

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 16, 2011

BILL NUMBER: SB 732 STATUS AND DATE OF BILL: Engrossed 03/15/2011

AUTHORS: House Dank Senate Mazzei

TAX TYPE (S): Various SUBJECT: Administrative

PROPOSAL: Amendatory

The measure proposes amendment to Section 238.2 of Title 68 providing that upon receipt by a state agency of a notification relating to an employee¹ who has failed to come into compliance with state income tax laws and the notification is the employee's third such notification as a state employee then that employee must be terminated by the state agency regardless of which agency the employee was employed by at the time of the first and second notices of noncompliance. In cases where the state employee is an elected official then he or she must resign from the elective office. The proposed amendment also strikes the condition that termination upon third notification of noncompliance must relate to the same tax year or years.

EFFECTIVE DATE: November 1, 2011

REVENUE IMPACT:

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

FY 12: None

FY 13: None

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

<u>March 21, 2011</u>	<u>Dan Elzer</u>	cjc
DATE	DIVISION DIRECTOR	
<u>3/22/2011</u>	<u>Reece Womack</u>	
DATE	REECE WOMACK, ECONOMIST	
<u>3/22/11</u>	<u>[Signature]</u>	
DATE	FOR THE COMMISSION	

¹ For purposes of Section 238.2 of Title 68 employee or state employee means an elected or appointed officer or employee of a state agency; provided, the term employee or state employee shall not include an employee of a local governmental entity.

ATTACHMENT TO FISCAL IMPACT SB 732 [Engrossed] Prepared March 16, 2011.

The measure proposes amendment to Section 238.2 of Title 68. Under current provisions when a state agency² receives a third notification regarding one of its employees who has failed to come into compliance with state income tax laws for the same tax year or years, the employee must be terminated by that state agency. The requested amendment is proposed to close the loophole for noncompliant state employees who continually change their employment from one state agency to another and as a result escape the ramifications of Section 238.2. Also, the proposal requires an elected official to resign from office after the third notification of noncompliance of state income tax laws. The amendment further strikes the requirement that the "third notification" must relate to noncompliance for the same tax year or years addressing the habitual state employee who upon notice of noncompliance comes into compliance only for the tax years at issue.

There is no revenue impact associated with the provisions of this measure.

² For purposes of Section 238.2 of Title 68 state agency is defined to mean "any office, department, board, commission or institution of the executive, legislative or judicial branch of state government."