

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 22, 2016

BILL NUMBER: HB 2775

STATUS AND DATE OF BILL: Subcommittee Recommendation 2/16/16

AUTHORS: House McCall Senate n/a

TAX TYPE (S): Income Tax SUBJECT: Administrative

PROPOSAL: Amendatory

HB 2775 proposes to amend 68 O.S. § 217 which relates to the payment of interest on income tax refunds that are not paid within certain prescribed time periods. This measure also amends 68 O.S. § 2368 which relates to the due date of income tax returns and also amends 68 O.S. § 2385.3 which relates to the reporting of Oklahoma Income Tax Withholding by employers.

EFFECTIVE DATE: Emergency – July 1, 2016

REVENUE IMPACT:

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

FY 17: Projected increase to income tax collections of \$5 million.

ADMINISTRATIVE IMPACT:

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

FY 17: Unknown additional cost to the Tax Commission due to this proposed legislation.

Feb. 22, 2016
DATE

Rick Miller
DIVISION DIRECTOR

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2-22-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/22/16
DATE

Dan Car
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – HB 2775 [SCR] Prepared February 22, 2016

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Interest on Income Tax Refunds:

Under current law, the Tax Commission is required to pay interest on refunds claimed on returns filed electronically if those refunds are not paid within twenty (20) days. This measure extends the time period from twenty (20) days to forty five (45) days.

No additional impact to Oklahoma income tax collections is anticipated as a result of this change.

Due Dates of Income Tax Returns:

Under current law, due dates to file Oklahoma income tax returns are set on certain dates and generally mirror the due dates for similar type federal returns due to the Internal Revenue Service. This measure maintains the current due dates for individual, estate, and trust income tax returns. This measure would, effective for tax years beginning on or after January 1, 2016, change the due dates for corporate and partnership income tax returns to thirty (30) days after the due dates for these types of returns under the Internal Revenue Code.

No additional impact to Oklahoma income tax collections is anticipated as a result of this change.

Oklahoma Income Tax Withholding:

Under current law, employers are not required to annually reconcile the amount of Oklahoma income tax withheld from their employees throughout the tax year although many employers are presently required to provide this reconciliation report at the federal level. This measure requires employers to annually reconcile the amount of Oklahoma income tax withheld using the Oklahoma Tax Commission's electronic data interchange program.

The annual Oklahoma withholding reconciliation could be compared to the withholding reported on individual income tax returns, which would assist in the identification of fraudulent and inaccurate tax returns, resulting in increased tax compliance. It is estimated income tax collections would increase by \$5 million for FY17.