

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 2170

By: Pfeiffer

4
5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Sections 118, as amended by Section 35,
9 Chapter 310, O.S.L. 2023, 205.5, 220, 227, as last
10 amended by Section 4, Chapter 113, O.S.L. 2023,
11 228.1, 254, and 418 (68 O.S. Supp. 2024, Sections 118
12 and 227), which relate to state revenue
13 administration; modifying references; modifying
14 provisions related to certain revenue forecast;
15 modifying provisions related to information about
16 identity of certain taxpayers; modifying provisions
17 related to waiver or remission of interest and
18 penalty; modifying provisions related to claims for
19 refund of certain taxes; authorizing imposition of
20 fee with respect to reissuance of tax refunds;
21 modifying provisions related to computation of time
22 period for administrative wage garnishment; modifying
23 provisions related to certain administrative fines;
24 and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 118, as
amended by Section 35, Chapter 310, O.S.L. 2023 (68 O.S. Supp. 2024,
Section 118), is amended to read as follows:

1 Section 118. A. Upon receipt of a written request from a
2 member or employee of the Legislature, the Oklahoma Tax Commission
3 shall provide:

4 1. A written estimate of the revenue gain or loss to the state
5 as a result of an actual or proposed change to any state tax law
6 within the implementation, enforcement and collection duties and
7 responsibilities of the Tax Commission; provided, upon request of a
8 legislative member or staff, Service Oklahoma shall be responsible
9 for furnishing written estimates of revenue gains or losses
10 attributable to current or proposed amendments to any state law
11 under its statutorily assigned functions and responsibilities;

12 2. A written statement of the Tax Commission's recommendation
13 to the State Board of Equalization as to the change in the amount
14 certified as available for appropriation by the Legislature as a
15 result of an actual or proposed change to a state tax law; and

16 3. A written statement outlining all analysis and methodology
17 provided by or made available by the Tax Commission to the State
18 Board of Equalization for the purpose of influencing or serving as
19 the basis for an official action of the State Board of Equalization.

20 The Tax Commission shall provide such estimate and statement
21 within two (2) weeks of the date the request was received unless the
22 member or employee of the Legislature specifies an earlier date.

23 B. On or after December 31, 2009, and subject to the
24 availability of funds, the Tax Commission shall develop the

1 estimates and statements required by subsection A of this section
2 utilizing a dynamic revenue estimating model. Such model shall take
3 into consideration changes in economic activity as a result of the
4 proposed legislation and consequent revenue gains or losses due to
5 factors such as taxpayer behavior, employment and business
6 investment. The Tax Commission may, subject to the laws of this
7 state relating to confidentiality of information, contract with
8 institutions of higher education in this state or other entities to
9 perform its duties as set forth in this subsection or subsection C
10 of this section. The Tax Commission is authorized to promulgate
11 rules to carry out the implementation of this section.

12 C. For the purpose of providing an annual forecast of gross
13 production tax revenues ~~from the production of natural and~~
14 ~~casinghead gas~~ to the Office of Management and Enterprise Services,
15 the Tax Commission ~~shall~~ may subscribe to appropriate reference
16 materials which provide economic outlook of future gas prices that
17 have most closely followed the historical trend of Oklahoma gas
18 prices. To determine the average differential between the published
19 forecasted prices and Oklahoma gas prices, the Tax Commission ~~shall~~
20 may compare prices in at least twenty-four (24) of the immediate
21 thirty-six (36) previous months of production. The Tax Commission
22 shall utilize the procedures provided herein to forecast the
23 collection of gross production tax revenues ~~from the production of~~

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1 ~~natural and casinghead gas~~ for the fiscal year beginning July 1,
2 2005, and each fiscal year thereafter.

