

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 29, 2021

BILL NUMBER: SB 870 **STATUS AND DATE OF BILL:** Introduced 1/21/2021

AUTHORS: House n/a Senate Rader

TAX TYPE (S): Other **SUBJECT:** Administrative

PROPOSAL: Amendatory

SB 870 proposes to amend 74 O.S. §212 to allow for an annual operational audit of the Oklahoma Tax Commission (OTC) by the State Auditor and Inspector (SAI). This proposal further removes the requirements for the SAI to perform annual financial statement audits of the OTC and for the OTC to furnish office space for SAI auditors.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

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

FY 22: None.

ADMINISTRATIVE IMPACT:

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

FY 22: Potential savings of \$155,000 to the OTC are expected for costs associated with salary and benefits for OTC Business Operations and for office space provided by the OTC to SAI auditors.

Jan. 29, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bdf

2/1/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/1/21
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - SB 870 [Introduced] Prepared 1/29/2021

SB 870 proposes to amend 74 O.S. §212 to allow for an annual operational audit of the Oklahoma Tax Commission (OTC) by the State Auditor and Inspector (SAI). This proposal further removes the requirements for the SAI to perform annual financial statement audits of the OTC and for the OTC to furnish office space for SAI auditors.

Currently, the SAI is required to perform an annual financial statement audit of the OTC, and SAI audit costs for FY 21 are \$200,000. The audit of the OTC by the SAI is continuous, and the OTC provides office space to SAI auditors at an estimated cost of approximately \$21,000 annually.

The cost for an operational audit of the OTC by the SAI is unknown; however, potential savings of \$155,000 to the OTC are expected for costs associated with salary and benefits for OTC Business Operations and for office space provided by the OTC to SAI auditors.

No changes in revenue are anticipated as a result of this proposal.