

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 8, 2014

BILL NUMBER: SB 1631 STATUS AND DATE OF BILL: Introduced 01/15/2014

AUTHORS: House n/a Senate Boggs

TAX TYPE (S): Income Tax SUBJECT: Administrative

PROPOSAL: Amendatory

SB 1631 proposes to amend 68 O.S. §2385.16 by providing at the election of the taxpayer income tax refunds may be issued by a means other than a card-based disbursement system. Taxpayer will make such election on the face of the Individual Resident Income Tax Return.

EFFECTIVE DATE: November 1, 2014

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 15: -0-
FY 16: -0-

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 15: \$509,000 in additional cost is anticipated as a result of this proposed legislation

<u>Feb. 8, 2014</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	jpg
<u>2-8-14</u> DATE	<u>Reece Womack</u> REECE WOMACK, ECONOMIST	
<u>2/8/14</u> DATE	<u>Dan Cash</u> FOR THE COMMISSION	

ATTACHMENT TO FISCAL IMPACT – SB1631 [Introduced] Prepared February 8, 2014

SB 1631 proposes to amend 68 O.S. §2385.16 by providing at the election of the taxpayer income tax refunds may be issued by a means other than a card-based disbursement system. Taxpayer will make such election on the face of the Individual Resident Income Tax Return.

Currently, payments disbursed from the State Treasury shall be conveyed solely through an electronic payment mechanism pursuant to 62 O.S. §34.64. In order to comply with this requirement the Tax Commission may use a direct deposit system and card-based disbursement in lieu of checks or warrants for the purpose of issuing income tax refunds. (68 O.S. §2385.16(C)).

Tax Commission data indicates that 322,379 debit cards (card-based disbursement system) were issued in calendar year 2013. In addition, the cost to the Tax Commission associated with the issuance of each refund check is estimated to be \$1.50 per check. This amount includes postage, check stock, form changes and labor costs. Also, an estimated additional amount of \$25,000 IT costs would also be associated with the issuance of refund checks.

If all of the debit card recipients elected to receive paper check refunds pursuant to the number of debit cards issued in 2013 the estimated administrative impact of additional cost to the Tax Commission would be \$509,000.¹

¹ 332,379 debit cards (taxpayer refunds) x \$1.50 per check cost + \$25,000 IT costs = \$509,000