

1 ENGROSSED HOUSE
2 BILL NO. 2691

By: Brumbaugh of the House

3 and

4 Mazzei of the Senate

5
6 An Act relating to revenue and taxation; amending 68
7 O.S. 2011, Section 217, as amended by Section 1,
8 Chapter 274, O.S.L. 2014 (68 O.S. Supp. 2015, Section
9 217), which relates to computation of interest on
10 delinquent tax liabilities; providing for
11 modification of interest rate based on New York
12 Federal Reserve Bank prime rate; and providing an
13 effective date.

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

15 SECTION 1. AMENDATORY 68 O.S. 2011, Section 217, as
16 amended by Section 1, Chapter 274, O.S.L. 2014 (68 O.S. Supp. 2015,
17 Section 217), is amended to read as follows:

18 Section 217. A. If any amount of tax imposed or levied by any
19 state tax law, or any part of such amount, is not paid before such
20 tax becomes delinquent, there shall be collected on the total
21 delinquent tax interest at ~~the a rate of one and one quarter percent~~
22 ~~(1 1/4%)~~ per month equal to the New York Federal Reserve Bank prime
23 rate plus three percentage points for the immediately preceding
24 month from the date of the delinquency until paid.

25 B. Interest upon any amount of state tax determined as a
26 deficiency, under the provisions of Section 221 of this title, shall

1 be assessed at the same time as the deficiency and shall be paid
2 upon notice and demand of the Oklahoma Tax Commission at ~~the~~ a rate
3 ~~of one and one-quarter percent (1 1/4%)~~ per month of the New York
4 Federal Reserve Bank prime rate plus three percentage points for the
5 immediately preceding month from the date prescribed in the state
6 tax law levying such tax for the payment thereof to the date the
7 deficiency is assessed.

8 C. If any tax due under state sales, use, tourism, mixed
9 beverage gross receipts, or motor fuel tax laws, or any part
10 thereof, is not paid within fifteen (15) days after such tax becomes
11 delinquent a penalty of ten percent (10%) on the total amount of tax
12 due and delinquent shall be added thereto, collected and paid.
13 However, the Tax Commission shall not collect the penalty assessed
14 if the taxpayer remits the tax and interest within sixty (60) days
15 of the mailing of a proposed assessment or voluntarily pays the tax
16 upon the filing of an amended return.

17 D. If any tax due under any state tax law other than those
18 specified in subsection C of this section, or any part thereof, is
19 not paid within thirty (30) days after such tax becomes delinquent a
20 penalty of ten percent (10%) on the total amount of tax due and
21 delinquent shall be added thereto, collected and paid. However, the
22 Tax Commission shall not collect the penalty assessed if the
23 taxpayer remits the tax and interest within sixty (60) days of the
24

1 mailing of a proposed assessment or voluntarily pays the tax upon
2 the filing of an amended return.

3 E. If any part of any deficiency, arbitrary or jeopardy
4 assessment made by the Tax Commission is based upon or occasioned by
5 the taxpayer's negligence or by the failure or refusal of any
6 taxpayer to file with the Tax Commission any report or return, as
7 required by this title, or by any state tax law, within ten (10)
8 days after a written demand for such report or return has been
9 served upon any taxpayer by the Tax Commission by letter, the Tax
10 Commission may assess and collect, as a penalty, twenty-five percent
11 (25%) of the amount of the assessment. For purposes of this
12 subsection, "negligence" shall mean the consistent understatement of
13 income, consistent understatement of receipts or a system of
14 recordkeeping by the taxpayer that consistently results in an
15 inaccurate reporting of tax liability.

16 F. If any part of any deficiency is due to fraud with intent to
17 evade tax, then fifty percent (50%) of the total amount of the
18 deficiency, in addition to such deficiency, including interest as
19 herein provided, shall be added, collected and paid.

20 G. All penalties or interest imposed by this title, or any
21 state tax law, shall be recoverable by the Tax Commission as a part
22 of the tax with respect to which they are imposed, the penalties
23 bearing interest as provided in this section for the tax, and all
24 penalties and interest shall be apportioned as provided for the

1 apportionment of the tax on which such penalties or interest are
2 collected.

3 H. 1. Whenever an income tax refund is not paid to the
4 taxpayer within ninety (90) days after the return is filed or due,
5 whichever is later, with all documents as required by the Tax
6 Commission, entitling the taxpayer to a refund, then the Tax
7 Commission shall pay interest on the refund, at the same rate
8 specified for interest on delinquent tax payments. The payment of
9 interest on refunds provided for by this section shall apply to tax
10 year 1987 and subsequent tax years. The Tax Commission shall not be
11 required to pay interest on an income tax refund which is applied,
12 in whole or in part, to a prior year tax liability pursuant to
13 Section 2385.17 of this title or upon an income tax refund applied,
14 in whole or in part, to satisfy a debt owed to the Internal Revenue
15 Service of the United States or to a state agency, including the
16 Oklahoma Tax Commission, as provided by Section 205.2 of this title.

17 2. For tax returns filed after January 1, 2004, and before
18 January 2, 2010, whenever an income tax refund is not paid to the
19 taxpayer within the following number of days after the income tax
20 return is filed with all documents as required by the Tax Commission
21 or after the income tax return is due, whichever is later, entitling
22 the taxpayer to a refund, then the Tax Commission shall pay interest
23 on the refund at the same rate specified for interest on delinquent
24 tax payments:

