

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 1281

By: Fisher

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 2817.1, which relates to ad valorem taxes; creating the Oklahoma Housing Reinvestment Program Act; providing short title; defining terms; stating purpose; allowing municipalities or counties to provide ad valorem tax exemptions in housing reinvestment districts; allowing other taxing entities to provide such exemptions through certain contractual arrangements; providing procedures for creation or termination of housing reinvestment districts; requiring written consent of taxing entities; requiring notice and hearing and adoption of ordinance or resolution; specifying contents thereof; specifying exemptions granted upon certain property upon creation of housing reinvestment district; requiring application to county assessor; prohibiting granting or continuance of exemption unless property owner in compliance with ad valorem tax laws; limiting exemption of certain property; providing for termination of Act; providing exception; 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 881 of Title 62, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Housing Reinvestment Program Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 882 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Governing body" means the city council of a city, the board of trustees of a town or the board of county commissioners of a county;

2. "Housing reinvestment district" means a district created pursuant to the provisions of Section 5 of this act; and

3. "Taxing entity" means a municipality, county, school district, political subdivision or other local entity which levies ad valorem taxes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 883 of Title 62, unless there is created a duplication in numbering, reads as follows:

It is hereby declared to be the purpose of the Oklahoma Housing Reinvestment Program Act to encourage reinvestment in housing in those areas of this state for which a demonstrated need for housing exists but is not met through existing public and private efforts by authorizing local governmental entities to provide abatement of ad valorem taxes during the first years after new or remodeled housing construction.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 884 of Title 62, unless there is created a duplication in numbering, reads as follows:

Pursuant to the provisions of Section 6C of Article X of the Oklahoma Constitution, a municipality or county may provide an exemption from ad valorem taxes in a housing reinvestment district pursuant to the provisions of this act. A school district or taxing entity other than a municipality or county may provide an exemption from ad valorem taxes in a housing reinvestment district pursuant to the provisions of this act through a contractual arrangement with the municipal or county governing body. The loss of revenue to a school district from any such exemption from ad valorem taxes shall be borne by the school district and such exempted revenue shall be treated as being received by the school district for purposes of computation of the school district's state aid pursuant to the provisions of Article 18 of Title 70 of the Oklahoma Statutes.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 885 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The governing body of a municipality or county may establish a housing reinvestment district as follows:

1. A housing reinvestment district may only be created in a municipality or county with a population of less than three hundred thousand (300,000) persons and in which the percentage change in population, according to the most recent federal decennial census or the most recent population estimate provided by the United States Bureau of the Census, compared with the previous federal decennial census, is less than the national average percentage change in population; provided, a municipality or county which does not meet such requirement may create a housing reinvestment district in a specific geographic area thereof which meets the definition of an "opportunity zone" as such term is defined in paragraph 2 of subsection G of Section 3604 of Title 68 of the Oklahoma Statutes;

2. The governing body shall designate and adopt the proposed boundaries of any such district. Except as otherwise provided in this subsection, the boundaries of any district created by a municipality shall be confined to that territory within the corporate limits of the municipality and any district created by a county shall be confined to that territory within the unincorporated areas of the county. Any municipality or county may by written agreement jointly create a contiguous district with one or more other municipalities or counties;

3. The governing body shall obtain the written consent of each taxing entity levying ad valorem taxes upon property located in the proposed boundaries of the district to grant tax abatements as provided in Section 6 of this act. If such written consent is not obtained from each taxing entity, the district shall not be created. The governing body shall further enter into a contractual

arrangement with the governing bodies of all other affected taxing entities to provide relief from ad valorem taxes as provided in Section 6 of this act;

4. Upon the adoption and approval of the proposed boundaries of the district, the governing body shall, after public notice and hearing, adopt an ordinance or resolution, whichever is applicable, which:

- a. describes the boundaries of the district sufficiently definite to identify with ordinary and reasonable certainty the territory included in it,
- b. creates the district as of a specified date,
- c. assigns a name to the district for identification purposes, and
- d. contains findings that:
  - (1) the municipality or county or portion thereof in which the proposed district is located meets the requirements of paragraph 1 of this subsection, and
  - (2) the improvement to housing in the area of the district caused by the granting of tax abatements pursuant to the provisions of this act is likely to enhance the value of other real property in the municipality or county and to promote the general public interest.

