

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

SENATE BILL 249

By: Reynolds

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 2817.1, as amended by Section 8, Chapter 344, O.S.L. 2002 (68 O.S. Supp. 2004, Section 2817.1), which relates to ad valorem taxes; modifying the maximum annual percentage increase in taxable fair cash value of specified properties and under specified conditions; clarifying references; and providing conditional effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 2817.1, as amended by Section 8, Chapter 344, O.S.L. 2002 (68 O.S. Supp. 2004, 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, and the ~~five-percent~~ limitation on the increase in the taxable 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;~~ provided, the taxable fair cash value of any:

1. Locally assessed real property which has qualified for homestead exemption pursuant to Section 2889 of this title shall not be increased by more than three percent (3%) in any taxable year;  
and

2. Locally assessed income-producing property for which the actual fair cash value decreases due to a decline in capitalized net income, then subsequently increases resulting in a gain in

capitalized net income, shall not be subject to the five-percent limitation on increases in fair cash value until the property reaches the highest taxable fair cash value prior to the decrease. Any taxable fair cash value increases beyond the previous highest taxable fair cash value shall be subject to the five-percent limitation.

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 and the provisions of subsection A of this section. Except when title to the property is transferred, changed, or conveyed to another person as defined in Section 2802.1 of this title, and in accordance with Legislative intent as set forth in subsection A of this section, under no circumstances shall the taxable fair cash value of the existing property increase by more than ~~five percent (5%) in any taxable year~~ the limitations set forth in Section 8B of Article X of the Oklahoma Constitution.

SECTION 2. This act shall become effective upon certification of election returns favoring passage of the Constitutional Amendment proposed in House Joint Resolution No. \_\_\_\_ of the 1st Session of the 50th Oklahoma Legislature.