OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 8, 2016

BILL NUMBER: SB 1390 **STATUS AND DATE OF BILL:** Engrossed Bill 3/1/2016

AUTHORS: House McCall Senate Mazzei

TAX TYPE (S): Income Tax **SUBJECT:** Administrative

PROPOSAL: Amendatory

SB 1390 proposes to amend 68 O.S. §2385.3 which relates to the reporting of Oklahoma Income Tax Withholding by employers.

EFFECTIVE DATE: November 1, 2016

REVENUE IMPACT:

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

FY 17: Projected increase to income tax collections of $5 million.

ADMINISTRATIVE IMPACT:

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

FY 17: Unknown additional cost to the Tax Commission due to this proposed legislation.

Mar. 8, 2016
DATE

DIVISION DIRECTOR

mck

3-9-16
DATE

REECE WOMACK, ECONOMIST

3/9/16
DATE

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1390 [Engrossed] Prepared March 8, 2016

SB 1390 proposes to amend 68 O.S. §2385.3 which relates to the reporting of Oklahoma Income Tax Withholding by employers.

Under current law, employers are not required to annually reconcile the amount of Oklahoma income tax withheld from their employees throughout the tax year although many employers are presently required to provide this reconciliation report at the federal level. This measure requires employers to annually reconcile the amount of Oklahoma income tax withheld using the Oklahoma Tax Commission's electronic data interchange program.

Due to increased tax compliance resulting from the capture of Oklahoma withholding information provided by employers and comparing the withholding reported on individual income tax returns, would assist in the identification of fraudulent and inaccurate tax returns. It is estimated that income tax collections would increase by $5 million for FY 17.