

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3068
Version:	INT
Request Number:	9851
Author:	Rep. Kiger
Date:	2/10/2020
Impact:	Tax Commission:

Revenue:
Potential Increase in Collections

Administrative: \$240,000

Research Analysis

HB3068, as introduced, modifies the penalty for noncompliance with state income tax laws by a state employee. Instead of mandatory termination after three notices of noncompliance, state agencies are directed to garnish a percentage of wages until the employee comes into compliance.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

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.

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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