3 SECTION 2. AMENDATORY 68 O.S. 2021, Section 205.5, is
4 amended to read as follows:

5 Section 205.5. A. The Oklahoma Tax Commission ~~shall~~ may
6 prepare and maintain a list of all persons who owe delinquent taxes,
7 including interest, penalties, fees, and costs, in excess of Twenty-
8 five Thousand Dollars (\$25,000.00), which are unpaid for more than
9 ninety (90) days after all appeal rights have expired and for which
10 a tax warrant has been filed. The Tax Commission ~~shall cause~~ may
11 post the list ~~to be posted~~ on the Internet. After providing notice
12 as described in subsection B of this section, the Internet site
13 ~~shall~~ may list the name, address, type of tax due, and amount of tax
14 due, including interest, penalties, fees, and costs for each person
15 who has one of the delinquent taxpayer accounts, and the Internet
16 site ~~shall~~ may contain a special page for those persons who have the
17 one hundred (100) largest delinquent taxpayer accounts. Except as
18 otherwise provided in this subsection, the Tax Commission ~~shall~~ may
19 update the Internet site on a quarterly basis. The Tax Commission
20 shall not post on the Internet the name or related information of
21 any person who has entered into a pay plan agreement with the Tax
22 Commission and is in compliance with that agreement, or the name or
23 related information of any person who is protected by a stay that is
24 in effect under the Federal Bankruptcy Code. The Internet posting

1 shall be updated each business day to comply with these
2 prohibitions.

3 B. At least ninety (90) days before the disclosure of the name
4 of a delinquent taxpayer prescribed in subsection A of this section,
5 the Tax Commission shall mail a written notice to the delinquent
6 taxpayer at the taxpayer's last known address informing the taxpayer
7 that the failure to cure the tax delinquency could result in the
8 taxpayer's name being included in a list of delinquent taxpayers
9 that is published on the Internet on the website maintained pursuant
10 to this section. If the delinquent tax has not been paid ninety
11 (90) days after the notice was mailed, and the taxpayer has not,
12 since the mailing of the notice, either entered into a written
13 agreement with the Tax Commission for payment of the delinquency or
14 corrected a default in an existing agreement to the satisfaction of
15 the Tax Commission, the Tax Commission may disclose the taxpayer
16 information in the list of delinquent taxpayers.

17 C. The name of a taxpayer shall be removed within fifteen (15)
18 days after the payment in full of the debt or entering into a pay
19 plan agreement with the Tax Commission.

20 D. Any disclosure made by the Tax Commission or its employees,
21 in a good faith effort to comply with the provisions of this
22 section, shall not be considered a violation of Section 205 of ~~Title~~
23 ~~68 of the Oklahoma Statute~~ this title or any other statute
24 prohibiting disclosure of taxpayer information and no liability

1 whatsoever, civil or criminal, shall attach to any member of the Tax
2 Commission or any employee thereof for any error or omission in the
3 disclosure of such information.

4 SECTION 3. AMENDATORY 68 O.S. 2021, Section 220, is
5 amended to read as follows:

6 Section 220. A. The interest or penalty or any portion thereof
7 ordinarily accruing by reason of a taxpayer's failure to file a
8 report or return or failure to file a report or return in the
9 correct form as required by any state tax law or by this Code or to
10 pay a state tax, except for the excise tax levied on the purchase
11 price of aircraft as set forth in Section 6002 of this title, within
12 the statutory period allowed for its payment may be waived or
13 remitted by the Oklahoma Tax Commission or its designee provided the
14 taxpayer's failure to file a report or return or to pay the tax is
15 satisfactorily explained to the Tax Commission or such designee, or
16 provided such failure has resulted from a mistake by the taxpayer of
17 either the law or the facts subjecting him to such tax, or inability
18 to pay such interest or penalty resulting from insolvency.

19 B. Except as otherwise provided by subsections C and D of this
20 section, the waiver or remission of all or any part of any such
21 interest or penalties in excess of Twenty-five Thousand Dollars
22 (\$25,000.00) shall not become effective unless approved by one of
23 the judges of the district court of Oklahoma County after a full
24 hearing thereon.

1 The application for the approval of such waiver or remission
2 shall be filed in the office of the court clerk of the court at
3 least twenty (20) days prior to the entry of the order of the judge
4 finally approving or disapproving the waiver or remission. The
5 order so entered shall be a final order of the district court of the
6 county.

