

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB3319 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Ryan Eaves

Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 PROPOSED OVERSIGHT
4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3319

By: Eaves

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8 PROPOSED OVERSIGHT COMMITTEE SUBSTITUTE

9 An Act relating to revenue and taxation; amending 68
10 O.S. 2021, Section 205.2, as amended by Section 1,
11 Chapter 277, O.S.L. 2024 (68 O.S. Supp. 2025, Section
12 205.2), which relates to claims by state agencies,
13 municipal courts, district courts, or public housing
14 authorities against state income tax refunds;
15 modifying definition of qualified entity to include
16 municipal public authorities and public trusts;
17 allowing for municipal public authorities to file a
18 claim for collection of delinquent utility charges;
19 prohibiting municipal public authorities from filing
20 a claim for collection of medical debt; and providing
21 an effective date.

22 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

23 SECTION 1. AMENDATORY 68 O.S. 2021, Section 205.2, as
24 amended by Section 1, Chapter 277, O.S.L. 2024 (68 O.S. Supp. 2025,
Section 205.2), is amended to read as follows:

Section 205.2. A. For purposes of this section, a "qualified
entity" shall mean a:

1. State agency;

1 2. Municipal court;

2 3. District court;

3 4. Public housing authority operating pursuant to Section 1062
4 of Title 63 of the Oklahoma Statutes;

5 5. District attorney seeking to collect unpaid court-ordered
6 monetary obligations; ~~or~~

7 6. Any municipal public authority or public trust created
8 pursuant to Section 176 of Title 60 of the Oklahoma Statutes or
9 other applicable law, the beneficiary of which is a municipality of
10 this state; or

11 7. The designee of an entity described in paragraphs 1 through
12 ~~5~~ 6 of this subsection.

13 B. A qualified entity seeking to collect a debt, unpaid
14 municipal or district court fines and costs or final judgment of at
15 least Fifty Dollars (\$50.00) from an individual who has filed a
16 state income tax return may file a claim with the Oklahoma Tax
17 Commission requesting that the amount owed to the qualified entity
18 be deducted from any state income tax refund due to that individual.

19 In addition to any debt authorized for collection pursuant to this
20 section, a qualified entity that is a municipal public authority or
21 public trust may file a claim with the Oklahoma Tax Commission
22 requesting that the amount owed to the qualified entity for
23 delinquent utility charges, including, but not limited to, water
24 sewer, sanitation, and related service fees be deducted from any

1 state income tax refund due to that individual, provided that the
2 utility charges are at least ninety (90) days delinquent and the
3 utility service associated with the delinquent account has been
4 lawfully disconnected for nonpayment. A qualified entity that is a
5 municipal public authority or public trust shall not file a claim
6 pursuant to this section for any amount owed to the municipal public
7 authority or public trust for medical services or medical treatment
8 received by an individual. The claim shall be filed electronically
9 in a form prescribed by the Tax Commission and shall contain
10 information necessary to identify the person owing the debt,
11 including the full name and Social Security number of the debtor.

12 1. Upon receiving a claim from a qualified entity, the Tax
13 Commission shall deduct the claim amount, plus collection expenses
14 as provided in this section, from the tax refund due to the debtor
15 and transfer the amount to the qualified entity. Provided, the Tax
16 Commission need not report available funds of less than Fifty
17 Dollars (\$50.00).

18 2. The qualified entity shall send notice to the debtor by
19 regular mail at the last-known address of the debtor as shown by the
20 records of the Tax Commission when seeking to collect a debt not
21 reduced to final judgment. The qualified entity shall send notice
22 to the judgment debtor or defendant by first-class mail at the last-
23 known address of the judgment debtor or defendant as shown by the
24 records of the Tax Commission when seeking to collect a final

1 judgment or unpaid court fines and costs. The Tax Commission shall
2 provide in an agreed electronic format to the Department of Human
3 Services the amount withheld by the Tax Commission, the home address
4 and the Social Security number of the taxpayer. The notice shall
5 state:

- 6 a. that a claim has been filed with the Tax Commission
7 for any portion of the tax refund due to the debtor or
8 defendant which would satisfy the debt, unpaid court
9 fines and costs, or final judgment in full or in part,
- 10 b. the basis for the claim,
- 11 c. that the Tax Commission has deducted an amount from
12 the refund and remitted it to such qualified entity,
- 13 d. that the debtor or defendant has the right to contest
14 the claim by sending a written request to the
15 qualified entity for a hearing to protest the claim,
16 and if the debtor or defendant fails to apply for a
17 hearing within sixty (60) days after the date of the
18 mailing of the notice, the debtor or defendant shall
19 be deemed to have waived his or her opportunity to
20 contest the claim. Provided, if the claim was filed
21 by the Department of Human Services, the notice shall
22 state that the debtor must contest the claim by
23 sending a written request to the Department within
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1 thirty (30) days after the date of the mailing of the
2 notice, and

- 3 e. that a collection expense of five percent (5%) of the
4 gross proceeds owed to the qualified entity has been
5 charged to the debtor or defendant and withheld from
6 the refund.

7 3. If the qualified entity determines that a refund is due to
8 the taxpayer, the qualified entity shall reimburse the amount
9 claimed plus the five-percent collection expense to the taxpayer.
10 The qualified entity may request reimbursement of the two-percent
11 collection expense retained by the Tax Commission. Such request
12 must be made within ninety (90) days of reimbursement to the
13 taxpayer. If timely requested, the Tax Commission shall make such
14 reimbursement to the qualified entity within ninety (90) days of the
15 request.

