

1 ENGROSSED SENATE AMENDMENTS  
TO  
2 ENGROSSED HOUSE  
BILL NO. 1825

By: Martin of the House

3  
4 and

Standridge of the Senate

5  
6  
7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2011, Section 205.2, as last amended by Section  
9 1, Chapter 266, O.S.L. 2013 (68 O.S. Supp. 2014,  
10 Section 205.2), which relates to claims by certain  
governmental entities; modifying provisions related  
to claims for certain health care service costs; and  
declaring an emergency.

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12  
13 AUTHOR: Add the following Senate Coauthor: David

14 AMENDMENT 1. Page 1, substitute the following for the title,  
enacting clause, the emergency clause and the  
15 entire body of the bill:

16 "An Act relating to revenue and taxation; amending 68  
17 O.S. 2011, Section 205.2, as last amended by Section  
18 1, Chapter 266, O.S.L. 2013 (68 O.S. Supp. 2014,  
19 Section 205.2), which relates to claims by certain  
governmental entities; modifying provisions related  
to claims for certain health care service costs; and  
declaring an emergency.

20  
21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:  
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1 SECTION 1. AMENDATORY 68 O.S. 2011, Section 205.2, as  
2 last amended by Section 1, Chapter 266, O.S.L. 2013 (68 O.S. Supp.  
3 2014, Section 205.2), is amended to read as follows:

4 Section 205.2 A. For purposes of this section, a "qualifying  
5 entity" shall mean a:

6 1. State agency;

7 2. Municipal court;

8 3. District court;

9 4. Public housing authority operating pursuant to Section 1062  
10 of Title 63 of the Oklahoma Statutes;

11 5. District attorney seeking to collect unpaid court-ordered  
12 monetary obligations; or

13 6. The designee of an entity described in paragraphs 1 through  
14 5 of this subsection.

15 B. A state agency, a municipal court, a district court or a  
16 public housing authority operating pursuant to Section 1062 of Title  
17 63 of the Oklahoma Statutes qualified entity seeking to collect a  
18 debt, unpaid fines and cost or final judgment of at least Fifty  
19 Dollars (\$50.00) from an individual who has filed a state income tax  
20 return may file a claim with the Oklahoma Tax Commission requesting  
21 that the amount owed to the agency, a municipal court, a district  
22 court or a public housing authority operating pursuant to Section  
23 1062 of Title 63 of the Oklahoma Statutes qualified entity be  
24 deducted from any state income tax refund due to that individual.

1 The claim shall be filed electronically in a form prescribed by the  
2 Tax Commission and shall contain information necessary to identify  
3 the person owing the debt, including the full name and Social  
4 Security number of the debtor.

5 1. Upon receiving a claim from a ~~state agency, the municipal~~  
6 ~~court, a district court or a public housing authority operating~~  
7 ~~pursuant to Section 1062 of Title 63 of the Oklahoma Statutes~~  
8 qualified entity, the Tax Commission shall deduct the claim amount,  
9 plus collection expenses as provided in this section, from the tax  
10 refund due to the debtor and transfer the amount to the ~~municipal~~  
11 ~~court, the district court, the agency or the public housing~~  
12 ~~authority~~ qualified entity. Provided, the Tax Commission need not  
13 report available funds of less than Fifty Dollars (\$50.00).

14 2. The ~~state agency, the municipal court, a district court or a~~  
15 ~~public housing authority operating pursuant to Section 1062 of Title~~  
16 ~~63 of the Oklahoma Statutes~~ qualified entity shall send notice to  
17 the debtor by regular mail at the last-known address of the debtor  
18 as shown by the records of the Tax Commission when seeking to  
19 collect a debt not reduced to final judgment. The ~~state agency, the~~  
20 ~~municipal court, a district court or a public housing authority~~  
21 ~~operating pursuant to Section 1062 of Title 63 of the Oklahoma~~  
22 ~~Statutes~~ qualified entity shall send notice to the judgment debtor  
23 or municipal court defendant by first-class mail at the last-known  
24 address of the judgment debtor or municipal court defendant as shown

1 by the records of the Tax Commission when seeking to collect a final  
2 judgment or unpaid municipal fines and cost. The Tax Commission  
3 shall provide in an agreed electronic format to the Department of  
4 Human Services the amount withheld by the Tax Commission, the home  
5 address and the Social Security number of the taxpayer. The notice  
6 shall state:

