

1 may file a claim with the Oklahoma Tax Commission requesting that
2 the amount owed to the agency, a municipal court ~~or~~, a district
3 court or housing authority be deducted from any state income tax
4 refund due to that individual. The claim shall be filed
5 electronically in a form prescribed by the Tax Commission and shall
6 contain information necessary to identify the person owing the debt,
7 including the full name and Social Security number of the debtor.

8 1. Upon receiving a claim from a state agency, the municipal
9 court ~~or~~, a district court or housing authority, the Tax Commission
10 shall deduct the claim amount, plus collection expenses as provided
11 in this section, from the tax refund due to the debtor and transfer
12 the amount to the municipal court, the district court ~~or~~, the agency
13 or housing authority. Provided, the Tax Commission need not report
14 available funds of less than Fifty Dollars (\$50.00).

15 2. The state agency, the municipal court ~~or~~, the district court
16 or the housing authority shall send notice to the debtor by regular
17 mail at the last-known address of the debtor as shown by the records
18 of the Tax Commission when seeking to collect a debt not reduced to
19 final judgment. The state agency, the municipal court ~~or~~, the
20 district court or housing authority shall send notice to the
21 judgment debtor or municipal court defendant by first class mail at
22 the last-known address of the judgment debtor or municipal court
23 defendant as shown by the records of the Tax Commission when seeking

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1 to collect a final judgment or unpaid municipal fines and cost. The
2 notice shall state:

3 a. that a claim has been filed with the Tax Commission
4 for any portion of the tax refund due to the debtor or
5 municipal court defendant which would satisfy the
6 debt, unpaid municipal fines and cost, or final
7 judgment in full or in part,

8 b. the basis for the claim,

9 c. that the Tax Commission has deducted an amount from
10 the refund and remitted it to such state agency,
11 municipal court ~~or~~, district court or housing
12 authority,

13 d. that the debtor or municipal court defendant has the
14 right to contest the claim by sending a written
15 request to the state agency, the municipal court ~~or~~,
16 the district court or housing authority for a hearing
17 to protest the claim, and if the debtor or municipal
18 court defendant fails to apply for a hearing within
19 sixty (60) days after the date of the mailing of the
20 notice, the debtor or municipal court defendant shall
21 be deemed to have waived his or her opportunity to
22 contest the claim. Provided, if the claim was filed
23 by the Department of Human Services, the notice shall

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BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 state that the debtor must contest the claim by
2 sending a written request to the Department within
3 thirty (30) days after the date of the mailing of the
4 notice,

- 5 e. that a collection expense of five percent (5%) of the
6 gross proceeds owed to the state agency, municipal
7 court ~~or,~~ district court or housing authority has been
8 charged to the debtor or municipal court defendant and
9 withheld from the refund.

10 3. If the state agency, municipal court ~~or,~~ district court or
11 housing authority determines that a refund is due to the taxpayer,
12 the state agency, municipal court ~~or,~~ district court or housing
13 authority shall reimburse the amount claimed plus the five-percent
14 collection expense to the taxpayer. The state agency, municipal
15 court ~~or,~~ district court or housing authority may request
16 reimbursement of the two-percent collection expense retained by the
17 Tax Commission. Such request must be made within ninety (90) days
18 of reimbursement to the taxpayer. If timely requested, the Tax
19 Commission shall make such reimbursement to the state agency,
20 municipal court ~~or,~~ district court or housing authority within
21 ninety (90) days of the request.

- 22 4. In the case of a joint return, the notice shall state:
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- 1 a. the name of any taxpayer named in the return against
2 whom no debt, no unpaid fines and cost, or final
3 judgment is claimed,
4 b. the fact that a debt, unpaid municipal fines and cost,
5 or final judgment is not claimed against the taxpayer,
6 c. the fact that the taxpayer is entitled to receive a
7 refund if it is due regardless of the debt, municipal
8 fines and cost, or final judgment asserted against the
9 debtor or municipal court defendant,
10 d. that in order to obtain the refund due, the taxpayer
11 must apply, in writing, for a hearing with the
12 municipal court, district court, ~~or~~ the agency or the
13 housing authority named in the notice within sixty
14 (60) days after the date of the mailing of the notice.
15 Provided, if the claim was filed by the Department of
16 Human Services, the notice shall state that the
17 taxpayer must apply, in writing, for a hearing with
18 the Department within thirty (30) days after the date
19 of the mailing of the notice, and
20 e. if the taxpayer against whom no debt, no unpaid
21 municipal fines and cost, or final judgment is claimed
22 fails to apply in writing for a hearing within sixty
23 (60) days after the mailing of the notice, the
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1 taxpayer shall have waived his or her right to a
2 refund. Provided, if the claim was filed by the
3 Department of Human Services, the notice shall state
4 that if the taxpayer fails to apply in writing for a
5 hearing with the Department within thirty (30) days
6 after the date of the mailing of the notice, the
7 taxpayer shall have waived his or her right to a
8 refund.

