

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 HOUSE BILL 3011

By: Gann

4  
5 AS INTRODUCED

6  
7 An Act relating to revenue and taxation; creating the  
8 Sales Tax Simplification and Fairness Reform Act of  
9 2020; amending 68 O.S. 2011, Sections 217, as last  
10 amended by Section 1, Chapter 28, O.S.L. 2016, and  
11 227, as last amended by Section 1, Chapter 358,  
12 O.S.L. 2016 (68 O.S. Supp. 2019, Sections 217 and  
13 227), which relate to sales tax refunds; modifying  
14 rate of interest; setting rate of interest according  
15 to prime lending rate as published in *The Wall Street*  
16 *Journal*; modifying time limit for claiming refund;  
17 requiring application of refund as credit against  
18 assessment; providing for remittance of taxes through  
19 single account and report; directing Oklahoma Tax  
20 Commission to promulgate rules; allowing seller or  
21 vender one percent deduction for keeping records;  
22 limiting maximum allowable deduction; providing for  
23 codification; providing for noncodification; and  
24 providing an effective date.

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

SECTION 1. NEW LAW A new section of law not to be  
codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Sales Tax  
Simplification and Fairness Reform Act of 2020".

SECTION 2. AMENDATORY 68 O.S. 2011, Section 217, as last  
amended by Section 1, Chapter 28, O.S.L. 2016 (68 O.S. Supp. 2019,  
Section 217), is amended to read as follows:

1       Section 217. A. If any amount of tax imposed or levied by any  
2 state tax law, or any part of such amount, is not paid before such  
3 tax becomes delinquent, there shall be collected on the total  
4 delinquent tax interest ~~at the rate of one and one-quarter percent~~  
5 ~~(1 1/4%) per month~~ from the date of the delinquency until paid. The  
6 rate of interest applicable to such underpayments shall be  
7 determined annually based on the prime lending rate as published in  
8 The Wall Street Journal on the first day of December for the  
9 succeeding year, excluding Saturdays, Sundays, or legal holidays.

10       B. Interest upon any amount of state tax determined as a  
11 deficiency, under the provisions of Section 221 of this title, shall  
12 be assessed at the same time as the deficiency and shall be paid  
13 upon notice and demand of the Oklahoma Tax Commission ~~at the rate of~~  
14 ~~one and one-quarter percent (1 1/4%) per month from the date~~  
15 ~~prescribed in the state tax law levying such tax for the payment~~  
16 ~~thereof to the date the deficiency is assessed~~ The rate of interest  
17 applicable to underpayments shall be determined annually based on  
18 the prime lending rate as published in The Wall Street Journal on  
19 the first day of December for the succeeding year, excluding  
20 Saturdays, Sundays, or legal holidays, plus two percent (2%).

21       C. If any tax due under state sales, use, tourism, mixed  
22 beverage gross receipts, or motor fuel tax laws, or any part  
23 thereof, is not paid within fifteen (15) days after such tax becomes  
24 delinquent a penalty of ten percent (10%) on the total amount of tax

1 due and delinquent shall be added thereto, collected and paid.  
2 However, the Tax Commission shall not collect the penalty assessed  
3 if the taxpayer remits the tax and interest within sixty (60) days  
4 of the mailing of a proposed assessment or voluntarily pays the tax  
5 upon the filing of an amended return.

6 D. If any tax due under any state tax law other than those  
7 specified in subsection C of this section, or any part thereof, is  
8 not paid within thirty (30) days after such tax becomes delinquent a  
9 penalty of ten percent (10%) on the total amount of tax due and  
10 delinquent shall be added thereto, collected and paid. However, the  
11 Tax Commission shall not collect the penalty assessed if the  
12 taxpayer remits the tax and interest within sixty (60) days of the  
13 mailing of a proposed assessment or voluntarily pays the tax upon  
14 the filing of an amended return.

