

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 2, 2021

BILL NUMBER: SB 329 **STATUS AND DATE OF BILL:** Introduced 1/9/21

AUTHORS: House n/a Senate Hall

TAX TYPE (S): All **SUBJECT:** Administrative

PROPOSAL: Amendatory

Senate Bill 329 amends 68 O.S. § 205. This measure would allow the Oklahoma Tax Commission to disclose aggregate data and other specific information not to include personally identifiable information to the Incentive Evaluation Commission (or its contractor) for the purpose of evaluating economic incentives, and to the Oklahoma Department of Commerce for the purpose of evaluating economic trends, the efficacy of agency initiatives and administering economic incentives.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

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

FY 22: None
FY 23: None.

ADMINISTRATIVE IMPACT:

FY 22: Unknown administrative cost to the Tax Commission due to this proposed legislation

Feb. 6, 2021
DATE

Rick Miller
DIVISION DIRECTOR

lrh

2/6/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/8/21
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - SB 329 [Introduced] Prepared 2/2/21

Senate Bill 329 amends 68 O.S. § 205. Section 205 provides that the records and files of the Oklahoma Tax Commission (OTC) concerning the administration of any state tax law are considered to be confidential and privileged. Neither the OTC nor any employee of the OTC shall disclose any information obtained from the OTC's records or files. Section 205 lists several exceptions to allow the OTC to disclose certain information.

This measure would allow the OTC to disclose the following information and no liability will attach to any member or employee of the OTC for such disclosure of such information:

- The disclosure of aggregate data and other specific information not to include personally identifiable information to the Incentive Evaluation Commission (IEC) or its contractor for the purpose of evaluating economic incentives. Information provided to the IEC and its contractor shall be considered confidential and shall not be subject to the Oklahoma Open Records Act.
- The disclosure of aggregate data and other specific information to the Oklahoma Department of Commerce (Commerce) for the purpose of evaluating economic trends, the efficacy of agency initiatives and administering economic incentives. Information provided to the Commerce pursuant to this paragraph shall be considered confidential and shall not be subject to the Oklahoma Open Records Act.

It is not clear what constitutes "aggregate data and other specific information". If the OTC is required to provide copies of tax returns and schedules to the IEC and Commerce, this could be problematic and potentially have a significant administrative cost. Although the information on a tax return is necessary for audit purposes to allow the OTC to verify the validity of the return and enforce state tax laws, most of the underlying data on tax returns and schedules is not captured electronically.

In order to disclose information on specific tax returns and schedules, and comply with Section 205, all identifying information would have to be removed, i.e. names, addresses, social security numbers, types of business, etc. In the case of large companies, the income tax returns can potentially consist of hundreds of pages for each return. The administrative cost to manually review and redact the returns could be significant.