

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** April 6, 2015

**BILL NUMBER:** HB 2235 **STATUS AND DATE OF BILL:** Introduced 3/25/15

**AUTHORS:** House Sears & Casey Senate Jolley & Treat

**TAX TYPE (S):** Income Tax **SUBJECT:** Administrative

**PROPOSAL:** Amendatory

HB 2235 proposes to amend 68 O.S. § 264 by directing the Tax Commission to enter into a contract with qualified entities to acquire or utilize technology systems, information or services to assist in authenticating income tax returns to identify potentially fraudulent refund claims.

**EFFECTIVE DATE:** Emergency - Upon Passage and Approval

**REVENUE IMPACT:**

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

FY 16: Projected increase of \$9.5 million in income tax collections.

**ADMINISTRATIVE IMPACT:**

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

FY 16: No additional cost or savings to the Tax Commission due to this proposed legislation.

Apr. 6, 2015  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

4-6-15  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

4/6/15  
DATE

Dan Cas  
FOR THE COMMISSION

**ATTACHMENT TO FISCAL IMPACT – HB 2235 [Introduced] Prepared April 6, 2015**

HB 2235 proposes to amend 68 O.S. § 264 by directing the Tax Commission to enter into a contract with qualified entities to acquire or utilize technology systems, information or services to assist in authenticating income tax returns to identify potentially fraudulent refund claims.

The Tax Commission is authorized to expend necessary available funds pursuant to 68 O.S. § 265<sup>1</sup> and would be exempt from 74 O.S. § 85.7<sup>2</sup> to implement the provisions of this proposed law. There is further authority to allow necessary taxpayer information to be disclosed to the qualified entities and to require the qualified entities to be subject to the Tax Commission's disclosure limitations and penalties as outlined in 68 O.S. § 205. Based upon the experience in other states acquiring these systems coupled with current efforts, it is believed that the OTC can stop approximately \$9,500,000 in fraudulent refunds from being paid out in FY16.

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<sup>1</sup> 68 O.S. § 265 created within the State Treasury a fund for the Oklahoma Tax Commission to be known as the *Oklahoma Tax Commission and Office of Management and Enterprise Services Joint Computer Enhancement Fund*.

<sup>2</sup> 74 O.S. § 85.7 provides for competitive bid procedures under the Oklahoma Central Purchasing Act.