7 C. Taxpayers who (1) do not have outstanding tax liabilities
8 other than those reported pursuant to a voluntary disclosure
9 agreement, (2) have not been contacted by the Oklahoma Tax
10 Commission with respect to the taxpayer's potential or actual
11 obligation to file a return or make a payment to the state, (3) have
12 not collected taxes from others, such as sales and use taxes or
13 payroll taxes, and not reported those taxes, and (4) have not within
14 the preceding three (3) years entered into a voluntary disclosure
15 agreement for the type of tax owed may enter into a voluntary
16 disclosure agreement with the Tax Commission in order to report a
17 state tax liability owed by the taxpayer. Taxpayers who have
18 collected taxes from others, such as sales and use taxes or payroll
19 taxes, and not reported those taxes, may enter into a modified
20 voluntary disclosure agreement as is provided in subsection F of
21 this section provided that they meet all the other requirements
22 provided in this subsection. If the Tax Commission agrees with the
23 proposed terms for payment of the principal amount of tax due and
24 owing, the penalty otherwise imposed by law upon the principal

1 amount shall be waived by operation of law and no further action by
2 the Tax Commission or by the taxpayer shall be required for the
3 waiver of such penalty amount and fifty percent (50%) of the
4 otherwise applicable interest amount shall be waived by operation of
5 law and no further action by the Tax Commission or by the taxpayer
6 shall be required for the waiver of such interest amount.

7 D. The Tax Commission shall limit the period for which
8 additional taxes may be assessed (the lookback period) to three (3)
9 taxable years for annually filed taxes or thirty-six (36) months for
10 taxes that do not have an annual filing frequency.

11 E. Voluntary disclosure agreements may be denied or nullified
12 by the Tax Commission if a taxpayer's failure to report or pay is
13 determined to be the result of a pattern of intentional or gross
14 negligence regarding compliance with the laws.

15 F. Taxpayers who meet all of the qualifications specified in
16 subsection C of this section, except those who have collected taxes
17 from others, such as sales and use taxes or payroll taxes, and not
18 reported those taxes, may enter into a modified voluntary disclosure
19 agreement.

20 G. The provisions of a modified voluntary disclosure agreement
21 shall be the same as a voluntary disclosure agreement as specified
22 in subsection C of this section, except that (1) waiver of interest
23 shall not apply except as may be optionally granted at the
24 discretion of the Tax Commission, and (2) the period for which taxes

1 must be reported and remitted is extended beyond the three-year or
2 thirty-six-month period provided in subsection C of this section to
3 include all periods in which tax has been collected but not
4 remitted.

5 SECTION 4. AMENDATORY 68 O.S. 2021, Section 227, as last
6 amended by Section 4, Chapter 113, O.S.L. 2023 (68 O.S. Supp. 2024,
7 Section 227), is amended to read as follows:

8 Section 227. A. Except as provided in subsection B of Section
9 1361.2 and subsection D of Section 1364.1 of this title, any
10 taxpayer who has paid to the State of Oklahoma, through error of
11 fact, or computation, or misinterpretation of law, any tax collected
12 by the Tax Commission may, as hereinafter provided, be refunded the
13 amount of such tax so erroneously paid, without interest.

14 B. 1. Except as otherwise provided by paragraph 2 of this
15 subsection, any taxpayer who has so paid any such tax may, within
16 three (3) years from the date of payment thereof file with the Tax
17 Commission a verified claim for refund of such tax so erroneously
18 paid. ~~The Tax Commission may accept an amended withholding tax or~~
19 ~~other report or return as a verified claim for refund if the amended~~
20 ~~report or return establishes a liability less than the original~~
21 ~~report or return previously filed~~ Any verified claim for refund
22 shall be submitted on a form prescribed by the Tax Commission.

23 2. Upon August 26, 2016, with respect to the sales tax imposed
24 by Section 1354 of this title and with respect to the use tax

1 imposed by Section 1402 of this title, any taxpayer who has so paid
2 such sales or use tax may, within two (2) years from the date of
3 payment thereof file with the Tax Commission a verified claim for
4 refund of such tax so erroneously paid. ~~The Tax Commission may~~
5 ~~accept an amended sales or use tax report or return as a verified~~
6 ~~claim for refund if the amended report or return establishes a~~
7 ~~liability less than the original report or return previously filed~~
8 Any verified claim refund shall be submitted on a form prescribed by
9 the Tax Commission.

10 C. The claim so filed with the Tax Commission, ~~except for an~~
11 ~~amended report or return,~~ shall specify the name of the taxpayer,
12 the time when and period for which the tax was paid, the nature and
13 kind of tax so paid, the amount of the tax which the taxpayer
14 claimed was erroneously paid, the grounds upon which a refund is
15 sought, and such other information or data relative to such payment
16 as may be necessary to an adjustment thereof by the Tax Commission.
17 It shall be the duty of the Commission to determine what amount of
18 refund, if any, is due as soon as practicable after such claim has
19 been filed and advise the taxpayer about the correctness of his
20 claim and the claim for refund shall be approved or denied by
21 written notice to the taxpayer.