9 B. If the municipal court, district court ~~or~~, agency or housing
10 authority asserting the claim receives a written request for a
11 hearing from the debtor or taxpayer against whom no debt, no
12 municipal fines and cost, or final judgment is claimed, the agency,
13 the municipal court ~~or~~, the district court or the housing authority
14 shall grant a hearing according to the provisions of the
15 Administrative Procedures Act, Section 250 et seq. of Title 75 of
16 the Oklahoma Statutes. It shall be determined at the hearing
17 whether the claimed sum is correct or whether an adjustment to the
18 claim shall be made. Pending final determination at the hearing of
19 the validity of the debt, unpaid fines and cost, or final judgment
20 asserted by the municipal court, the district court ~~or~~, the agency,
21 or the housing authority no action shall be taken in furtherance of
22 the collection of the debt, unpaid fines and cost, or final
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1 judgment. Appeals from actions taken at the hearing shall be in
2 accordance with the provisions of the Administrative Procedures Act.

3 C. Upon final determination at a hearing, as provided for in
4 subsection B of this section, of the amount of the debt, unpaid
5 fines and cost, or final judgment, or upon failure of the debtor or
6 taxpayer against whom no debt, no unpaid fines and cost, or final
7 judgment is claimed to request such a hearing, the municipal court,
8 the district court ~~or~~, the agency or the housing authority shall
9 apply the amount of the claim to the debt owed. Any amounts held by
10 the municipal court, district court, ~~or~~ agency or housing authority
11 in excess of the final determination of the debt and collection
12 expense shall be refunded by the municipal court, district court, ~~or~~
13 agency or housing authority to the taxpayer. However, if the tax
14 refund due is inadequate to pay the collection expense and debt,
15 unpaid fines and cost, or final judgment, the balance due the state
16 agency, the municipal court, ~~or~~ the district court or housing
17 authority shall be a continuing debt or final judgment until paid in
18 full.

19 D. Upon receipt of a claim as provided in subsection A of this
20 section, the Tax Commission shall:

21 1. Deduct from the refund five percent (5%) of the gross
22 proceeds owed to the state agency, the municipal court ~~or~~, district
23 court or housing authority and distribute it by retaining two
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1 percent (2%) and transferring three percent (3%) to the municipal
2 court, the district court ~~or~~, the state agency or housing authority
3 as an expense of collection. The two percent (2%) retained by the
4 Tax Commission shall be deposited in the Oklahoma Tax Commission
5 Fund;

6 2. Transfer the amount of the claimed debt, unpaid fines and
7 cost, or final judgment or so much thereof as is available to the
8 state agency, municipal court ~~or~~, the district court or housing
9 authority;

10 3. Notify the debtor in writing as to how the refund was
11 applied; and

12 4. Refund to the debtor any balance remaining after deducting
13 the collection expense and debt, unpaid fines and cost, or final
14 judgment.

15 E. The Tax Commission shall deduct from any state tax refund
16 due to a taxpayer the amount of delinquent state tax and penalty and
17 interest thereon, which such taxpayer owes pursuant to any state tax
18 law prior to payment of such refund.

19 F. The Tax Commission shall have first priority over all other
20 agencies, municipal courts ~~or~~, district courts or housing
21 authorities when the Tax Commission is collecting a debt, municipal
22 court fines and cost, or final judgment pursuant to the provisions
23 of this section. Priority in multiple claims by other agencies,
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1 municipal courts ~~or~~, district courts or housing authorities pursuant
2 to the provisions of this section shall be in the order in time, in
3 which the Tax Commission receives the claim from the agencies,
4 municipal courts ~~and~~, district courts and housing authorities
5 required by the provisions of subsection A of this section.

6 G. The Tax Commission shall prescribe or approve forms and
7 promulgate rules and regulations for implementing the provisions of
8 this section.

9 H. The information obtained by an agency, municipal court, or
10 by the district court or housing authority from the Tax Commission
11 pursuant to the provisions of this section shall be used only to aid
12 in collection of the debt, unpaid fines and cost, or final judgment
13 owed to the agency, municipal court ~~or~~, a district court or housing
14 authority. Disclosure of the information for any other purpose
15 shall constitute a misdemeanor. Any agency or court employee or
16 person convicted of violating this provision shall be subject to a
17 fine not exceeding One Thousand Dollars (\$1,000.00) or imprisonment
18 in the county jail for a term not exceeding one (1) year, or both
19 said fine and imprisonment and, if still employed by the agency or
20 the courts, shall be dismissed from employment.

21 I. The Tax Commission may employ the procedures provided by
22 this section in order to collect a debt owed to the Internal Revenue
23 Service if the Internal Revenue Service requires such procedure as a

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1 condition to providing information to the Commission concerning
2 federal income tax.

3 J. The provisions of this section shall not apply to claims
4 filed under the provisions of Section 2906 or Section 5011 of this
5 title.

6 SECTION 2. This act shall become effective November 1, 2012.

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8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
9 02/28/2012 - DO PASS, As Coauthored.

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