

OKLAHOMA STATE SENATE
GENERAL CONFERENCE COMMITTEE ON APPROPRIATIONS

Mr. President:
Mr. Speaker:

Date: 5-12-2011

The Conference Committee, to which was referred

SB 123

By: Mazzei of the Senate and Dank of the House

Title: Tax administration; updating reference relating to certification for certain income tax credits.
Effective date.

together with Engrossed House Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the House recede from all Amendments.
2. That the attached Conference Committee Substitute be adopted.

SENATE CONFEREES:

Ballenger _____
Branan _____
Brinkley Lo Brinkley
Burrage _____
Crain RC Crain
Ford Tom Ford
Halligan James Halligan
Ivester TS
Jolley _____
Justice Don Justice
Marlatt A. J. Marlatt

Mazzei Mike Mazzei
Myers _____
Newberry Tom Newberry
Nichols _____
Paddack _____
Rice Calvin Rice
Stanislowski Stanislowski
Sykes _____
Wilson _____
Wyrick Wyrick

HOUSE CONFEREES:

General Conference Committee on Appropriations

ADOPTED & PASSED

MAY 18 2011

Senate Action _____ Date _____ House Action _____ Date _____

1 STATE OF OKLAHOMA

2 1st Session of the 53rd Legislature (2011)

3 CONFERENCE COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL NO. 123

6 By: Mazzei of the Senate

7 and

8 Dank of the House

9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to tax administration; amending 68
11 O.S. 2001, Section 113, as last amended by Section 1,
12 Chapter 434, O.S.L. 2009 (68 O.S. Supp. 2010, Section
13 113), which relates to the Tax Commission
14 Reimbursement Fund; modifying purposes for which Tax
15 Commission Reimbursement Fund may be used; requiring
16 Oklahoma Tax Commission to conduct certain hearings
17 in specified number of locations and add personnel
18 for certain purposes; requiring Tax Commission to
19 initiate certain compliance program relating to
20 income tax; amending 68 O.S. 2001, Section 2385.16,
21 as amended by Section 14, Chapter 535, O.S.L. 2004
22 (68 O.S. Supp. 2010, Section 2385.16), which relates
23 to income tax refunds; authorizing the use of
24 specified procedures for issuing certain refunds;
authorizing Tax Commission to enter into certain
contracts; prohibiting release of specified
information; providing for codification; providing
for noncodification; providing an effective date; and
declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 113, as last
amended by Section 1, Chapter 434, O.S.L. 2009 (68 O.S. Supp. 2010,
Section 113), is amended to read as follows:

1 Section 113. A. There is hereby created in the State Treasury
2 a revolving fund for the Oklahoma Tax Commission to be known as the
3 "Tax Commission Reimbursement Fund". Said revolving fund shall
4 consist of any funds received by the Tax Commission for data
5 processing services or equipment rental and any funds received by
6 the Tax Commission from any incorporated city, town, or county
7 pursuant to a contractual agreement for the augmentation of the
8 enforcement and collection of municipal or county taxes entered into
9 pursuant to the provisions of Sections 1371 or 2702 of this title.
10 The Tax Commission is authorized to hire full-time-equivalent
11 employees as necessary to perform such duties as to fulfill
12 contractual agreements authorized pursuant to Sections 1371 and 2702
13 of this title, however, such employees hired to perform such
14 contractual duties shall be supported solely by funds in the Tax
15 Commission Reimbursement Fund which are collected by the Tax
16 Commission from incorporated cities, towns, and counties pursuant to
17 such contractual agreements and such employees shall be terminated
18 upon the discontinuation of such funds or inadequate funds to
19 support such positions. Such full-time-equivalent employees shall
20 be in the unclassified service and shall not be subject to any
21 provisions of the Oklahoma Personnel Act or to any of the rules or
22 regulations promulgated by the Office of Personnel Management except
23 leave regulations. All fees collected and apportioned to this fund
24 under the Oklahoma Vehicle License and Registration Act, Section

1 1101 et seq. of Title 47 of the Oklahoma Statutes, may be used by
2 the Motor Vehicle Division of the Oklahoma Tax Commission to pay all
3 costs incurred in the issuance of certificates of title and
4 inspection of vehicles, including, but not limited to, additional
5 computer costs for the Tax Commission and motor license agents and
6 the check verification system authorized pursuant to the provisions
7 of paragraph 1 of subsection A of Section 1144 of Title 47 of the
8 Oklahoma Statutes or be used for capital expenditures as authorized
9 by the Oklahoma State Legislature. For the fiscal year beginning
10 July 1, 2004, disbursements from the fund shall be exempt from all
11 agency budget limits.

