

EHB 2812

THE STATE SENATE  
Monday, April 10, 2006

ENGROSSED

House Bill No. 2812

As Amended

ENGROSSED HOUSE BILL NO. 2812 - By: DENNEY, DANK, NANCE, BLACKWELL, ARMES, DeWITT, BILLY, CALVEY, ELLIS, GLENN, HICKMAN, HIETT, MORGAN (Fred), PRUETT, ROGGOW and WALKER of the House and JOHNSON (Mike) of the Senate.

[ revenue and taxation - amending 68 O.S., Section 2887 - ad valorem tax exemptions - retirement community - effective date ]

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 2887, as last amended by Section 1, Chapter 81, O.S.L. 2003 (68 O.S. Supp. 2005, 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

1 may continue to be assessed for ad valorem taxes if such federal  
2 agency has agreed to pay such taxes;

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

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

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

19 5. All fraternal orphan homes and other orphan homes;

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

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

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

9 8. All property of any charitable institution organized or  
10 chartered under the laws of this state as a nonprofit or charitable  
11 institution, provided the net income from such property is used  
12 exclusively within this state for charitable purposes and no part of  
13 such income inures to the benefit of any private stockholder,  
14 including property which is not leased or rented to any person other  
15 than a governmental body, a charitable institution or a member of  
16 the general public who is authorized to be a tenant in property  
17 owned by a charitable institution under Section 501(c)(3) of the  
18 Internal Revenue Code and which includes but is not limited to an  
19 institution that either:

20 a. additionally satisfies the income standards set forth  
21 in Internal Revenue Service Revenue Procedure 96-32,  
22 which may be audited by the county assessor of the  
23 applicable county, in addition to other requirements

1 of this subparagraph, as a condition of obtaining and  
2 maintaining the exemption, if:

3 (1) the property provides residential rental  
4 accommodations regardless of whether services or  
5 meals are provided, and

6 (2) the property:

7 (a) is occupied as of the applicable January 1  
8 assessment date if the structure is a  
9 single-family dwelling, or

10 (b) has an average seventy-five percent (75%)  
11 occupancy rate, based upon the total number  
12 of units suitable for occupancy, during the  
13 calendar year preceding the applicable  
14 January 1 assessment date if the property  
15 contains multiple structures suitable for  
16 multi-family housing. The owner of any  
17 property subject to the occupancy  
18 requirements prescribed herein shall submit  
19 a report to the county assessor of the  
20 county in which the property is located no  
21 later than December 15 each year regarding  
22 the occupancy rate for the preceding eleven  
23 (11) months. If the report indicates that

1 the average occupancy rate was less than  
2 seventy-five percent (75%), the county  
3 assessor shall determine the taxable value  
4 of the property for the succeeding  
5 assessment year and the property shall not  
6 be exempt for any subsequent assessment year  
7 unless the average occupancy rate is at  
8 least seventy-five percent (75%) during the  
9 succeeding eleven-month period. No asset  
10 consisting of a single-family or multi-  
11 family dwelling unit owned by an entity the  
12 property of which would otherwise be exempt  
13 pursuant to subparagraph a of this paragraph  
14 shall be exempt from ad valorem taxation if  
15 any such dwelling unit was improved with or  
16 acquired with any portion of proceeds from  
17 the sale of obligations issued by any entity  
18 organized pursuant to Section 176 of Title  
19 60 of the Oklahoma Statutes if the interest  
20 income derived from such obligations is  
21 exempt from federal income tax, or

22 b. is a continuum of care retirement community providing  
23 housing for the aged, licensed under Oklahoma law, and

1 owned by a nonprofit entity recognized by the Internal  
2 Revenue Service as a Section 501(c)(3) tax-exempt  
3 entity ~~and located in a county with a population of~~  
4 ~~more than five hundred thousand (500,000) according to~~  
5 ~~the latest Federal Decennial Census;~~

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

13 10. All property of any hospital established, organized and  
14 operated by any person, partnership, association, organization,  
15 trust, or corporation, as a nonprofit and charitable hospital,  
16 provided the property and net income from such hospital are used  
17 directly, solely, and exclusively within this state for charitable  
18 purposes and that no part of such income shall inure to the benefit  
19 of any individual, person, partner, shareholder, or stockholder, and  
20 provided further that such hospital facilities shall be open to the  
21 public without discrimination as to race, color or creed and  
22 regardless of ability to pay, and that such hospital is licensed and

1 otherwise complies with the laws of this state relating to the  
2 licensing and regulation of hospitals;

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

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

- 19 a. the Spanish-American War,  
20 b. the period beginning on April 6, 1917, and ending on  
21 July 2, 1921,  
22 c. the period beginning on December 6, 1941, and ending  
23 on such date as the state of national emergency as

1           declared by the President of the United States shall  
2           cease to exist, or

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

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

11          13.   Family portraits;

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

18          15.   All growing crops; and

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

23          SECTION 2. This act shall become effective January 1, 2007.

1 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 4-4-06 - DO PASS,  
2 As Amended.