15 E. If any part of any deficiency, arbitrary or jeopardy  
16 assessment made by the Tax Commission is based upon or occasioned by  
17 the taxpayer's negligence or by the failure or refusal of any  
18 taxpayer to file with the Tax Commission any report or return, as  
19 required by this title, or by any state tax law, within ten (10)  
20 days after a written demand for such report or return has been  
21 served upon any taxpayer by the Tax Commission by letter, the Tax  
22 Commission may assess and collect, as a penalty, twenty-five percent  
23 (25%) of the amount of the assessment. For purposes of this  
24 subsection, "negligence" shall mean the consistent understatement of

1 income, consistent understatement of receipts or a system of  
2 recordkeeping by the taxpayer that consistently results in an  
3 inaccurate reporting of tax liability.

4 F. If any part of any deficiency is due to fraud with intent to  
5 evade tax, then fifty percent (50%) of the total amount of the  
6 deficiency, in addition to such deficiency, including interest as  
7 herein provided, shall be added, collected and paid.

8 G. All penalties or interest imposed by this title, or any  
9 state tax law, shall be recoverable by the Tax Commission as a part  
10 of the tax with respect to which they are imposed, the penalties  
11 bearing interest as provided in this section for the tax, and all  
12 penalties and interest shall be apportioned as provided for the  
13 apportionment of the tax on which such penalties or interest are  
14 collected.

15 H. 1. Whenever an income tax refund is not paid to the  
16 taxpayer within ninety (90) days after the return is filed or due,  
17 whichever is later, with all documents as required by the Tax  
18 Commission, entitling the taxpayer to a refund, then the Tax  
19 Commission shall pay interest on the refund, at the same rate  
20 specified for interest on delinquent tax payments. The payment of  
21 interest on refunds provided for by this section shall apply to tax  
22 year 1987 and subsequent tax years. The Tax Commission shall not be  
23 required to pay interest on an income tax refund which is applied,  
24 in whole or in part, to a prior year tax liability pursuant to

1 Section 2385.17 of this title or upon an income tax refund applied,  
2 in whole or in part, to satisfy a debt owed to the Internal Revenue  
3 Service of the United States or to a state agency, including the  
4 Oklahoma Tax Commission, as provided by Section 205.2 of this title.

5 2. For tax returns filed after January 1, 2004, and before  
6 January 2, 2010, whenever an income tax refund is not paid to the  
7 taxpayer within the following number of days after the income tax  
8 return is filed with all documents as required by the Tax Commission  
9 or after the income tax return is due, whichever is later, entitling  
10 the taxpayer to a refund, then the Tax Commission shall pay interest  
11 on the refund at the same rate specified for interest on delinquent  
12 tax payments:

13 a. for returns filed electronically, thirty (30) days,

14 and

15 b. for all other returns, one hundred fifty (150) days.

16 3. For tax returns filed after January 1, 2010, whenever an  
17 income tax refund is not paid to the taxpayer within the following  
18 number of days after the income tax return is filed with all  
19 documents as required by the Tax Commission entitling the taxpayer  
20 to a refund, then the Tax Commission shall pay interest on the  
21 refund at the same rate specified for interest on delinquent tax  
22 payments:

23 a. for returns filed electronically, forty-five (45)

24 days, and

1           b.     for all other returns, ninety (90) days.

2           SECTION 3.       AMENDATORY       68 O.S. 2011, Section 227, as last  
3 amended by Section 1, Chapter 358, O.S.L. 2016 (68 O.S. Supp. 2019,  
4 Section 227), is amended to read as follows:

5           Section 227. (a) Any taxpayer who has paid to the State of  
6 Oklahoma, through error of fact, or computation, or  
7 misinterpretation of law, any tax collected by the Tax Commission  
8 may, as hereinafter provided, be refunded the amount of such tax so  
9 erroneously paid, without interest.