12 B. Notwithstanding any other provision in the Oklahoma Statutes
13 except subsection F of Section 316 and subsection D of Section 418
14 of this title, beginning July 1, 2009, all revenue from fees and
15 penalties collected pursuant to Sections 304, 316, 415 and 418 of
16 this title shall be apportioned to the Tax Commission Reimbursement
17 Fund for administrative ~~and data processing~~ expenses incurred in
18 connection with ~~electronic reporting requirements pursuant to~~
19 enforcement of the provisions of Section 301 et seq., Section 346 et
20 seq., Section 401 et seq. and Section 424 et seq. of this title.

21 SECTION 2. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 1364.3 of Title 68, unless there
23 is created a duplication in numbering, reads as follows:

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1 In order to increase the collection of sales and use taxes, the
2 Oklahoma Tax Commission shall:

3 1. Conduct hearings pursuant to Section 212 of Title 68 of the
4 Oklahoma Statutes related to permits issued under the provisions of
5 Section 1364 of Title 68 of the Oklahoma Statutes in at least two
6 (2) locations in the state; and

7 2. Add ten (10) additional sales and use tax audit and/or
8 enforcement personnel as soon as practicable after July 1, 2011.

9 SECTION 3. NEW LAW A new section of law not to be
10 codified in the Oklahoma Statutes reads as follows:

11 On or after July 1, 2011, the Oklahoma Tax Commission shall
12 initiate a compliance program that includes an increased assignment
13 of audit staff to conduct audits of corporate and partnership income
14 tax returns.

15 SECTION 4. AMENDATORY 68 O.S. 2001, Section 2385.16, as
16 amended by Section 14, Chapter 535, O.S.L. 2004 (68 O.S. Supp. 2010,
17 Section 2385.16), is amended to read as follows:

18 Section 2385.16. A. All payments received by the Oklahoma Tax
19 Commission transmitted by employers for taxes withheld from
20 employees and all payments received by the Tax Commission from
21 taxpayers as herein provided shall be deposited with the State
22 Treasurer in the Tax Commission's Official Depository Clearing
23 Account and be designated Income Tax Withholding Funds. These funds
24 shall be under the exclusive control of the Tax Commission. The Tax

1 Commission is empowered and directed each month to transfer the
2 amount thereof which the Tax Commission estimates to be necessary to
3 make tax refunds to a separate account designated as the Income Tax
4 Withholding Refund Account, and to make apportionments from such
5 funds remaining in said Official Depository Clearing Account, of the
6 amount it considers available for distribution as income taxes
7 collected. The Tax Commission shall maintain a balance in the
8 refund account sufficient to cover anticipated tax refunds.

9 All warrants drawn against such refund account as provided in
10 the preceding subsection which are not presented for payment within
11 ninety (90) days of issuance thereof shall be void.

12 Persons entitled to refunds of monies represented by warrants
13 which are not presented for payment within ninety (90) days from the
14 date of issuance thereof may file claims for refund at any time
15 within three (3) years from the due date of the return. Such claims
16 shall be filed and paid under the provisions of Section 2373 of this
17 Code, and if allowed shall be paid under the provisions of such
18 section. An income tax refund warrant which was not presented for
19 payment within ninety (90) days from the date of issuance or
20 reissued for a like amount up to three (3) years from the date of
21 issuance of the original warrant shall be subject to reporting and
22 remittance to the Oklahoma State Treasurer pursuant to the Uniform
23 Unclaimed Property Act.

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1 B. Neither the Tax Commission nor any member or employee
2 thereof shall be held personally liable for making any refund by
3 reason of a fraudulent withholding certificate being used as a basis
4 for such refund.

5 C. The Oklahoma Tax Commission may use a direct deposit system
6 and card-based disbursement system in lieu of checks or warrants for
7 the purposes of issuing refunds for overpayment of individual income
8 taxes. Notwithstanding the provisions of Section 205 of this title,
9 the Tax Commission may enter into a contract with, and release
10 taxpayer information to, entities deemed to be qualified by the Tax
11 Commission to implement the card-based disbursement system. The Tax
12 Commission shall not release to any entity contracted with pursuant
13 to this section the full social security number of taxpayers opting
14 to receive a refund through the card-based disbursement system.

15 SECTION 5. This act shall become effective July 1, 2011.

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

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