- 7 a. that a claim has been filed with the Tax Commission  
8 for any portion of the tax refund due to the debtor or  
9 municipal court defendant which would satisfy the  
10 debt, unpaid municipal fines and cost, or final  
11 judgment in full or in part,
- 12 b. the basis for the claim,
- 13 c. that the Tax Commission has deducted an amount from  
14 the refund and remitted it to such ~~state agency,~~  
15 ~~municipal court, district court or public housing~~  
16 ~~authority~~ qualified entity,
- 17 d. that the debtor or municipal court defendant has the  
18 right to contest the claim by sending a written  
19 request to the ~~state agency, the municipal court, the~~  
20 ~~district court or the public housing authority~~  
21 qualified entity for a hearing to protest the claim,  
22 and if the debtor or municipal court defendant fails  
23 to apply for a hearing within sixty (60) days after  
24 the date of the mailing of the notice, the debtor or

1 municipal court defendant shall be deemed to have  
2 waived his or her opportunity to contest the claim.  
3 Provided, if the claim was filed by the Department of  
4 Human Services, the notice shall state that the debtor  
5 must contest the claim by sending a written request to  
6 the Department within thirty (30) days after the date  
7 of the mailing of the notice, and

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

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

1 ~~municipal court, district court or public housing authority~~  
2 qualified entity within ninety (90) days of the request.

3 4. In the case of a joint return, the notice shall state:

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

1 fails to apply in writing for a hearing within sixty  
2 (60) days after the mailing of the notice, the  
3 taxpayer shall have waived his or her right to a  
4 refund. Provided, if the claim was filed by the  
5 Department of Human Services, the notice shall state  
6 that if the taxpayer fails to apply in writing for a  
7 hearing with the Department within thirty (30) days  
8 after the date of the mailing of the notice, the  
9 taxpayer shall have waived his or her right to a  
10 refund.

11 ~~B. C.~~ If the ~~municipal court, district court, agency or public~~  
12 ~~housing authority operating pursuant to Section 1062 of Title 63 of~~  
13 ~~the Oklahoma Statutes~~ qualified entity asserting the claim receives  
14 a written request for a hearing from the debtor or taxpayer against  
15 whom no debt, no municipal fines and cost, or final judgment is  
16 claimed, the ~~agency, the municipal court, the district court or~~  
17 ~~public housing authority operating pursuant to Section 1062 of Title~~  
18 ~~63 of the Oklahoma Statutes~~ qualified entity shall grant a hearing  
19 according to the provisions of the Administrative Procedures Act.  
20 It shall be determined at the hearing whether the claimed sum is  
21 correct or whether an adjustment to the claim shall be made.  
22 Pending final determination at the hearing of the validity of the  
23 debt, unpaid fines and cost, or final judgment asserted by the  
24 ~~municipal court, the district court, agency or public housing~~

1 ~~authority operating pursuant to Section 1062 of Title 63 of the~~  
2 ~~Oklahoma Statutes~~ qualified entity, no action shall be taken in  
3 furtherance of the collection of the debt, unpaid fines and cost, or  
4 final judgment. Appeals from actions taken at the hearing shall be  
5 in accordance with the provisions of the Administrative Procedures  
6 Act.

7 ~~C.~~ D. Upon final determination at a hearing, as provided for in  
8 subsection ~~B~~ C of this section, of the amount of the debt, unpaid  
9 fines and cost, or final judgment, or upon failure of the debtor or  
10 taxpayer against whom no debt, no unpaid fines and cost, or final  
11 judgment is claimed to request such a hearing, the ~~municipal court,~~  
12 ~~the district court,~~ agency or public housing authority operating  
13 ~~pursuant to Section 1062 of Title 63 of the Oklahoma Statutes~~  
14 qualified entity shall apply the amount of the claim to the debt  
15 owed. Any amounts held by the ~~municipal court, district court,~~  
16 ~~agency or public housing authority operating pursuant to Section~~  
17 ~~1062 of Title 63 of the Oklahoma Statutes~~ qualified entity in excess  
18 of the final determination of the debt and collection expense shall  
19 be refunded by the ~~municipal court, district court, agency or public~~  
20 ~~housing authority operating pursuant to Section 1062 of Title 63 of~~  
21 ~~the Oklahoma Statutes~~ qualified entity to the taxpayer. However, if  
22 the tax refund due is inadequate to pay the collection expense and  
23 debt, unpaid fines and cost, or final judgment, the balance due the  
24 ~~state agency, the municipal court, the district court or public~~

1 ~~housing authority operating pursuant to Section 1062 of Title 63 of~~  
2 ~~the Oklahoma Statutes~~ qualified entity shall be a continuing debt or  
3 final judgment until paid in full.

