

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 1302

By: Crutchfield

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 2887, which relates to exemptions from ad valorem taxes; exempting certain property from ad valorem taxation; providing for proportional exemption; specifying certain property not subject to exemption; defining phrase; providing for application and permit; requiring certain information in permit application for permit exemption; providing for notice to Ad Valorem Division of the Oklahoma Tax Commission; providing for letter of determination; providing for certain fee; authorizing adoption of rules; requiring county assessor or Director of Ad Valorem Division of Oklahoma Tax Commission to accept certain letter as certain evidence; providing exception; providing certain guidelines; providing for codification; and providing a conditional effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 2887, is amended to read as follows:

Section 2887. The following property shall be exempt from ad valorem taxation:

1. All property of the United States, and such property as may be exempt by reason of treaty stipulations existing at statehood between the Indians and the United States government, or by reason of federal laws in effect at statehood, during the time such treaties or federal laws are in force and effect. In instances where a federal agency has obtained title to property through foreclosure, voluntary or involuntary liquidation or bankruptcy, which was previously subject to ad valorem taxation, the property may continue to be assessed for ad valorem taxes if such federal agency has agreed to pay such taxes;

2. All property of this state, and of the counties, school districts, and municipalities of this state, including property acquired for the use of such entities pursuant to the terms of a lease-purchase agreement which provides for the passage of title or the release of security interest, if applicable, upon payment of all rental payments and an additional nominal amount;

3. All property of any college or school, provided such property is devoted exclusively and directly to the appropriate objects of such college or school within this state and all property used exclusively for nonprofit schools and colleges;

4. The books, papers, furniture and scientific or other apparatus pertaining to any institution, college or society referred to in paragraph 3 of this section, and devoted exclusively and directly for the purpose above contemplated, and the like property of students in any such institution or college, while such property is used for the purpose of their education;

5. All fraternal orphan homes and other orphan homes;

6. All property used for free public libraries, free museums, public cemeteries, or free public schools;

7. All property used exclusively and directly for fraternal or religious purposes within this state.

For purposes of administering the exemption authorized by this section and in order to determine whether a single family residential property is used exclusively and directly for fraternal or religious purposes, the fair cash value of a single family residential property, for which an exemption is claimed as authorized by this subsection, in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) for the applicable assessment year shall not be exempt from taxation;

8. All property of any charitable institution organized or chartered under the laws of this state as a nonprofit or charitable institution, provided the net income from such property is used

exclusively within this state for charitable purposes and no part of such income inures to the benefit of any private stockholder, including property which is not leased or rented to any person other than a governmental body, a charitable institution or a member of the general public who is authorized to be a tenant in property owned by a charitable institution under Section 501(c)(3) of the Internal Revenue Code and which includes but is not limited to an institution that either:

- a. additionally satisfies the income standards set forth in Internal Revenue Service Revenue Procedure 96-32 if the property provides residential rental accommodations regardless of whether services or meals are provided, or
- b. is a continuum of care retirement community providing housing for the aged, licensed under Oklahoma law, owned by a nonprofit entity recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt entity and located in a county with a population of more than five hundred thousand (500,000) according the latest Federal Decennial Census;

9. All property used exclusively and directly for charitable purposes within this state, provided the charity using said property does not pay any rent or remuneration to the owner thereof unless the owner is a charitable institution described in Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), or a veterans' organization described in Section 501(c)(19) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(19);

10. All property of any hospital established, organized and operated by any person, partnership, association, organization, trust, or corporation, as a nonprofit and charitable hospital, provided the property and net income from such hospital are used directly, solely, and exclusively within this state for charitable

purposes and that no part of such income shall inure to the benefit of any individual, person, partner, shareholder, or stockholder, and provided further that such hospital facilities shall be open to the public without discrimination as to race, color or creed and regardless of ability to pay, and that such hospital is licensed and otherwise complies with the laws of this state relating to the licensing and regulation of hospitals;

11. All libraries and office equipment of ministers of the Gospel actively engaged in ministerial work in the State of Oklahoma, where said libraries and office equipment are being used by said ministers in their ministerial work, shall be deemed to be used exclusively for religious purposes and are declared to be within the meaning of the term "religious purposes" as used in Section 6 of Article X, ~~Section 6~~ of the Constitution of the State of Oklahoma;

12. Household goods, tools, implements and livestock of every person maintaining a home, not exceeding One Hundred Dollars (\$100.00) in value or One Thousand Dollars (\$1,000.00) in value if Section 6 of Article X, ~~Section 6~~ of the Oklahoma Constitution provides for an exemption in such amount; and in addition thereto, there shall be exempt from taxation on personal property the further sum of Two Hundred Dollars (\$200.00) to all enlisted and commissioned personnel, whether on active duty or honorably discharged, who served in the Armed Forces of the United States during:

- a. the Spanish-American War,
- b. the period beginning on April 6, 1917, and ending on July 2, 1921,
- c. the period beginning on December 6, 1941, and ending on such date as the state of national emergency as declared by the President of the United States shall cease to exist, or

- d. any other or future period during which a state of national emergency shall have been or shall be declared to exist by the Congress or the President of the United States.

