ENGROSSED SENATE
BILL NO. 1631 By: Boggs of the Senate

and

DeWitt of the House

[public finance - payment of claims - electronic payments - election for refunds - effective date]

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 34.64, as amended by Section 387, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2013, Section 34.64), is amended to read as follows:

Section 34.64. A. Except as otherwise provided in the Oklahoma State Finance Act, procedures for paying claims or payrolls shall include the following:

1. All miscellaneous claims and payroll claims for the payment of money from the State Treasury, shall be filed with the Director of the Office of Management and Enterprise Services for audit and settlement prior to being filed for payment with the State Treasurer;

2. The Director ~~of the Office of Management and Enterprise Services~~ may establish alternative procedures for the settlement of claims whenever such procedures are more advantageous so long as they are consistent with the requirements of state law;

3. Such alternative procedures shall be at the discretion of the Director ~~of the Office of Management and Enterprise Services~~ and may include, but are not limited to:

a. a procedure to permit consolidated payment to vendors for claims involving more than one agency of the state when audit and settlement of such claims, as hereinafter provided, can in all respects be accomplished,

b. procedures based upon valid statistical sampling models for preaudit of claims, against contracts, purchase orders and other commitments before entering such claims against the accounts, and

c. policies, procedures and performance criteria for the participation of agencies or departments, not authorized by this section, to engage in an alternative system for the settlement of claims; and

4. The Director ~~of the Office of Management and Enterprise Services~~ may use a numeric or alphanumeric designation to cross-reference claims or payrolls to check warrant numbers, transfer entry or optional settlement mode used in the payment thereof.

B. After claims or payrolls or both have been properly audited and recorded against the respective contracts, purchase orders, other commitments and accounts, the Division of Central Accounting

and Reporting shall certify such claims or payrolls to the State Treasurer for payment.

C. It shall be the responsibility of the Division of Central Accounting and Reporting to determine that:

1. All material legal requirements concerning the expenditure of monies involved in each claim or payroll have been complied with;

2. Funds have been properly and legally allotted for the payment of the claim or payroll; and

3. A sufficient balance exists for the payment of same.

D. The Director ~~of the Office of Management and Enterprise Services~~ or bonded employees in the Division of Central Accounting and Reporting authorized by the Director shall certify to the State Treasurer that the claim or payroll has been approved for payment.

E. 1. The Director ~~of the Office of Management and Enterprise Services~~ shall be authorized to establish necessary agency disbursing funds to efficiently accommodate the cash flow requirements of applicable federal regulations, bond indebtedness and other directives deemed appropriate by the Director.

2. Agencies operating such disbursing funds are authorized to establish a preaudit and settlement system for claims or payments or both relating to the purposes of the stated directives.

3. The State Treasurer shall establish procedures for the state in accordance with Federal Banking and National Automated Clearing House Association standards and agencies shall be required to

utilize automated clearing house procedures established by the State Treasurer.

4. No individual or entity shall be required to have a bank account unless required by federal law or federal regulation.

5. Agencies shall be further required to present these transactions to the Office of Management and Enterprise Services in a summarized format and shall include any accounting information necessary as determined by the Director ~~of the Office of Management and Enterprise Services~~ including, but not limited to, information related to federal law.

6. Administrative expenditures shall not be eligible for these procedures.

7. The efficiency of the payment system shall be considered when the interest earnings of the state are not diminished.

F. The Director ~~of the Office of Management and Enterprise Services~~ shall be authorized to process payments for federal tax withholding without claim forms. The Director shall establish a separate fund for the purpose of accumulating federal income tax withholding from payrolls and remitting same to the United States Treasury.

G. 1. The Director ~~of the Office of Management and Enterprise Services~~ shall be authorized to process, without claim forms, interest payments to the U.S. Treasury as required by federal law.

2. Agencies are responsible for the accrual of such interest liability of the state and shall provide payment to the Office of Management and Enterprise Services in the amount and method prescribed by the Director ~~of the Office of Management and Enterprise Services~~.

3. Any liability of the U.S. Treasury as determined by federal law shall be deposited in the State Treasury and transferred by the Director ~~of the Office of Management and Enterprise Services~~ to the General Revenue Fund of the state subsequent to final determination and necessary audit resolution.

H. Payments disbursed from the State Treasury shall be conveyed solely through an electronic payment mechanism; subject to the provisions of Section 2385.16 of Title 68 of the Oklahoma Statutes. The State Treasurer may provide an exemption from the provisions of this subsection, with cause, provided the number of exempted payments and a corresponding list of causes shall be published in a regularly updated report which is featured prominently on the State Treasurer's website.

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2385.16, is amended to read as follows:

Section 2385.16. A. All payments received by the Oklahoma Tax Commission transmitted by employers for taxes withheld from employees and all payments received by the Tax Commission from taxpayers as herein provided shall be deposited with the State

Treasurer in the Tax Commission's Official Depository Clearing Account and be designated Income Tax Withholding Funds. These funds shall be under the exclusive control of the Tax Commission. The Tax Commission is empowered and directed each month to transfer the amount thereof which the Tax Commission estimates to be necessary to make tax refunds to a separate account designated as the Income Tax Withholding Refund Account, and to make apportionments from such funds remaining in said Official Depository Clearing Account, of the amount it considers available for distribution as income taxes collected. The Tax Commission shall maintain a balance in the refund account sufficient to cover anticipated tax refunds.

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

Persons entitled to refunds of monies represented by warrants which are not presented for payment within ninety (90) days from the date of issuance thereof may file claims for refund at any time within three (3) years from the due date of the return. Such claims shall be filed and paid under the provisions of Section 2373 of this Code, and if allowed shall be paid under the provisions of such section. An income tax refund warrant which was not presented for payment within ninety (90) days from the date of issuance or reissued for a like amount up to three (3) years from the date of issuance of the original warrant shall be subject to reporting and

remittance to the Oklahoma State Treasurer pursuant to the Uniform Unclaimed Property Act.

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

C. The ~~Oklahoma~~ Tax Commission may use a direct deposit system and card-based disbursement system in lieu of checks or warrants for the purposes of issuing refunds for overpayment of individual income taxes; provided, at the election of the taxpayer such refunds may be issued by a means other than a card-based disbursement system and notice of the right to make such election shall be included on the face of the Individual Resident Income Tax Return. Notwithstanding the provisions of Section 205 of this title, the Tax Commission may enter into a contract with, and release taxpayer information to, entities deemed to be qualified by the Tax Commission to implement the card-based disbursement system. The Tax Commission shall not release to any entity contracted with pursuant to this section the full social security number of taxpayers opting to receive a refund through the card-based disbursement system.

SECTION 3. This act shall become effective November 1, 2014.

Passed the Senate the 5th day of March, 2014.

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Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____, 2014.

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Presiding Officer of the House of Representatives