

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 2, 2015

BILL NUMBER: SB 243 STATUS AND DATE OF BILL: Introduced 1/15/2015

AUTHORS: House n/a Senate Boggs

TAX TYPE (S): Income Tax SUBJECT: Administrative

PROPOSAL: Amendatory

SB 243 proposes to amend 68 O.S. §2385.16 by providing at the election of the taxpayer that 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, 2015

REVENUE IMPACT:

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

FY 16: -0-

FY 17: -0-

ADMINISTRATIVE IMPACT:

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

FY 16: \$440,600 in additional cost is anticipated as a result of this proposed legislation

Feb. 3, 2015
DATE

Rick Miller
DIVISION DIRECTOR

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2-3-15
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/4/15
DATE

Dan Cash
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 243 [Introduced] Prepared February 2, 2015

SB 243 proposes to amend 68 O.S. §2385.16 by providing at the election of the taxpayer that 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 277,056 debit cards (card-based disbursement system) were issued in calendar year 2014. 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 2014 the estimated administrative impact of additional cost to the Tax Commission would be \$440,600.¹

¹ 277,056 debit cards (taxpayer refunds) x \$1.50 per check cost + \$25,000 IT costs = \$440,584