

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

HOUSE BILL 1204

By: Maynard

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 217, which relates to interest and penalties on delinquent taxes and interest on refunds; modifying interest calculation on delinquent taxes; modifying interest calculation on refunds; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 217, is amended to read as follows:

Section 217. A. If any amount of tax imposed or levied by any state tax law, or any part of such amount, is not paid before such tax becomes delinquent, there shall be collected on the total delinquent tax interest at the prime rate ~~of one and one-quarter percent (1 1/4%) per month from the date of the delinquency until paid~~ plus two (2) percentage points, as published in *The Wall Street*

1 Journal on the first day of each calendar year that is not a  
2 Saturday, Sunday, or legal holiday.

3 B. Interest upon any amount of state tax determined as a  
4 deficiency, under the provisions of Section 221 of this title, shall  
5 be assessed at the same time as the deficiency and shall be paid  
6 upon notice and demand of the Oklahoma Tax Commission at the prime  
7 ~~rate of one and one-quarter percent (1 1/4%) per month from the date~~  
8 ~~prescribed in the state tax law levying such tax for the payment~~  
9 ~~thereof to the date the deficiency is assessed~~ plus two (2)  
10 percentage points, as published in *The Wall Street Journal* on the  
11 first day of each calendar year that is not a Saturday, Sunday, or  
12 legal holiday.

13 C. If any tax due under state sales, use, tourism, mixed  
14 beverage gross receipts, or motor fuel tax laws, or any part  
15 thereof, is not paid within fifteen (15) days after such tax becomes  
16 delinquent a penalty of ten percent (10%) on the total amount of tax  
17 due and delinquent shall be added thereto, collected and paid.  
18 However, the Tax Commission shall not collect the penalty assessed  
19 if the taxpayer remits the tax and interest within sixty (60) days  
20 of the mailing of a proposed assessment or voluntarily pays the tax  
21 upon the filing of an amended return.

22 D. If any tax due under any state tax law other than those  
23 specified in subsection C of this section, or any part thereof, is  
24 not paid within thirty (30) days after such tax becomes delinquent a

1 penalty of ten percent (10%) on the total amount of tax due and  
2 delinquent shall be added thereto, collected and paid. However, the  
3 Tax Commission shall not collect the penalty assessed if the  
4 taxpayer remits the tax and interest within sixty (60) days of the  
5 mailing of a proposed assessment or voluntarily pays the tax upon  
6 the filing of an amended return.

7 E. If any part of any deficiency, arbitrary or jeopardy  
8 assessment made by the Tax Commission is based upon or occasioned by  
9 the taxpayer's negligence or by the failure or refusal of any  
10 taxpayer to file with the Tax Commission any report or return, as  
11 required by this title, or by any state tax law, within ten (10)  
12 days after a written demand for such report or return has been  
13 served upon any taxpayer by the Tax Commission by letter, the Tax  
14 Commission may assess and collect, as a penalty, twenty-five percent  
15 (25%) of the amount of the assessment. For purposes of this  
16 subsection, "negligence" shall mean the consistent understatement of  
17 income, consistent understatement of receipts or a system of  
18 recordkeeping by the taxpayer that consistently results in an  
19 inaccurate reporting of tax liability.

20 F. If any part of any deficiency is due to fraud with intent to  
21 evade tax, then fifty percent (50%) of the total amount of the  
22 deficiency, in addition to such deficiency, including interest as  
23 herein provided, shall be added, collected and paid.

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1 G. All penalties or interest imposed by this title, or any  
2 state tax law, shall be recoverable by the Tax Commission as a part  
3 of the tax with respect to which they are imposed, the penalties  
4 bearing interest as provided in this section for the tax, and all  
5 penalties and interest shall be apportioned as provided for the  
6 apportionment of the tax on which such penalties or interest are  
7 collected.

8 H. ~~1.~~ Whenever ~~an income~~ a tax refund is not paid to the  
9 taxpayer within ninety (90) days after the return is filed ~~or due,~~  
10 ~~whichever is later,~~ with all documents as required by the Tax  
11 Commission, entitling the taxpayer to a refund, then the Tax  
12 Commission shall pay interest on the refund, at the ~~same~~ prime rate  
13 ~~specified for interest on delinquent tax payments plus two (2)~~  
14 percentage points, as published in *The Wall Street Journal* on the  
15 first day of each calendar year that is not a Saturday, Sunday, or  
16 legal holiday. The interest paid on the refund shall be calculated  
17 starting from the date which the taxpayer submitted payment. The  
18 ~~payment of interest on refunds provided for by this section shall~~  
19 ~~apply to tax year 1987 and subsequent tax years.~~ The Tax Commission  
20 shall not be required to pay interest on an income tax refund which  
21 is applied, in whole or in part, to a prior year tax liability  
22 pursuant to Section 2385.17 of this title or upon an income tax  
23 refund applied, in whole or in part, to satisfy a debt owed to the  
24 Internal Revenue Service of the United States or to a state agency,

1 including the Oklahoma Tax Commission, as provided by Section 205.2  
2 of this title. The provisions of this subsection shall apply to  
3 refunds submitted after the effective date of this act.

4 ~~2. For tax returns filed after January 1, 2004, and before~~  
5 ~~January 2, 2010, whenever an income tax refund is not paid to the~~  
6 ~~taxpayer within the following number of days after the income tax~~  
7 ~~return is filed with all documents as required by the Tax Commission~~  
8 ~~or after the income tax return is due, whichever is later, entitling~~  
9 ~~the taxpayer to a refund, then the Tax Commission shall pay interest~~  
10 ~~on the refund at the same rate specified for interest on delinquent~~  
11 ~~tax payments:~~

- 12 a. ~~for returns filed electronically, thirty (30) days,~~
- 13 ~~and~~
- 14 b. ~~for all other returns, one hundred fifty (150) days.~~

15 ~~3. For tax returns filed after January 1, 2010, whenever an~~  
16 ~~income tax refund is not paid to the taxpayer within the following~~  
17 ~~number of days after the income tax return is filed or due,~~  
18 ~~whichever is later, with all documents as required by the Tax~~  
19 ~~Commission entitling the taxpayer to a refund, then the Tax~~  
20 ~~Commission shall pay interest on the refund at the same rate~~  
21 ~~specified for interest on delinquent tax payments:~~

- 22 a. ~~for returns filed electronically, forty-five (45)~~
- 23 ~~days, and~~
- 24 b. ~~for all other returns, ninety (90) days.~~

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SECTION 2. This act shall become effective November 1, 2025.

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