

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1279

By: Caldwell (Chad) of the
House

and

Daniels of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; amending 68
12 O.S. 2021, Section 221, as amended by Section 1,
13 Chapter 113, O.S.L. 2023 (68 O.S. Supp. 2024, Section
14 221), which relates to the Uniform Tax Procedure
15 Code; modifying provisions related to protest
16 process; modifying provisions related to taxpayer
17 protest; prescribing procedures for protest with
18 respect to denial of certain tax credit; providing
19 for oral hearing before the Oklahoma Tax Commission;
20 requiring written order; prescribing procedures for
21 appeal; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 221, as
amended by Section 1, Chapter 113, O.S.L. 2023 (68 O.S. Supp. 2024,
Section 221), is amended to read as follows:

Section 221. A. If any taxpayer shall fail to make any report
or return as required by any state tax law, the Oklahoma Tax

1 Commission, from any information in its possession or obtainable by
2 it, may determine the correct amount of tax for the taxable period.
3 If a report or return has been filed, the Tax Commission shall
4 examine such report or return and make such audit or investigation
5 as it may deem necessary. If, in cases where no report or return
6 has been filed, the Tax Commission determines that there is a tax
7 due for the taxable period, or if, in cases where a report or return
8 has been filed, the Tax Commission shall determine that the tax
9 disclosed by such report or return is less than the tax disclosed by
10 its examination, it shall in writing propose the assessment of taxes
11 or additional taxes, as the case may be, and shall mail a copy of
12 the proposed assessment to the taxpayer at the taxpayer's last-known
13 address. Proposed assessments made in the name of the "Oklahoma Tax
14 Commission" by its authorized agents shall be considered as the
15 action of the Tax Commission.

16 B. Any assessment, correction or adjustment made as a result of
17 an office audit shall be presumed to be the result of an audit of
18 the report or return only, and such office audit shall not be deemed
19 a verification of any item in the report or return unless the item
20 shall have been made the subject of a hearing before the Tax
21 Commission, and the correctness and amount of such item determined
22 at such hearing; and such office audit shall not preclude the Tax
23 Commission from subsequently making further adjustment, correction
24 or assessment as a result of a field audit of the books and records

1 of the taxpayer, wherever located, or upon disclosures from any
2 source other than the return. In cases where no report or return
3 has been filed, the assessment of the tax on any information
4 available shall in no event preclude the assessment at any time on
5 subsequently disclosed information.

6 C. Within sixty (60) days after the date indicated on the
7 aforesaid proposed assessment, the taxpayer may file with the Tax
8 Commission a written protest under oath, signed by the taxpayer or
9 the taxpayer's duly authorized agent, on such a form as the Tax
10 Commission may prescribe, setting out therein:

11 1. A statement of the amount of deficiency as determined by the
12 Tax Commission, the nature of the tax and the amount thereof in
13 controversy;

14 2. A clear and concise assignment of each error alleged to have
15 been committed by the Tax Commission;

16 3. The argument and legal authority upon which each assignment
17 of error is made; provided, that the applicant shall not be bound or
18 restricted in such hearing, or on appeal, to the arguments and legal
19 authorities contained and cited in the application;

20 4. A statement of relief sought by the taxpayer; and

21 5. A verification by the taxpayer or the taxpayer's duly
22 authorized agent that the statements and facts contained therein are
23 true.

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1 D. If in such written protest the taxpayer shall request an
2 oral hearing, the Tax Commission shall grant such hearing, and
3 shall, by written notice, advise the taxpayer of a date, which shall
4 not be less than ten (10) days from the date of mailing of such
5 written notice, when such taxpayer may appear before the Tax
6 Commission and present arguments and evidence, oral or written, in
7 support of the protest. Hearings shall be held as soon as
8 practicable. In the event an oral hearing is not requested, the Tax
9 Commission shall proceed without further notice to examine into the
10 merits of the protest and enter an order in accordance with its
11 findings. Upon request of any taxpayer and upon proper showing that
12 the principle of law involved in the assessment of any tax is
13 already pending before the courts for judicial determination, the
14 taxpayer, upon agreement to abide by the decision of the court, may
15 pay the tax so assessed under protest and such protest shall be
16 resolved in accordance with the agreement to abide.

17 E. If the taxpayer fails to file a written protest within the
18 sixty-day period herein provided for or within the period as
19 extended by the Tax Commission, or if the taxpayer fails to file the
20 notice required by Section 226 of this title within thirty (30) days
21 from the date indicated on the proposed assessment, then the
22 proposed assessment, without further action of the Tax Commission,
23 shall become final and absolute. A taxpayer who fails to file a
24 protest to an assessment of taxes within the time period prescribed

1 by this section may, within one (1) year of the date the assessment
2 becomes final, request the Tax Commission to adjust or abate the
3 assessment if the taxpayer can demonstrate, by a preponderance of
4 the evidence, that the assessment or some portion thereof is clearly
5 erroneous. If the Tax Commission determines that the proper showing
6 has been made, the assessment or portion thereof determined to be
7 clearly erroneous shall be deemed not to have become final and
8 absolute. No hearing to adjust or abate a clearly erroneous
9 assessment may be granted after the Tax Commission's denial of such
10 a request. An order of the Tax Commission denying a taxpayer's
11 request to adjust or abate an assessment alleged to be clearly
12 erroneous is not an appealable order under Section 225 of this
13 title. No proceeding instituted by the Tax Commission to collect a
14 tax liability may be stayed because of a request made by a taxpayer
15 to adjust or abate an assessment alleged to be clearly erroneous.

