BILL SUMMARY
2nd Ses sion of the 53rd Legislature

Bill No.:	**SB 1984**
Version:	**CS**
Request Number:	**3502**
Author:	**Reps. Sears/Martin Sc.**
Date:	**5/23/2012**
Impact:	**Tax Commission:** **Increase in Tax Compliance** **Additional Sales Tax Collections** **Estimated $16.7 Million**

Fiscal Analysis

The measure involves granting authority to the Oklahoma Tax Commission to close the business of a noncompliant taxpayer. A taxpayer would be deemed to be noncompliant if for three months during any 24-month period they fail to either report or remit sales or use taxes as required by law.

Taxpayers would be notified of the potential enforcement action after two months. If a taxpayer is delinquent for the third month, the Tax Commission would issue a closure notice. If the taxpayer does not resolve the delinquency by paying tax in full, entering into an approved payment plan, or ask for an administrative hearing, the Tax Commission would enter the closure order.

If a hearing is requested, the Tax Commission would hold the hearing within two weeks of the request. The only valid defense to be presented at the hearing would be proof of payment of the tax or valid payment plan. If a closure order is issued, a notice would be posted at the place of business of the taxpayer.

The compliance program is patterned after one adopted in the state of Arkansas in 2006. The program has been successful in reducing the number of delinquent sales and use tax accounts and the collection of delinquent taxes. In the first year of the program, the Tax Commission estimates collection of delinquent sales and use taxes in the amount of $16.7M. The improved compliance efforts will also affect local sales tax collections.

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Other Considerations

None.