

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

HOUSE BILL NO. 2990

By: Tyler

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 1991, Section 1703, as amended by Section 18, Chapter 278, O.S.L. 1994 (68 O.S. Supp. 1997, Section 1703), which relates to surety bonds for nonresident contractors; exempting certain nonresident contractors from surety bond requirements; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 1703, as amended by Section 18, Chapter 278, O.S.L. 1994 (68 O.S. Supp. 1997, Section 1703), is amended to read as follows:

Section 1703. Notwithstanding the provisions of Sections 1103 and 1731 of Title 69 of the Oklahoma Statutes, every nonresident contractor, including those in the position of subcontractor, subject to the provisions of this article, before actually commencing work or undertaking to perform any services or duties under any such contract, shall file with the Oklahoma Tax Commission a surety bond with a surety authorized to do business in this state, in the penal sum of not less than three times the tax liability incurred or to be incurred under any such contract, payable to the State of Oklahoma, or, in lieu of such surety bonds, cash or

negotiable bonds or other obligations of the United States of America, the State of Oklahoma or its subdivisions, conditioned upon compliance with the tax laws of Oklahoma, both state and local, the Oklahoma Employment Security Act, Section 211 et seq. of Title 40 of the Oklahoma Statutes, the Oklahoma Workers' Compensation Act, Section 1 et seq. of Title 85 of the Oklahoma Statutes, and the provisions and requirements of this article; provided:

1. If such contractor receives another contract to perform services or duties in this state or if, in the judgment of the Tax Commission the amount of tax liability incurred or to be incurred under such contract is increased from the amount used to compute the amount of the original bond, the amount of such bond shall be increased to meet the requirements set forth in this subsection;

2. The amount of such tax liability may be reduced by the amount of the tax liability incurred or to be incurred by nonresident contractors in the position of subcontractors, who actually post bonds on their subcontracts, listed in the notice to the Oklahoma Tax Commission by a prime contractor, as required by the preceding section; ~~and~~

3. If the Oklahoma Tax Commission, after making an investigation at the request of a nonresident contractor, finds that such nonresident contractor has and will continue to have property within Oklahoma, and has regularly engaged in business in this state and will continue to do so, and the Oklahoma Tax Commission, for said reason, determines in writing that such nonresident contractor's financial responsibility is sufficient to cover its tax liability and the other obligations covered by this article, such nonresident contractor shall not be required to make and file the surety bond required in this section nor to give the notices required by this article, and the Oklahoma Tax Commission shall notify the nonresident contractor of its findings; and

4. Out-of-state contractors performing work for the Oklahoma Department of Transportation or the Oklahoma Turnpike Authority subject to the requirements of paragraph 1 of subsection C of Section 2 of Title 61 of the Oklahoma Statutes shall be exempt from the requirements of this section.

SECTION 2. This act shall become effective November 1, 1998.

46-2-8888

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