All surviving spouses made so by the death of such enlisted or commissioned personnel, who are bona fide residents of this state, shall be entitled to the above additional exemption provided in this paragraph;

13. Family portraits;

14. All food and fuel provided in kind for the use of the family not to exceed provisions for one (1) year's time, and all grain and forage necessary to maintain for one (1) year the livestock used to provide food for the family. No person from whom pay is received or expected for board shall be considered a member of the family within the intent and meaning of this paragraph;

15. All growing crops; ~~and~~

16. All game animals, fowl and reptile, which are not being grown for food or sale and which are kept exclusively for propagation or exhibition, in private grounds or public parks in this state; and

17. All property used exclusively by a small oil refinery, as defined in Section 2 of this act, and that is used wholly as a facility, device or method for the control of air, water or land pollution in accordance with paragraph 11 of Section 6 of Article X of the Oklahoma Constitution.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2887.2 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in Section 6 of Article X of the Oklahoma Constitution, paragraph 17 of Section 2887 of Title 68 of the Oklahoma Statutes and this section, "small oil refinery" means a refinery, including a refinery owned by a subsidiary, parent

company, subsidiary of a parent company in which the parent company has a fifty percent (50%) or greater interest or any joint venture partners of the refinery, which:

1. Produces diesel fuel and gasoline by processing crude oil through refinery processing units;

2. Employs a companywide average of no more than one thousand five hundred (1,500) full-time-equivalent employees, based on the average number of employees for all pay periods from January 1, 1999, to January 1, 2000; and

3. Had a companywide average crude oil capacity less than or equal to one hundred fifty-five thousand (155,000) barrels per calendar day for 1999.

B. The exemption allowed under paragraph 17 of Section 2887 of Title 68 of the Oklahoma Statutes shall be proportionate to the percentage of property determined to be pollution control property under subsections D and E of this section.

C. As used in this section, "facility, device or method for the control of air, water or land pollution" means any structure, building, installation, excavation, machinery, equipment or device and any attachment or addition to or reconstruction, replacement or improvement of that property, that is used, constructed, acquired or installed on or after January 1, 2003, wholly or partly to meet or exceed rules adopted by the Oklahoma Environmental Quality Board, or by the United States Environmental Protection Agency with respect to any program which has been delegated to the Department of Environmental Quality for the prevention, monitoring, control or reduction of air, water or land pollution. This definition and this section shall not apply to a motor vehicle.

D. In applying for an exemption under this section, a person seeking the exemption shall present in a permit application or permit exemption request to the Executive Director of the Department of Environmental Quality information detailing:

1. The anticipated environmental benefits from the installation of the facility, device or method for the control of air, water or land pollution;

2. The estimated cost of the pollution control facility, device or method; and

3. The purpose of the installation of such facility, device or method and the proportion of the installation that is pollution control property.

E. Following submission of the information required by subsection D of this section, the Executive Director of the Department of Environmental Quality shall determine if the facility, device or method is used wholly as a facility, device or method for the control of air, water or land pollution. As soon as practicable, the Executive Director shall send notice by regular mail to the Director of the Ad Valorem Division of the Oklahoma Tax Commission that the person has applied for a determination under this section. If the Executive Director determines that the facility, device or method is used wholly to control pollution, the Executive Director shall issue a letter to the person stating that determination and the proportion of the installation that is pollution control property.

F. The Department of Environmental Quality may charge a person seeking a determination that property is pollution control property an additional fee not to exceed its administrative costs for processing the information, making the determination and issuing the letter required by this section. The Environmental Quality Board may adopt rules to implement this section.

G. A person seeking an exemption under this section shall provide to the county assessor or the Director of the Ad Valorem Division of the Oklahoma Tax Commission a copy of the letter issued by the Executive Director of the Department of Environmental Quality under subsection D of this section. The county assessor or the

Director of the Ad Valorem Division of the Tax Commission shall accept the copy of the letter from the Executive Director as conclusive evidence that the facility, device or method is used wholly as pollution control property. The county assessor or the Director of the Ad Valorem Division of the Tax Commission shall further determine if the property for which the exemption is sought is qualified as provided in Section 6 of Article X of the Oklahoma Constitution, and paragraph 17 of Section 2887 of Title 68 of the Oklahoma Statutes.

H. This section does not apply to a facility, device or method for the control of air, water or land pollution that is subject to any other ad valorem tax exemptions under the laws of this state.

I. The exemption provided by this section, once allowed, need not be applied for subsequent years, and the exemption applies to the property until it changes ownership or the qualification of the property for the exemption changes. However, the county assessor or the Director of the Ad Valorem Division of the Tax Commission may require a person allowed one of the exemptions in a prior year to file a new application to confirm the current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption.

SECTION 3. This act shall become effective January 1, 2003, conditioned upon certification of election returns favoring passage of the Constitutional Amendment proposed in Senate Joint Resolution No. ___ of the 2nd Session of the 48th Oklahoma Legislature.

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