ENROLLED HOUSE
BILL NO. 1585

By: Settle, Begley, Greenwood, Benge, Beutler, Blackburn, Boyd, Calvey, Kinnamon, Miller, Mitchell, Paulk, Plunk, Pope (Clay), Pope (Tim), Seikel, Staggs and Stites of the House

and

Herbert, Hobson, Martin and Wilcoxson of the Senate

An Act relating to revenue and taxation; creating income tax credit for certain property owners; setting forth amount of credit; stating that credit is refundable; setting forth time limit of credit; providing for payment of refunds; setting forth qualifications for credit; prohibiting credit under certain circumstances; authorizing Oklahoma Tax Commission to promulgate rules and develop certain forms; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.29 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For tax years beginning after December 31, 1999, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for owners of residential real property whose primary residence was damaged or destroyed in the May 3, 1999, tornado. The amount of the credit shall be the difference between the ad valorem property tax paid on such property and improvements in the year prior to the tornado damage or destruction and the amount of ad valorem property tax paid on the property and improvements the first year after the improvement is completely or fully repaired or rebuilt. For purposes of this credit, the amount of ad valorem property tax paid the first year after the improvement is repaired or rebuilt shall be based on the same or similar square footage as the improvement which was damaged or destroyed.

B. The credit shall be a refundable credit. Eligible taxpayers shall be entitled to claim this credit for five (5) consecutive years. After the first year the credit is claimed, the amount of the credit shall be eighty percent (80%) of the previous year's credit. If the taxpayer has no income tax liability, or if the credit exceeds the amount of the income tax liability of the taxpayer, then the credit, or balance thereof, shall be paid out in

the same manner and out of the same fund as refunds of income taxes are paid and so much of the fund as is necessary for such purposes is hereby appropriated.

C. In order to qualify for this credit:

1. The property shall have been damaged or destroyed by the tornado or similar cyclonic winds on May 3, 1999;

2. The property shall be within an area which has been declared a federal disaster area;

3. The property shall be the primary residence of the owner both prior to and after the May 3, 1999, tornado;

4. The owner shall have been granted a homestead exemption or be eligible to claim a homestead exemption both prior to and after the May 3, 1999, tornado;

5. The primary residence shall be repaired or rebuilt on the same property as it existed prior to the May 3, 1999, tornado; and

6. The primary residence shall be repaired or rebuilt and used as the primary residence no later than December 31, 2001.

D. The credit shall not be allowed if the property is transferred or title is changed or conveyed as defined in Section 2802.1 of Title 68 of the Oklahoma Statutes. Any credit claimed and allowed prior to the transfer of the property or the change or conveyance of title shall not be affected.

E. The Oklahoma Tax Commission shall promulgate any necessary rules and develop any necessary forms to implement the provisions of this section.

SECTION 2. This act shall become effective January 1, 2000.

Passed the House of Representatives the 27th day of May, 1999.

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Speaker of the House of Representatives

Passed the Senate the 27th day of May, 1999.

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President of the Senate