

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

4/23/2018 5:54:47 PM

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET COMMITTEE

HB3715

By: Wallace et al of the House

David et al of the Senate

Title: Public finance; Public Finance Modernization Act of 2018;
noncodification; effective date.

Coauthored By: Add as coauthor Senator Smalley

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



Chr.
Representative Kevin Wallace

YEAS: 18

Caldwell, Casey, Cockroft, Echols, Hall, Jordan, Kannady, Lepak, McBride, O'Donnell, Ortega,
Osborn (L), Pfeiffer, Roberts (D), Russ, Sears, Wallace, Watson

NAYS: 3

Kouplen, Stone, Virgin

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT**

April 23, 2018

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 3715

By: Wallace of the House and David and Fields of the Senate

Title: Public finance; Public Finance Modernization Act or 2018; noncodification; effective date.

Recommendation: **DO PASS AS AMENDED**

Aye: Allen, Bergstrom, Bice, Boggs, Brooks, Dahm, Daniels, Dossett, Floyd, Griffin, Ikley-Freeman, Jech, Kidd, Leewright, Matthews, McCortney, Murdock, Paxton, Pederson, Pemberton, Pittman, Pugh, Quinn, Rader, Rosino, Scott, Sharp, Shaw, Simpson, Smalley, Stanislawski, Fields, David

Nay:

Pass:

Senator Kim David, Chair

Committee Substitute, motion by Senator DAVID - Adopted (Request No: 10449)

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 3715

By: Wallace and Casey of the
House

and

David and Fields of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2368, as last amended by Section 2, Chapter 235, O.S.L. 2017 (68 O.S. Supp. 2017, Section 2368), which relates to income tax returns and payment; and providing for certain installment payments based upon provisions of the Internal Revenue Code.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2368, as last amended by Section 2, Chapter 235, O.S.L. 2017 (68 O.S. Supp. 2017, Section 2368), is amended to read as follows:

Section 2368. A. For tax years ending before January 1, 2017, the following individuals shall each make a return stating specifically the taxable income and, where necessary, the adjusted

1 gross income and the adjustments provided in Section 2351 et seq. of
2 this title to arrive at Oklahoma taxable income and, where
3 necessary, Oklahoma adjusted gross income:

4 1. Every resident individual having a gross income, or gross
5 receipts, for the taxable year in an amount sufficient to require
6 the filing of a federal income tax return, if single, or if married
7 and not living with husband or wife; and

8 2. Every resident individual having a gross income, or gross
9 receipts, for the taxable year in an amount sufficient to require
10 the filing of a federal income tax return, if married and living
11 with husband or wife.

12 Provided however, every resident individual who does not meet
13 the requirements sufficient to file a federal return, but has
14 Oklahoma withholding, may file a claim for refund for all Oklahoma
15 income taxes withheld and shall not be subject to the provisions of
16 Section 2358 of this title; and

17 3. Every nonresident individual having Oklahoma gross income
18 for the taxable year of One Thousand Dollars (\$1,000.00) or more.

19 B. If a husband and wife, living together, have an aggregate
20 gross income or gross receipts, for such year, in an amount
21 sufficient to require the filing of a federal income tax return:

22 1. Each shall make a return; or
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1 2. The income of each shall be included in a single joint
2 return, in which case the tax shall be computed on the aggregate net
3 income.

4 C. 1. For tax years beginning on or after January 1, 2017,
5 every resident individual whose gross income from both within and
6 outside of Oklahoma exceeds the sum of the standard deduction and
7 personal exemption allowed in Section 2358 of this title shall file
8 an Oklahoma income tax return. Resident individuals not required to
9 file a federal income tax return must attach a completed federal
10 income tax return to the Oklahoma income tax return to show how
11 adjusted gross income and deductions were determined, if their gross
12 income is more than their adjusted gross income. The Oklahoma
13 income tax return must show the taxable income and, where necessary,
14 the adjusted gross income and modifications required by Section 2351
15 et seq. of this title, and any other information the Tax Commission
16 may require.

17 2. Every nonresident individual having Oklahoma gross income
18 for the taxable year of One Thousand Dollars (\$1,000.00) or more
19 shall file an Oklahoma income tax return.

20 D. If an individual is unable to make his or her own return,
21 the return shall be made by a duly authorized agent or by the
22 guardian or other person charged with the care of the person or
23 property of such individual.

1 E. Every partnership shall make a return for each taxable year,
2 stating the taxable income and the adjustments to arrive at Oklahoma
3 income. The Oklahoma return shall include a schedule showing the
4 distribution to partners of the various items of income as per the
5 federal return and the adjustments required by Section 2351 et seq.
6 of this title for Oklahoma. The return shall be signed by one of
7 the partners. If a partnership has elected pursuant to the
8 provisions of Section 761 of the Internal Revenue Code, or any
9 provision comparable thereto, not to file partnership income tax
10 returns, that partnership shall not be required to file an Oklahoma
11 partnership return. The Oklahoma Tax Commission shall promulgate
12 rules for purposes of partnership returns when multiple partners
13 would otherwise be required to file a nonresident return. The rules
14 shall provide a specific number of partners in a partnership above
15 which a composite return may be filed. The return shall be in such
16 form as prescribed by the Tax Commission.