10          (b) ~~(1) Except as otherwise provided by division (2) of this~~  
11 ~~subsection, any~~ Any taxpayer who has so paid any such tax may,  
12 within three (3) years from the date of payment thereof file with  
13 the Tax Commission a verified claim for refund of such tax so  
14 erroneously paid. The Tax Commission may accept an amended sales or  
15 use tax, withholding tax or other report or return as a verified  
16 claim for refund if the amended report or return establishes a  
17 liability less than the original report or return previously filed.

18          ~~(2) Upon the effective date of this act, with respect to the~~  
19 ~~sales tax imposed by Section 1354 of this title and with respect to~~  
20 ~~the use tax imposed by Section 1402 of this title, any taxpayer who~~  
21 ~~has so paid such sales or use tax may, within two (2) years from the~~  
22 ~~date of payment thereof file with the Tax Commission a verified~~  
23 ~~claim for refund of such tax so erroneously paid. The Tax~~  
24 ~~Commission may accept an amended sales or use tax report or return~~

1 ~~as a verified claim for refund if the amended report or return~~  
2 ~~establishes a liability less than the original report or return~~  
3 ~~previously filed.~~

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

16 (d) In the event that a taxpayer who is currently subject to an  
17 audit for underpayment of sales or use taxes is also due a refund  
18 for the erroneous payment of sales or use taxes, the amount of the  
19 refund shall be applied as a credit to any assessment made against  
20 the taxpayer. If such overpayment of taxes was paid to a vendor and  
21 the taxpayer does not have a sales tax permit, the taxpayer shall  
22 obtain an assignment of rights from the vendor which assigns the  
23 vendor's right to any refunded tax to the taxpayer.  
24

1        (e) If the claim for refund is denied, the taxpayer may file a  
2 demand for hearing with the Commission. The demand for hearing must  
3 be filed on or before the sixtieth day after the date the notice of  
4 denial was mailed. If the taxpayer fails to file a demand for  
5 hearing, the claim for refund shall be barred.

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

13        ~~(f)~~ (g) The provisions of this section shall not apply: (1) to  
14 refunds of income tax erroneously paid, refunds of which tax shall  
15 be payable out of the income tax adjustment fund as provided by law;  
16 (2) to estate tax because the payment of such tax is covered by an  
17 order of the Tax Commission and the estate and interested parties  
18 are given notice that Commission's position and computation of the  
19 tax will become final unless they protest and resist the payment  
20 thereof as provided by statute; nor, (3) in any case where the tax  
21 was paid after an assessment thereof was made by the Tax Commission  
22 which assessment became final under the law.



1       SECTION 4.       NEW LAW       A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1364.4 of Title 68, unless there  
3 is created a duplication in numbering, reads as follows:

4       A.   Persons who are required to make reports and remit taxes  
5 under Section 1362 of Title 68 of the Oklahoma Statutes shall only  
6 be required to do so through one single account registered with the  
7 Oklahoma Tax Commission and shall file one consolidated report  
8 regarding sales tax, use tax collected as a vendor, and consumer use  
9 tax with the Oklahoma Tax Commission.

10       B.   The Oklahoma Tax Commission shall promulgate rules necessary  
11 to administer the provisions of this section.

12       SECTION 5.       NEW LAW       A new section of law to be codified  
13 in the Oklahoma Statutes as Section 1367.2 of Title 68, unless there  
14 is created a duplication in numbering, reads as follows:

15       For the purpose of compensating the seller or vendor in keeping  
16 sales tax records, filing reports and remitting the tax when due, a  
17 seller or vendor shall be allowed a deduction of one percent (1%) of  
18 the tax due under the applicable provisions of this title. The  
19 maximum allowable deduction under this provision shall be Two  
20 Thousand Five Hundred Dollars (\$2,500.00) per return filed.

21       SECTION 6.   This act shall become effective July 1, 2021.  
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23       57-2-9789       JW       01/15/20  
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