

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1412

By: Pederson

AS INTRODUCED

An Act relating to income tax; amending 68 O.S. 2021, Section 2373, as amended by Section 9, Chapter 113, O.S.L. 2023, and 2385.16 (68 O.S. Supp. 2025, Section 2373), which relate to the deposit of payments and payment of refunds; requiring the Oklahoma Tax Commission to pay certain refunds by check; removing authorization to implement card-based disbursement to issue refunds; updating statutory language; updating statutory references; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2373, as amended by Section 9, Chapter 113, O.S.L. 2023 (68 O.S. Supp. 2025, Section 2373), is amended to read as follows:

Section 2373. A. Any claim for refund filed pursuant to this section must be made on a return, in the form prescribed by the Oklahoma Tax Commission.

B. Any claim for refund of an overpayment of any tax imposed by Section 2355 of this title must be made within three (3) years from the due date of the return, including the period of any extension of time for filing a return, or two (2) years from the payment of the

1 tax liability, whichever of such periods expires later, or if no
2 return was filed by the taxpayer, within two (2) years from the time
3 the tax was paid.

4 C. Except as provided in subsection H of Section 2375 of this
5 title, no refund shall be allowed or made after the expiration of
6 the period of limitation prescribed in subsection B of this section
7 for the filing of a claim for refund, unless a claim for refund is
8 filed by the taxpayer within such period. If a claim for refund is
9 filed during the period prescribed in subsection B of this section,
10 the amount of the refund, if any, shall not exceed the amount of tax
11 paid within the period, immediately preceding the filing of the
12 claim, equal to three (3) years plus the period of any extension of
13 time for filing a return. If the claim was not filed within the
14 ~~three (3) year~~ three-year period prescribed in subsection B of this
15 section, the refund shall not exceed the portion of the tax paid
16 during the two (2) years immediately preceding the filing of the
17 claim.

18 D. If, upon any revision or adjustment, including overpayment
19 or illegal payment on account of income derived from tax-exempt
20 Indian land, any refund is found to be due any taxpayer, it shall be
21 paid out of the ~~"Income~~ Income Tax Withholding Refund ~~Account"~~
22 Account, created by Section 2385.16 of this title, in the same
23 manner as refunds are paid pursuant to such section.
24

1 E. The three-year limitation set forth in subsection C of this
2 section shall not apply to the amount of refunds payable upon claims
3 filed by members of federally recognized Indian tribes or the United
4 States on behalf of its Indian wards or former Indian wards, to
5 recover taxes illegally collected from tax-exempt lands. In the
6 case of any refund to a member of a federally recognized Indian
7 tribe or to the United States on behalf of its Indian wards or
8 former Indian wards, to recover taxes illegally collected on bonus
9 payments from oil and gas leases located on tax-exempt Indian lands
10 pursuant to this section, the Tax Commission shall pay interest on
11 all refunds issued after January 1, 1996, at the rate of six percent
12 (6%) per annum from the date of payment by the taxpayer to the date
13 of the refund.

14 F. In cases that the Tax Commission and the taxpayer have
15 signed a consent, as provided by law, extending the period during
16 which the tax may be assessed, the period during which the taxpayer
17 may file a claim for refund or during which an allowance for a
18 refund may be made shall be automatically extended to the final date
19 fixed by such consent plus thirty (30) days.

20 G. The Oklahoma Tax Commission may authorize the use of direct
21 deposit in lieu of refund checks for electronically filed income tax
22 returns. All refunds due to taxpayers electing not to use direct
23 deposit shall be paid by refund checks.

1 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2385.16, is
2 amended to read as follows:

3 Section 2385.16. A. All payments received by the Oklahoma Tax
4 Commission transmitted by employers for taxes withheld from
5 employees and all payments received by the Tax Commission from
6 taxpayers as herein provided shall be deposited with the State
7 Treasurer in the Tax Commission's Official Depository Clearing
8 Account and be designated Income Tax Withholding Funds. These funds
9 shall be under the exclusive control of the Tax Commission. The Tax
10 Commission is empowered and directed each month to transfer the
11 amount thereof which the Tax Commission estimates to be necessary to
12 make tax refunds to a separate account designated as the Income Tax
13 Withholding Refund Account, and to make apportionments from such
14 funds remaining in the Official Depository Clearing Account, of the
15 amount it considers available for distribution as income taxes
16 collected. The Tax Commission shall maintain a balance in the
17 refund account sufficient to cover anticipated tax refunds.

18 All warrants drawn against such refund account as provided in
19 ~~the preceding~~ this subsection which are not presented for payment
20 within ninety (90) days of issuance thereof shall be void.

21 Persons entitled to refunds of monies represented by warrants
22 which are not presented for payment within ninety (90) days from the
23 date of issuance thereof may file claims for refund at any time
24 within three (3) years from the due date of the return. Such claims

1 shall be filed and paid under the provisions of Section 2373 of this
2 ~~Code title~~, and if allowed shall be paid under the provisions of
3 such section. An income tax refund warrant which was not presented
4 for payment within ninety (90) days from the date of issuance or
5 reissued for a like amount up to three (3) years from the date of
6 issuance of the original warrant shall be subject to reporting and
7 remittance to the ~~Oklahoma~~ State Treasurer pursuant to the Uniform
8 Unclaimed Property Act.

9 B. Neither the Tax Commission nor any member or employee
10 thereof shall be held personally liable for making any refund by
11 reason of a fraudulent withholding certificate being used as a basis
12 for such refund.

13 C. The Oklahoma Tax Commission may use a direct deposit system
14 ~~and card-based disbursement system~~ in lieu of checks or warrants for
15 the purposes of issuing refunds for overpayment of individual income
16 taxes. ~~Notwithstanding the provisions of Section 205 of this title,~~
17 ~~the Tax Commission may enter into a contract with, and release~~
18 ~~taxpayer information to, entities deemed to be qualified by the Tax~~
19 ~~Commission to implement the card-based disbursement system.~~

20 SECTION 3. This act shall become effective November 1, 2026.
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