

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** January 19, 2024

**BILL NUMBER:** SB 1415

**STATUS AND DATE OF BILL:** Introduced 12/15/23

**AUTHORS:** House: NA Senate: Jech

**TAX TYPE(S):** Income Tax **SUBJECT:** Other

**PROPOSAL:** New Law

SB 1415 proposes to create the First Time Abatement Program (Program). An eligible taxpayer will be entitled to a waiver of penalty and interest (P&I) due on individual income tax if the taxpayer voluntarily files delinquent tax returns and pays the taxes due pursuant to an agreement with the Oklahoma Tax Commission (OTC).<sup>1</sup>

**EFFECTIVE DATE:** November 1, 2024

### REVENUE IMPACT:

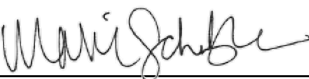
It is expected that the decrease in P&I revenue as a result of the proposal would be offset, in whole or in part, by increased collection of outstanding income tax. The OTC is unable to determine taxpayer eligibility for the proposed Program and the related waiver and collection amounts until requests are received and researched.<sup>2</sup>

**FY 25: Unknown impact on income tax revenue.**

**FY 26: Unknown impact on income tax revenue.**

1/19/24

DATE

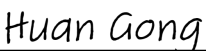


MARIE SCHUBLE, DIVISION DIRECTOR

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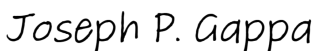
DATE



HUAN GONG, ECONOMIST

1/22/2024

DATE



JOE GAPPA, 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.***

<sup>1</sup> OTC records indicate that for tax year 2023, waivers requested for P&I assessed on individual income tax totaled approximately \$6 million. Of this amount, \$1.4 million was waived, and \$4.6 million was denied.

<sup>2</sup> An unknown administrative cost is expected for the OTC to administer the proposal.

***PROPOSED NEW LAW:***

SB 1415 proposes to create the First Time Abatement Program. To be eligible for the Program, a taxpayer must:

- Not have failed to file any necessary returns in the previous five tax years before the tax delinquency, interest, or penalties were incurred;
- Not have previously received a waiver of penalty or interest by the Oklahoma Tax Commission (OTC);
- Not have been convicted for violations of 68 O.S. § 241;
- Have filed all necessary returns pursuant to Oklahoma laws; and
- Have paid all individual income tax liability or entered into an agreement with the OTC for payment of income tax liability.

An eligible taxpayer will be entitled to a waiver of penalty and interest (P&I) due on individual income tax if the taxpayer voluntarily files delinquent tax returns and pays the taxes due pursuant to an agreement with the OTC. Upon payment of the taxes due pursuant to the agreement, the OTC will abate and not seek to collect any interest or penalties applicable to the tax liability due pursuant to the agreement and release any liens imposed.<sup>3</sup>

***ANTICIPATED IMPACT:***

It is expected that the decrease in P&I revenue as a result of the proposal would be offset, in whole or in part, by increased collection of outstanding income tax. The OTC is unable to determine taxpayer eligibility for the proposed Program and the related waiver and collection amounts until requests are received and researched.<sup>4</sup> As a result, the proposal is expected to have an unknown impact on income tax revenue, beginning for FY 2025.

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<sup>3</sup> OTC records indicate that for tax year 2023, waivers requested for P&I assessed on individual income tax totaled approximately \$6 million. Of this amount, \$1.4 million was waived, and \$4.6 million was denied.

<sup>4</sup> An unknown administrative cost is expected for the OTC to administer the proposal.