

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 28, 2023

**BILL NUMBER:** SB 132 **STATUS AND DATE OF BILL:** Committee Sub. 2/27/23

**AUTHORS:** House n/a Senate Bergstrom

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

**PROPOSAL:** Amendatory

The Committee Substitute for SB 132 proposes to amend 68 O.S. § 238.1, which requires a person holding a state license to be in compliance with Oklahoma income tax laws. The proposal allows a licensing agency discretion to renew or reissue a license, certificate, registration, permit, approval, or other similar document to a person who is not in compliance with Oklahoma income tax laws.

**EFFECTIVE DATE:** November 1, 2023

### REVENUE IMPACT:

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

FY 24: Unknown decrease in income tax revenue.

FY 25: Unknown decrease in income tax revenue.

<u>Feb. 28, 2023</u>	<u>Rick Miller</u>	<u>bf</u>
DATE	DIVISION DIRECTOR	
<u>2/28/2023</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>2/28/2023</u>	<u>Joseph P Gappa</u>	
DATE	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 132 [CS] Prepared 2/28/2023

The Committee Substitute for SB 132 proposes to amend 68 O.S. § 238.1, which requires a person holding a state license to be in compliance with Oklahoma income tax laws. The proposal allows a licensing agency discretion to renew or reissue a license, certificate, registration, permit, approval, or other similar document to a person who is not in compliance with Oklahoma income tax laws.

Currently, each licensing entity must provide the OTC a list of all its licensees and any required identifying information. The OTC must provide notification to any licensee who is not in compliance with Oklahoma income tax laws, including a statement that the licensee's license will not be renewed or reissued until the taxpayer is deemed by the OTC to be in compliance with Oklahoma income tax laws. If a licensee does not respond to such notification or fails to come into compliance with Oklahoma income tax laws after an assessment has been made final or after the OTC determines that every reasonable effort has been made to assist the licensee to come into compliance, the OTC will notify the applicable licensing agency, which shall not renew or reissue the licensee's license at such time it is subject to renewal or thereafter and will notify the applicant of the reason for nonrenewal or failure to reissue.

For FY 2022, the OTC notified 39,618 licensees that compliance could not be determined:

Return Status	Count	Amount
No Return/Missing Return	34,434	\$ -
Return Filed with a Balance Due	3,854	11,295,580.52
Missing Return and Balance Due for Another Tax Period	1,330	3,370,361.38
<i>Totals</i>	39,618	\$ 14,665,941.90

As a result of these efforts, the OTC collected approximately \$6.6 million from delinquent licensees for FY 2022. Under the proposal, it is expected that licensee tax compliance will further decline, resulting in an unknown decrease in income tax revenue, beginning for FY 24.