delinquency have
22 been provided to the taxpayer, and 3) a tax warrant has been issued
23 and filed pursuant to Section 231 of this title. The taxpayer shall
24 have ten (10) days after the issuance of the notice to the employer

1 to provide any additional information to the Tax Commission for the
2 garnishment of wages to be withdrawn or released by the Tax
3 Commission. The Tax Commission shall withdraw or adjust the
4 garnishment for wages upon proof to the satisfaction of the Tax
5 Commission that the delinquent tax, interest and penalty referred to
6 in the notice have been paid or the taxpayer can show the wages
7 subject to garnishment are exempt pursuant to state or federal law.

8 E. The Tax Commission shall prescribe or approve forms and
9 promulgate rules and regulations for implementing the provisions of
10 this section.

11 SECTION 6. AMENDATORY 68 O.S. 2021, Section 418, is
12 amended to read as follows:

13 Section 418. A. It shall be unlawful for any person to
14 transport or possess tobacco products where the tax on such tobacco
15 products has not been paid and exceeds the sum of One Hundred
16 Dollars (\$100.00).

17 B. Except as otherwise provided in subsections C and D of this
18 section, any person found guilty of violating the provisions of
19 Section 400 et seq. of this title shall be punished by an
20 administrative fine of not more than One Thousand Dollars
21 (\$1,000.00) for a first offense or not more than Four Thousand
22 Dollars (\$4,000.00) for a second or subsequent offense. Provided,
23 any person in possession of more than one thousand small or large
24 cigars or two hundred sixteen (216) ounces of smokeless tobacco or

1 smoking tobacco in packages or containers for which the tax required
2 by law has not been paid shall be punished by administrative fines
3 in the manner and amounts provided in subsection D of this section.

4 C. Any retailer violating the provisions of Section 403.2 of
5 this title shall:

6 1. For a first offense, be punished by an administrative fine
7 of not more than Two Thousand Dollars (\$2,000.00);

8 2. For a second offense, be punished by an administrative fine
9 of not more than Ten Thousand Dollars (\$10,000.00); and

10 3. For a third or subsequent offense, be punished by an
11 administrative fine of not more than Twenty Thousand Dollars
12 (\$20,000.00).

13 D. Any wholesaler violating the provisions of Section 403.2 of
14 this title shall:

15 1. For a first offense, be punished by an administrative fine
16 of not more than Ten Thousand Dollars (\$10,000.00); and

17 2. For a second or subsequent offense, be punished by an
18 administrative fine of not more than Twenty Thousand Dollars
19 (\$20,000.00).

20 ~~Administrative fines collected pursuant to the provisions of~~
21 ~~this subsection shall be deposited to the revolving fund created in~~
22 ~~Section 305.2 of this title.~~

23 E. The Oklahoma Tax Commission shall immediately revoke the
24 license of a person punished for a violation pursuant to the

1 provisions of paragraph 3 of subsection C of this section or a
2 person punished for a violation pursuant to the provisions of
3 subsection D of this section. A person whose license is so revoked
4 shall not be eligible to receive another license pursuant to the
5 provisions of Section 301 et seq. of this title for a period of ten
6 (10) years.

7 F. Fines collected pursuant to the provisions of subsections B,
8 C and D of this section shall be deposited in the Tobacco Products
9 Tax Enforcement Unit Revolving Fund created in Section 7 of Enrolled
10 House Bill No. 2292 of the 1st Session of the 58th Oklahoma
11 Legislature.

12 SECTION 7. AMENDATORY 68 O.S. 2021, Section 255.2, as
13 amended by Section 6, Chapter 113, O.S.L. 2023 (68 O.S. Supp. 2024,
14 Section 255.2), is amended to read as follows:

15 Section 255.2. As provided in Section 426 of Title 63 of the
16 Oklahoma Statutes, the Oklahoma Medical Marijuana Authority and the
17 Oklahoma Tax Commission shall enter into a contract whereby the Tax
18 Commission shall have authority to assess, collect and enforce the
19 seven percent (7%) tax on retail medical marijuana sales and any
20 penalties and interest thereon. Such assessment, collection and
21 enforcement authority shall apply to any tax and any penalty or
22 interest liability on retail medical marijuana sales existing at the
23 time of contracting. The contract shall provide for the assessment,
24 collection and enforcement of the tax on retail medical marijuana

1 sales in the same manner as the administration, collection and
2 enforcement of any tax payable by any taxpayer subject to taxation
3 under any state tax law. For providing such collection assistance,
4 the Tax Commission shall ~~charge the Oklahoma Medical Marijuana~~
5 ~~Authority~~ retain a fee of one and five-tenths percent (1.5%) of the
6 gross collection proceeds. All funds retained by the Tax Commission
7 for the collection services shall be deposited in the Tax Commission
8 Reimbursement Fund in the State Treasury.

9 SECTION 8. AMENDATORY 63 O.S. 2021, Section 426, as last
10 amended by Section 1, Chapter 34, 1st Extraordinary Session, O.S.L.
11 2023 (63 O.S. Supp. 2024, Section 426), is amended to read as
12 follows:

13 Section 426. A. The tax on retail medical marijuana sales
14 shall be established at seven percent (7%) of the gross amount
15 received by the seller.

16 B. This tax shall be collected at the point of sale. Except as
17 provided for in subsection D, tax proceeds, less the collection fee
18 retained by the Oklahoma Tax Commission pursuant to Section 255.2 of
19 Title 68 of the Oklahoma Statutes, shall be deposited into the
20 Medical Marijuana Tax Fund created in Section 3 of this act.

21 C. Pursuant to Section 255.2 of Title 68 of the Oklahoma
22 Statutes, the Oklahoma Tax Commission shall have authority to
23 assess, collect and enforce the tax specified in subsection A of
24 this section including any interest and penalty thereon.

1 D. For fiscal year 2022, proceeds from the levy authorized by
2 subsection A of this section shall be apportioned as follows:

3 1. The first Sixty-five Million Dollars (\$65,000,000.00) shall
4 be apportioned as follows:

5 a. fifty-nine and twenty-three hundredths percent
6 (59.23%) to the State Public Common School Building
7 Equalization Fund,

8 b. thirty-four and sixty-two hundredths percent (34.62%)
9 to the Oklahoma Medical Marijuana Authority, a
10 division within the State Department of Health, and

11 c. six and fifteen hundredths percent (6.15%) to the
12 State Department of Health and earmarked for drug and
13 alcohol rehabilitation; and

14 2. Any surplus collections shall be apportioned to the General
15 Revenue Fund of the State Treasury.

16 E. If any medical marijuana business licensee intentionally
17 does not remit the taxes as required by the provisions of this
18 section or the provisions of Section 1354 of Title 68 of the
19 Oklahoma Statutes, the Authority shall permanently revoke the
20 medical marijuana business license of the business licensee and the
21 business licensee shall be permanently ineligible to receive any
22 other type of medical marijuana business license issued by the
23 Authority, including licenses for a dispensary, commercial grower
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1 operation, processing facility, transporter, research, education
2 facility, and waste disposal facility.

3 SECTION 9. REPEALER 68 O.S. 2021, Section 205.5, is
4 hereby repealed.

5 SECTION 10. This act shall become effective November 1, 2025.

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