16 F. The Tax Commission may in its discretion extend the time for
17 filing a protest for any period of time not to exceed an additional
18 ninety (90) days. Any extension granted shall not extend the period
19 of time within which the notice required by Section 226 of this
20 title may be filed.

21 G. Within a reasonable time after the hearing herein provided
22 for, the Tax Commission shall make and enter an order in writing in
23 which it shall set forth the disposition made of the protest and a
24 copy of such order shall forthwith be mailed to the taxpayer. The

1 order shall contain findings of fact and conclusions of law. After
2 removing the identity of the taxpayer, the Tax Commission shall make
3 the order available for public inspection and shall publish those
4 orders the Tax Commission deems to be of precedential value. The
5 taxpayer may appeal the order within the time and in the manner
6 provided for by Section 225 of this title, ~~appeal to the Supreme~~
7 ~~Court,~~ but in the event the taxpayer fails to so proceed, the order
8 shall within thirty (30) days from the date a certified copy thereof
9 is mailed to the taxpayer, become final. The provisions of Section
10 226 of this title shall not apply where a proposed assessment or an
11 assessment of taxes has been permitted to become final.

12 H. In all instances where the proposed assessment or the
13 assessment of taxes or additional taxes has been permitted to become
14 final, a certified copy of the assessment may be filed in the office
15 of the county clerk of any county in this state, and upon being so
16 filed, the county clerk shall enter same upon the judgment docket in
17 the same manner as provided for in connection with judgments of
18 district courts. When an assessment is so filed and docketed, it
19 shall have the same force and be subject to the same law as a
20 judgment of the district court, and accordingly it shall constitute
21 a lien on any real estate of the taxpayer located in the county
22 wherein filed; and execution may issue and proceedings in aid of
23 execution may be had the same as on judgments of district courts.
24 Such lien is hereby released and extinguished upon the payment of

1 such assessment, or, except as otherwise provided herein, upon the
2 expiration of ten (10) years after the date upon which the
3 assessment was filed in the office of the county clerk; provided,
4 the Tax Commission may, prior to the release and extinguishment of
5 such lien, refile the assessment one time in the office of the
6 county clerk. An assessment so refiled shall continue the lien
7 until payment of the assessment, or upon the expiration of ten (10)
8 years after the date upon which the assessment was refiled in the
9 office of the county clerk. The remedies provided in this
10 subsection shall be in addition to other remedies provided by law.
11 All active liens evidenced by an assessment filed with a county
12 clerk's office prior to November 1, 1989, shall be released and
13 extinguished if the assessment is not refiled prior to November 1,
14 2001.

15 I. In order to make more definite the intention of the
16 Legislature in connection with the applicability or lack of
17 applicability of the refund provisions of the tax statutes to those
18 treating with proposed assessments and assessments that have become
19 final, the Legislature being cognizant of the fact that such intent
20 has been questioned, it is declared to be the intent of the
21 Legislature that the refund provisions shall be without application
22 to taxes where the amount thereof has been determined by an
23 assessment, other than an assessment designated as an "office
24 audit", that has become final.

1 J. Within fifteen (15) days after electronic notification of
2 the denial of a credit authorized by Section 28-101 of Title 70 of
3 the Oklahoma Statutes, a taxpayer may file with the Tax Commission a
4 written protest under oath, signed by the taxpayer or the taxpayer's
5 duly authorized agent, on such a form as the Tax Commission may
6 prescribe. If the taxpayer fails to file a written protest within
7 the fifteen-day period, then the denial shall become final and
8 absolute.

9 1. If in such timely written protest the taxpayer shall request
10 an oral hearing, the Tax Commission shall set a date for hearing
11 upon the protest. The Tax Commission shall, by written notice,
12 advise the taxpayer of the time and place of the hearing, which
13 shall not be less than ten (10) days from the date of mailing of
14 such written notice, when such taxpayer may appear before the Tax
15 Commission and present arguments and evidence, oral or written, in
16 support of the protest.

17 2. Within sixty (60) days after the written protest is filed,
18 the Tax Commission shall make and enter an order in writing in which
19 it shall set forth the disposition made of the protest and a copy of
20 such order shall forthwith be mailed to the taxpayer. The order
21 shall contain findings of fact and conclusions of law. The taxpayer
22 may appeal the order within the time and in the manner provided for
23 by Section 225 of this title, but in the event the taxpayer fails to
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1 so proceed, the order shall within thirty (30) days from the date a
2 certified copy thereof is mailed to the taxpayer, become final.

3 SECTION 2. It being immediately necessary for the preservation
4 of the public peace, health or safety, an emergency is hereby
5 declared to exist, by reason whereof this act shall take effect and
6 be in full force from and after its passage and approval.

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8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
9 03/03/2025 - DO PASS, As Amended and Coauthored.

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