22 D. If the claim for refund is denied, the taxpayer may file a
23 demand for hearing with the Commission. The demand for hearing must
24 be filed on or before the sixtieth day after the date indicated on

1 the notice of denial. If the taxpayer fails to file a demand for
2 hearing, the claim for refund shall be barred.

3 E. Upon the taxpayer's timely filing of a demand for hearing,
4 the Commission shall set a date for hearing upon the claim for
5 refund which date shall not be later than sixty (60) days from the
6 date the demand for hearing was mailed. The taxpayer shall be
7 notified of the time and place of the hearing. The hearing may be
8 held after the sixty-day period provided by this subsection upon
9 agreement of the taxpayer.

10 F. The provisions of this section shall not apply:

11 1. To refunds of income tax erroneously paid, refunds of which
12 tax shall be payable out of the income tax adjustment fund as
13 provided by law;

14 2. To estate tax because the payment of such tax is covered by
15 an order of the Tax Commission and the estate and interested parties
16 are given notice that Commission's position and computation of the
17 tax will become final unless they protest and resist the payment
18 thereof as provided by statute; nor

19 3. In any case where the tax was paid after an assessment
20 thereof was made by the Tax Commission which assessment became final
21 under the law.

22 SECTION 5. AMENDATORY 68 O.S. 2021, Section 228.1, is
23 amended to read as follows:

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1 Section 228.1. A. Except as otherwise provided by law, claims
2 for refunds which are required to be paid by the Oklahoma Tax
3 Commission shall be paid from funds in the official depository
4 clearing account of the Tax Commission, derived from collections
5 from the same source from which the overpayment occurred. Provided,
6 in the case of refunds due to taxpayers who are required to remit
7 taxes to the Tax Commission on a monthly or quarterly basis, the Tax
8 Commission may, in lieu of such refund, credit the account of the
9 taxpayer for such amount. If current collections from the same
10 source are insufficient to pay refunds, available cash funds from
11 the unclassified taxes account may be used for such purpose.

12 B. The Oklahoma Tax Commission is authorized to charge a fee to
13 a taxpayer for reissuing a refund requested by the taxpayer. The
14 fee shall be the same amount as specified in Section 89.6 of Title
15 62 of the Oklahoma Statutes for handling a stop-payment processed by
16 the State Treasurer. All receipts of the fee shall be placed to the
17 credit of the Oklahoma Tax Commission Fund.

18 SECTION 6. AMENDATORY 68 O.S. 2021, Section 254, is
19 amended to read as follows:

20 Section 254. A. Upon a hearing with notice the Oklahoma Tax
21 Commission shall be entitled to proceed by garnishment to collect
22 any delinquent tax and to collect any penalty or interest due and
23 owing as a result of a tax delinquency. Provided, that upon proper
24 application under the procedures outlined herein, the court may

1 issue an order continuing the garnishment for the collection of
2 delinquent taxes, penalties or interest until the total amount of
3 such delinquent taxes, penalties or interest have been collected.

4 B. The Oklahoma Tax Commission may garnish the accrued earnings
5 of a delinquent taxpayer employee by sending notice to the
6 taxpayer's employer. For the purpose of this section, "earnings"
7 means any form of payment to an individual including, but not
8 limited to, salary, wages, commission or other compensation, but
9 does not include reimbursements for travel expenses for state
10 employees. Such notice may be served by mail or by delivery by a
11 field agent of the Tax Commission to the taxpayer's employer along
12 with a copy to the delinquent taxpayer. Upon receipt of such notice
13 of delinquency, the employer shall withhold from compensation due,
14 or to become due to the employee, the total amount shown by the
15 notice. The Tax Commission may direct the employer to withhold part
16 of the amount due, not to exceed twenty-five percent (25%) of
17 earnings per pay period, until the total amount as shown by the
18 notice, plus interest and penalty, has been withheld and remitted to
19 the Tax Commission. The employer's response and calculation of
20 amounts withheld shall be on a form prescribed by the Tax
21 Commission.

