

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3068
Version:	FULLPCS1
Request Number:	11325
Author:	Rep. Hilbert
Date:	2/24/2020
Impact:	Tax Commission:

Revenue:
Potential Increase in Collections

Provides Option to Employer

Administrative: \$240,000

Research Analysis

The proposed committee substitute for HB3068 modifies the penalty for noncompliance with state income tax laws by a state employee. Instead of mandatory termination after three notices of noncompliance, the measure gives the employer the discretion to choose between termination or wage garnishment to bring the employee into compliance.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission (reflecting the Introduced version)

Revenue:

This measure provides that a state employee can no longer be terminated for failure to pay income taxes; the employee's wages will be garnished until such time as the employee is in compliance with the state's income tax laws.¹ Oklahoma Tax Commission data shows that in 2019, 796 state employees received a third notice of noncompliance from the Tax Commission and did not come into compliance. The average employee salary for the State of Oklahoma in 2018 was \$47,615². Applying the effective Oklahoma tax rate of 3.05% to the average wage results in \$1,452 in income tax per person; total wages of \$1,155,792 are potentially subject to wage garnishment under this measure.

Administrative:

To initiate continuing wage garnishment proceedings in an additional 800 cases annually, it is anticipated that three additional FTEs will be needed in the Tax Commission's General Counsel's office: two attorneys and one legal secretary at an annual estimated cost of \$230,000. Potential travel and miscellaneous expenses related to court appearances is expected to cost an additional \$10,000.

The Proposed Committee Substitute modifies the introduced version of the measure by providing an option to the appointing authority of termination or the garnishment of wages.

¹ The state employee may file with the court an application requesting a hearing to be exempt from garnishment by reason of undue hardship that a portion of the state employee's wages are necessary for the maintenance of a family or other dependents supported wholly or partially by the labor of the state employee. (31 O.S. § 1.1)

² Oklahoma Employee Salaries 2015-2018 <https://openpayrolls.com/state/oklahoma>

Prepared By: Mark Tygret

Other Considerations

None.

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