B. The powers of initiative and referendum, reserved by the Oklahoma Constitution to the people, are reserved to the people of every municipality or county with reference to the tax relief or incentives or exemptions or increment captured as authorized by Section 6C of Article X of the Oklahoma Constitution and as provided for in this act. A housing reinvestment district may be created through an initiative or referendum petition pursuant to the procedures set forth in Section 868 of Title 62 of the Oklahoma

Statutes. A housing reinvestment district may also be terminated, whether created pursuant to the provisions of subsection A of this section or through an initiative or referendum petition, through an initiative or referendum petition pursuant to such procedures.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 886 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Upon creation of a housing reinvestment district pursuant to the provisions of Section 5 of this act, there shall be granted exemptions from ad valorem taxes upon property that qualifies for a homestead exemption as follows:

1. A newly constructed residence located on a parcel upon which a residence has not previously been located within a ten-year period immediately preceding the date of the commencement of construction shall be exempt from ad valorem taxes for a period of two (2) tax years, beginning with the tax year the property first qualifies for a homestead exemption, to the extent of the ad valorem taxes upon the parcel of property upon which the residence is located attributable to the difference in the fair market value of such parcel in such tax year compared to the fair market value of such parcel in the tax year in which construction of the residence commenced;

2. A newly constructed residence located on a parcel upon which a residence was previously located within a ten-year period immediately preceding the date of the commencement of construction shall be exempt from ad valorem taxes for a period of three (3) tax years, beginning with the tax year the property first qualifies for a homestead exemption, to the extent of the ad valorem taxes upon the parcel of property upon which the residence is located attributable to the difference in fair market value of such parcel in such tax year compared to the fair market value of such parcel in the tax year in which construction of the residence commenced; and

3. A residence to which an improvement, as defined in Section 2802.1 of Title 68 of the Oklahoma Statutes, has been made, in an amount which increases the fair cash value of the property by not less than Twenty Thousand Dollars (\$20,000.00) as determined by the county assessor, shall be exempt from ad valorem taxes for a period of five (5) tax years, beginning with the first full tax year following completion of the improvement, to the extent of the amount of ad valorem taxes attributable to the value of the improvement.

For purposes of this section, a "newly constructed residence" shall mean a dwelling for which construction was commenced after the creation of the housing reinvestment district in which the dwelling is located.

B. The owner of any property qualifying for an exemption as provided in subsection A of this section shall apply to the county assessor on or before March 15 of the first tax year for which the exemption is sought for the granting of such exemption. Such exemption shall not be granted unless the property owner is in compliance with all ad valorem tax laws of this state. If the property owner ceases to be in compliance with all ad valorem tax laws of this state during the period of the exemption, the exemption shall be disallowed.

C. An exemption from ad valorem taxes in any area included within the boundaries of an enterprise area, a historic preservation area or a reinvestment area as such terms are defined in Section 853 of Title 62 of the Oklahoma Statutes, or in a rural housing incentive district established in accordance with the Oklahoma Rural Housing Incentive District Act, in which ad valorem tax revenues or other local tax revenues, or any increment or portion thereof, are apportioned or allocated for the repayment of bonds pursuant to the Local Development Act or the Oklahoma Rural Housing Incentive District Act, shall be limited to the amount of ad valorem taxes not so apportioned or allocated.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 887 of Title 62, unless there is created a duplication in numbering, reads as follows:

The provisions of the Oklahoma Housing Reinvestment Program Act shall cease to be effective January 1, 2013; provided, any exemption granted pursuant to the Oklahoma Housing Reinvestment Program Act prior to January 1, 2013, which will extend for a period of time after such date shall remain eligible for such exemption for the period of time and under the terms and conditions under which it was originally granted.

SECTION 8. AMENDATORY 68 O.S. 2001, Section 2817.1, is amended to read as follows:

Section 2817.1 A. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution, the fair cash value of locally assessed real property shall not be automatically increased five percent (5%) each year, the five-percent limitation on the increase in the fair cash value shall not be cumulative, and the five-percent limitation shall not be considered as a twenty-percent increase every four (4) years.

B. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution, improvements made to locally assessed real property shall be assessed in accordance with law by the county assessor based on the fair cash value of the improvement. The assessed value of the improvement shall then be added to the existing assessed value of the property, except as otherwise provided in the Oklahoma Housing Reinvestment Program Act. The existing property shall continue to be subject to the five-percent limitation on the increase in valuation as set forth in Section 8B of Article X of the Oklahoma Constitution. Except when title to the property is transferred, changed, or conveyed to another person as defined in Section ~~3~~ 2802.1 of this ~~act~~ title, and in accordance with Legislative intent as set forth in subsection A of this

section, under no circumstances shall the fair cash value of the existing property increase by more than five percent (5%) in any taxable year.

SECTION 9. This act shall become effective January 1, 2003.

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