4 ~~D.~~ E. Upon receipt of a claim as provided in subsection A of  
5 this section, the Tax Commission shall:

6 1. Deduct from the refund five percent (5%) of the gross  
7 proceeds owed to the ~~state agency, the municipal court, district~~  
8 ~~court or public housing authority operating pursuant to Section 1062~~  
9 ~~of Title 63 of the Oklahoma Statutes~~ qualified entity, and  
10 distribute it by retaining two percent (2%) and transferring three  
11 percent (3%) to the ~~municipal court, the district court, the state~~  
12 ~~agency or public housing authority operating pursuant to Section~~  
13 ~~1062 of Title 63 of the Oklahoma Statutes~~ qualified entity, as an  
14 expense of collection. The two percent (2%) retained by the Tax  
15 Commission shall be deposited in the Oklahoma Tax Commission Fund;

16 2. Transfer the amount of the claimed debt, unpaid fines and  
17 cost, or final judgment or so much thereof as is available to the  
18 ~~state agency, municipal court, the district court or public housing~~  
19 ~~authority operating pursuant to Section 1062 of Title 63 of the~~  
20 ~~Oklahoma Statutes~~ qualified entity;

21 3. Notify the debtor in writing as to how the refund was  
22 applied; and  
23  
24

1 4. Refund to the debtor any balance remaining after deducting  
2 the collection expense and debt, unpaid fines and cost, or final  
3 judgment.

4 ~~E.~~ F. The Tax Commission shall deduct from any state tax refund  
5 due to a taxpayer the amount of delinquent state tax and penalty and  
6 interest thereon, which such taxpayer owes pursuant to any state tax  
7 law prior to payment of such refund.

8 ~~F.~~ G. The Tax Commission shall have first priority over all  
9 other agencies, municipal courts, district courts or public housing  
10 authorities operating pursuant to Section 1062 of Title 63 of the  
11 ~~Oklahoma Statutes~~ qualified entities, when the Tax Commission is  
12 collecting a debt, municipal court fines and cost, or final judgment  
13 pursuant to the provisions of this section. Subsequent to the Tax  
14 Commission priority, a claim filed by the Department of Human  
15 Services for the collection of child support and spousal support  
16 shall have priority over all other claims filed pursuant to this  
17 section. Priority in multiple claims by other agencies,  
18 ~~authorities, municipal courts or district courts~~ qualified entities  
19 pursuant to the provisions of this section shall be in the order in  
20 time, in which the Tax Commission receives the claim from the  
21 ~~agencies, authorities, municipal courts and district courts~~  
22 qualified entities required by the provisions of subsection A B of  
23 this section.  
24

1        ~~G.~~ H. The Tax Commission shall prescribe or approve forms and  
2 promulgate rules and regulations for implementing the provisions of  
3 this section.

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

17        ~~I.~~ J. The Tax Commission may employ the procedures provided by  
18 this section in order to collect a debt owed to the Internal Revenue  
19 Service if the Internal Revenue Service requires such procedure as a  
20 condition to providing information to the Commission concerning  
21 federal income tax.

22        ~~J.~~ K. The provisions of this section shall not apply to claims  
23 filed under the provisions of Section 2906 or Section 5011 of this  
24 title ~~or to any debt owed to a state agency for health care or~~

1 ~~medical services unless said health care or medical services were~~  
2 ~~rendered, induced or otherwise obtained as a result of fraud, breach~~  
3 ~~of contract, error, ineligibility or any illegal or unauthorized~~  
4 ~~means.~~

5 SECTION 2. REPEALER Section 1, Chapter 47, O.S.L. 2013  
6 (68 O.S. Supp. 2014, Section 205.2), is hereby repealed.

7 SECTION 3. It being immediately necessary for the preservation  
8 of the public peace, health and safety, an emergency is hereby  
9 declared to exist, by reason whereof this act shall take effect and  
10 be in full force from and after its passage and approval."

11 Passed the Senate the 22nd day of April, 2015.

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13 \_\_\_\_\_  
14 Presiding Officer of the Senate

15 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
16 2015.

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18 \_\_\_\_\_  
19 Presiding Officer of the House  
20 of Representatives  
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