17 F. Every corporation shall make a return for each taxable year
18 stating the taxable income and the adjustments provided in Section
19 2351 et seq. of this title to arrive at Oklahoma taxable income. In
20 addition, corporations electing subchapter S treatment pursuant to
21 the Internal Revenue Code and Section 2351 et seq. of this title,
22 shall include a schedule showing the distribution to shareholders of
23 the various items of income as per the federal return and the
24 adjustments for Oklahoma. All corporation returns shall be signed

1 by the president, vice president, or other principal officer and the
2 corporate seal impressed. In cases where receivers, trustees in
3 bankruptcy, or assignees are operating the property or business of
4 corporations, such receivers, trustees, or assignees shall make a
5 return for such corporations in the same manner and form as
6 corporations are required to make returns. Any tax due on the basis
7 of such returns made by receivers, trustees, or assignees shall be
8 collected in the same manner as if collected from the corporations
9 of whose business or property they have custody and control.

10 G. Every resident estate and trust shall make a return for each
11 taxable year stating the taxable income and the adjustments to
12 arrive at Oklahoma taxable income. Every nonresident estate or
13 trust having Oklahoma taxable income as provided in Section 2362 of
14 this title shall make a return for each taxable year stating the
15 taxable income and the adjustments to arrive at Oklahoma taxable
16 income. The Oklahoma return shall include a schedule showing the
17 distribution to beneficiaries, if any, of the various items of
18 income as per the federal return and the adjustments for Oklahoma.
19 The fiduciary shall be responsible for making the return and the
20 return shall be signed by the fiduciary, or by one fiduciary if
21 there is more than one. The Tax Commission shall promulgate rules
22 for purposes of estate and trust returns when multiple returns would
23 otherwise be required of nonresident beneficiaries of estates or
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1 trusts. The return shall be in such form as prescribed by the Tax
2 Commission.

3 H. 1. All individual returns, except individual returns filed
4 electronically, made on the basis of the calendar year shall be due
5 on or before the fifteenth day of April following the close of the
6 taxable year. Provided, if the Internal Revenue Code provides for a
7 later due date for returns of individuals, the Tax Commission shall
8 accept returns filed by individuals by such date and such returns
9 shall be considered as timely filed.

10 2. All individual returns filed electronically, made on the
11 basis of the calendar year, shall be due on or before the twentieth
12 day of April following the close of the taxable year.

13 3. All individual returns made on the basis of a fiscal year
14 shall be due on or before the fifteenth day of the fourth month
15 following the close of the fiscal year.

16 4. For tax years beginning before January 1, 2016, calendar
17 year corporation returns shall be due on or before the fifteenth day
18 of March following the close of the taxable year. For tax years
19 beginning on or after January 1, 2016, calendar year corporation
20 returns shall be due no later than thirty (30) days after the due
21 date established under the Internal Revenue Code.

22 5. For tax years beginning before January 1, 2016, fiscal year
23 corporation returns shall be due on or before the fifteenth day of
24 the third month following the close of the fiscal year. For tax

1 years beginning on or after January 1, 2016, fiscal year corporation
2 returns shall be due no later than thirty (30) days after the due
3 date established under the Internal Revenue Code.

4 6. For tax years beginning before January 1, 2016, partnership
5 returns shall be due on or before the fifteenth day of April
6 following the close of the taxable year. For tax years beginning on
7 or after January 1, 2016, partnership returns shall be due no later
8 than thirty (30) days after the due date established under the
9 Internal Revenue Code.

10 7. All estate and trust returns made on the basis of the
11 calendar year shall be due on or before the fifteenth day of April
12 following the close of the taxable year. All estate and trust
13 returns made on the basis of a fiscal year shall be due on or before
14 the fifteenth day of the fourth month following the close of the
15 fiscal year.

16 8. In the case of complete liquidation, or the dissolution, of
17 a corporation the return of such corporation shall be made on or
18 before the fifteenth day of the fourth month following the month in
19 which the corporation is completely liquidated. A corporation which
20 has terminated its business activities, satisfied or made provision
21 for all of its liabilities or has distributed all of its assets,
22 even though not formally dissolved under state law, is deemed to
23 have completely liquidated for purposes of this subsection.

1 I. Returns by individuals, fiduciaries, partnerships,
2 corporations or any other person or entity required, or that may
3 hereafter be required to file a return, shall contain or be verified
4 by a written declaration that such return is made under the
5 penalties of perjury and the fact that any individual's name is
6 signed to a filed return shall be prima facie evidence for all
7 purposes that the return was actually signed by that individual.
8 Provided, the Tax Commission shall promulgate rules to provide
9 procedures for verification of signatures on returns which are filed
10 electronically.

11 J. Every return required by Section 2351 et seq. of this title
12 shall be in such form as the Tax Commission may, from time to time,
13 prescribe. Each return shall be filed with the Tax Commission and
14 forms shall be furnished by the Tax Commission on application
15 therefor, but failure to secure or receive the form of a return
16 prescribed shall not relieve any taxpayer from the obligation of
17 making and filing any return herein required.

18 K. For tax years ending after January 1, 2017, if a taxpayer
19 elects to make installment payments of tax due pursuant to the
20 provisions of subsection (h) of Section 965 of the Internal Revenue
21 Code, 26 U.S.C., Section 965, such election may also apply to the
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1 payment of Oklahoma income tax, attributable to the income upon
2 which such installment payments are based.

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