16 4. In the case of a joint return, the notice shall state:

- 17 a. the name of any taxpayer named in the return against
18 whom no debt, no unpaid court fines and costs, or
19 final judgment is claimed,
20 b. the fact that a debt, unpaid court fines and costs, or
21 final judgment is not claimed against the taxpayer,
22 c. the fact that the taxpayer is entitled to receive a
23 refund if it is due regardless of the debt, court
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1 fines and costs, or final judgment asserted against
2 the debtor or defendant,

3 d. that in order to obtain the refund due, the taxpayer
4 must apply, in writing, for a hearing with the
5 qualified entity named in the notice within sixty (60)
6 days after the date of the mailing of the notice.

7 Provided, if the claim was filed by the Department of
8 Human Services, the notice shall state that the
9 taxpayer must apply, in writing, for a hearing with
10 the Department within thirty (30) days after the date
11 of the mailing of the notice, and

12 e. if the taxpayer against whom no debt, no unpaid court
13 fines and costs, or final judgment is claimed fails to
14 apply in writing for a hearing within sixty (60) days
15 after the mailing of the notice, the taxpayer shall
16 have waived his or her right to a refund. Provided,
17 if the claim was filed by the Department of Human
18 Services, the notice shall state that if the taxpayer
19 fails to apply in writing for a hearing with the
20 Department within thirty (30) days after the date of
21 the mailing of the notice, the taxpayer shall have
22 waived his or her right to a refund.

23 C. If the qualified entity asserting the claim receives a
24 written request for a hearing from the debtor or taxpayer against

1 whom no debt, no court fines and costs, or final judgment is
2 claimed, the qualified entity shall grant a hearing according to the
3 provisions of the Administrative Procedures Act. It shall be
4 determined at the hearing whether the claimed sum is correct or
5 whether an adjustment to the claim shall be made. Pending final
6 determination at the hearing of the validity of the debt, unpaid
7 court fines and costs, or final judgment asserted by the qualified
8 entity, no action shall be taken in furtherance of the collection of
9 the debt, unpaid court fines and costs, or final judgment. Appeals
10 from actions taken at the hearing shall be in accordance with the
11 provisions of the Administrative Procedures Act.

12 D. Upon final determination at a hearing, as provided for in
13 subsection C of this section, of the amount of the debt, unpaid
14 court fines and costs, or final judgment, or upon failure of the
15 debtor or taxpayer against whom no debt, no unpaid court fines and
16 costs, or final judgment is claimed to request such a hearing, the
17 qualified entity shall apply the amount of the claim to the debt
18 owed. Any amounts held by the qualified entity in excess of the
19 final determination of the debt and collection expense shall be
20 refunded by the qualified entity to the taxpayer. However, if the
21 tax refund due is inadequate to pay the collection expense and debt,
22 unpaid court fines and costs, or final judgment, the balance due the
23 qualified entity shall be a continuing debt or final judgment until
24 paid in full.

1 E. Upon receipt of a claim as provided in subsection A of this
2 section, the Tax Commission shall:

3 1. Deduct from the refund five percent (5%) of the gross
4 proceeds owed to the qualified entity, and distribute it by
5 retaining two percent (2%) and transferring three percent (3%) to
6 the qualified entity, as an expense of collection. The two percent
7 (2%) retained by the Tax Commission shall be deposited in the
8 Oklahoma Tax Commission Fund;

9 2. Transfer the amount of the claimed debt, unpaid court fines
10 and costs, or final judgment or so much thereof as is available to
11 the qualified entity;

12 3. Notify the debtor in writing as to how the refund was
13 applied; and

14 4. Refund to the debtor any balance remaining after deducting
15 the collection expense and debt, unpaid court fines and costs, or
16 final judgment.

17 F. The Tax Commission shall deduct from any state tax refund
18 due to a taxpayer the amount of delinquent state tax and penalty and
19 interest thereon, which such taxpayer owes pursuant to any state tax
20 law prior to payment of such refund.

21 G. The Tax Commission shall have first priority over all other
22 qualified entities when the Tax Commission is collecting a debt,
23 court fines and costs, or final judgment pursuant to the provisions
24 of this section. Subsequent to the Tax Commission priority, a claim

1 filed by the Department of Human Services for the collection of
2 child support and spousal support shall have priority over all other
3 claims filed pursuant to this section. Priority in multiple claims
4 by other qualified entities pursuant to the provisions of this
5 section shall be in the order in time in which the Tax Commission
6 receives the claim from the qualified entities required by the
7 provisions of subsection B of this section.

8 H. The Tax Commission shall prescribe or approve forms and
9 promulgate rules and regulations for implementing the provisions of
10 this section.

11 I. The information obtained by a qualified entity from the Tax
12 Commission pursuant to the provisions of this section shall be used
13 only to aid in collection of the debt, unpaid court fines and costs,
14 or final judgment owed to the qualified entity. Disclosure of the
15 information for any other purpose shall constitute a misdemeanor.
16 Any employee of a qualified entity or person convicted of violating
17 this provision shall be subject to a fine not exceeding One Thousand
18 Dollars (\$1,000.00) or imprisonment in the county jail for a term
19 not exceeding one (1) year, or both fine and imprisonment and, if
20 still employed by the qualified entity, shall be dismissed from
21 employment.

22 J. The Tax Commission may employ the procedures provided by
23 this section in order to collect a debt owed to the Internal Revenue
24 Service if the Internal Revenue Service requires such procedure as a

1 condition to providing information to the Commission concerning
2 federal income tax.

3 K. The provisions of this section shall not apply to claims
4 filed under the provisions of Section 2906 or Section 5011 of this
5 title or Section 28-101 of Title 70 of the Oklahoma Statutes.

6 SECTION 2. This act shall become effective November 1, 2026.

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8 60-2-16731 AO 02/25/26

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