22 C. Within seven (7) days after the end of each pay period, or
23 if the delinquent taxpayer does not have regular pay periods, within
24 thirty (30) days from the date of the notice, the employer shall

1 withhold amounts due or provide an explanation to the Tax Commission
2 why amounts due will not be withheld and remitted to the Tax
3 Commission. In any case in which the employee ceases to be employed
4 by the employer before the full amount set forth in the notice of
5 delinquency, plus delinquent penalty and interest, has been withheld
6 by the employer, the employer shall immediately notify the Tax
7 Commission in writing the date the employee resigned or was
8 terminated. Any employer who knowingly and willfully refuses to
9 respond by any means to the notice as provided in subsection B of
10 this section may be liable for the total amount as set forth in the
11 notice. The employer may not terminate the delinquent taxpayer
12 employee based upon the notice of administrative wage garnishment.

13 D. An administrative wage garnishment may be issued after 1)
14 ~~ninety (90) days in which the tax has become~~ ninety (90) days
15 delinquent, 2) notice has been sent to the taxpayer of the
16 delinquency and possible remedies to resolve the delinquency have
17 been provided to the taxpayer, and 3) a tax warrant has been issued
18 and filed pursuant to Section 231 of this title. The taxpayer shall
19 have ten (10) days after the issuance of the notice to the employer
20 to provide any additional information to the Tax Commission for the
21 garnishment of wages to be withdrawn or released by the Tax
22 Commission. The Tax Commission shall withdraw or adjust the
23 garnishment for wages upon proof to the satisfaction of the Tax
24 Commission that the delinquent tax, interest and penalty referred to

1 in the notice have been paid or the taxpayer can show the wages
2 subject to garnishment are exempt pursuant to state or federal law.

3 E. The Tax Commission shall prescribe or approve forms and
4 promulgate rules and regulations for implementing the provisions of
5 this section.

6 SECTION 7. AMENDATORY 68 O.S. 2021, Section 418, is
7 amended to read as follows:

8 Section 418. A. It shall be unlawful for any person to
9 transport or possess tobacco products where the tax on such tobacco
10 products has not been paid and exceeds the sum of One Hundred
11 Dollars (\$100.00).

12 B. Except as otherwise provided in subsections C and D of this
13 section, any person found guilty of violating the provisions of
14 Section 400 et seq. of this title shall be punished by an
15 administrative fine of not more than One Thousand Dollars
16 (\$1,000.00) for a first offense or not more than Four Thousand
17 Dollars (\$4,000.00) for a second or subsequent offense. Provided,
18 any person in possession of more than one thousand small or large
19 cigars or two hundred sixteen (216) ounces of smokeless tobacco or
20 smoking tobacco in packages or containers for which the tax required
21 by law has not been paid shall be punished by administrative fines
22 in the manner and amounts provided in subsection D of this section.

23 C. Any retailer violating the provisions of Section 403.2 of
24 this title shall:

1 1. For a first offense, be punished by an administrative fine
2 of not more than Two Thousand Dollars (\$2,000.00);

3 2. For a second offense, be punished by an administrative fine
4 of not more than Ten Thousand Dollars (\$10,000.00); and

5 3. For a third or subsequent offense, be punished by an
6 administrative fine of not more than Twenty Thousand Dollars
7 (\$20,000.00).

8 D. Any wholesaler violating the provisions of Section 403.2 of
9 this title shall:

10 1. For a first offense, be punished by an administrative fine
11 of not more than Ten Thousand Dollars (\$10,000.00); and

12 2. For a second or subsequent offense, be punished by an
13 administrative fine of not more than Twenty Thousand Dollars
14 (\$20,000.00).

15 ~~Administrative fines collected pursuant to the provisions of~~
16 ~~this subsection shall be deposited to the revolving fund created in~~
17 ~~Section 305.2 of this title.~~

18 E. The Oklahoma Tax Commission shall immediately revoke the
19 license of a person punished for a violation pursuant to the
20 provisions of paragraph 3 of subsection C of this section or a
21 person punished for a violation pursuant to the provisions of
22 subsection D of this section. A person whose license is so revoked
23 shall not be eligible to receive another license pursuant to the
24

1 provisions of Section 301 et seq. of this title for a period of ten
2 (10) years.

3 F. Fines collected pursuant to the provisions of subsections B,
4 C and D of this section shall be deposited in the Tobacco Products
5 Tax Enforcement Unit Revolving Fund created in Section 7 of Enrolled
6 House Bill No. 2292 of the 1st Session of the 58th Oklahoma
7 Legislature.

8 SECTION 8. This act shall become effective November 1, 2025.

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