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THE STATE SENATE
Thursday, March 25, 2010

ENGROSSED
House Bill No. 2615
As Amended

ENGROSSED HOUSE BILL NO. 2615 - By: Liebmann of the House and Stanislawski of the Senate.

[property - public trusts - effective date]

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

SECTION 1. AMENDATORY 60 O.S. 2001, Section 178.6, as last amended by Section 1, Chapter 476, O.S.L. 2002 (60 O.S. Supp. 2009, Section 178.6), is amended to read as follows:

Section 178.6 The provisions of Sections 652 and 653 of Title 62 of the Oklahoma Statutes and Sections 178.4 and 178.5 of this title shall not affect: public trusts operating, financing or refinancing facilities for the aged or disabled persons by nonprofit, religious or benevolent organizations; public trusts operating, financing or refinancing county, municipal or nonprofit hospitals; public trusts operating college or educational dormitories or student housing facilities; trusts formed for the purpose of constructing buildings for local units of the Department of Human Services under the provisions of Section 189a of Title 56 of the Oklahoma Statutes; public trusts carrying out redevelopment, rehabilitation and conservation activities in accordance with an

1 approved urban renewal plan, provided property owned by said trust
2 shall not be exempt from ad valorem taxation for a period exceeding
3 five (5) years; trusts created under the provisions of Sections 15-
4 141 through 15-147 of Title 2 of the Oklahoma Statutes or other
5 trusts created for the same purpose. Section 176 et seq. of this
6 title shall not prevent public trusts from administering or
7 financing a housing program pursuant to a contract with an agency of
8 the United States Government or the State of Oklahoma, or prevent
9 public trusts from financing or refinancing housing ~~programs~~
10 projects, provided said ~~programs involve~~ projects:

11 1. Involve only property that is subject to ad valorem
12 taxation; or

13 2. Involve financing or refinancing the construction,
14 acquisition and/or improvement and rehabilitation of existing
15 housing projects not subject to ad valorem taxation immediately
16 before any such financing or refinancing,

17 and in either case are located within the geographic boundaries of
18 the beneficiary or beneficiaries of the public trust ~~or meet the~~
19 ~~requirements of clauses (i), (ii), (iii), (iv) and (v) of~~

20 ~~subdivision b of division 2 of subparagraph a of paragraph 8 of~~
21 ~~Section 2887 of Title 68 of the Oklahoma Statutes.~~ **Notwithstanding**
22 **the provisions of subdivision (b) of division (2) of subparagraph a**
23 **of paragraph 8 of Section 2887 of Title 68 of the Oklahoma Statutes,**

1 housing projects which were exempt from ad valorem taxation
2 immediately before such financing or refinancing shall not become
3 subject to ad valorem taxation because they are financed or
4 refinanced by a public trust under this provision.

5 A public trust with a city or cities, a county or counties, or
6 the state as the beneficiary or beneficiaries thereof may issue its
7 evidences of indebtedness for the purpose of financing housing
8 projects or housing programs within the geographic boundaries of its
9 beneficiary or beneficiaries as same represent an authorized and
10 proper public function for public trusts.

11 **SECTION 2. AMENDATORY 68 O.S. 2001, Section 2887, as**
12 **last amended by Section 1, Chapter 254, O.S.L. 2007 (68 O.S. Supp.**
13 **2009, Section 2887), is amended to read as follows:**

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

16 1. All property of the United States, and such property as may
17 be exempt by reason of treaty stipulations existing at statehood
18 between the Indians and the United States government, or by reason
19 of federal laws in effect at statehood, during the time such
20 treaties or federal laws are in force and effect. In instances
21 where a federal agency has obtained title to property through
22 foreclosure, voluntary or involuntary liquidation or bankruptcy,
23 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~~ Except
10 as provided in Section 178.6 of Title 60 of
11 the Oklahoma Statutes, no asset consisting
12 of a single-family or multi-family dwelling
13 unit owned by an entity the property of
14 which would otherwise be exempt pursuant to
15 subparagraph a of this paragraph shall be
16 exempt from ad valorem taxation if any such
17 dwelling unit was improved with or acquired
18 with any portion of proceeds from the sale
19 of obligations issued by any entity
20 organized pursuant to Section 176 of Title
21 60 of the Oklahoma Statutes if the interest
22 income derived from such obligations is
23 exempt from federal income tax, or

1 fully constructed prior to January 1, 2006,

2 is:

3 i. owned and occupied on or after January
4 1, 2006, by an entity that operates a
5 continuum of care retirement community
6 providing housing for the aged,
7 licensed under Oklahoma law,

8 ii. owned by a nonprofit entity recognized
9 by the Internal Revenue Service as a
10 Section 501(c)(3) tax-exempt entity,
11 and

12 iii. is located in any county of the state
13 regardless of population;

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

21 10. All property of any hospital established, organized and
22 operated by any person, partnership, association, organization,
23 trust, or corporation, as a nonprofit and charitable hospital,

1 provided the property and net income from such hospital are used
2 directly, solely, and exclusively within this state for charitable
3 purposes and that no part of such income shall inure to the benefit
4 of any individual, person, partner, shareholder, or stockholder, and
5 provided further that such hospital facilities shall be open to the
6 public without discrimination as to race, color or creed and
7 regardless of ability to pay, and that such hospital is licensed and
8 otherwise complies with the laws of this state relating to the
9 licensing and regulation of hospitals;

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

17 12. Household goods, tools, implements and livestock of every
18 person maintaining a home, not exceeding One Hundred Dollars
19 (\$100.00) in value or One Thousand Dollars (\$1,000.00) in value if
20 Article X, Section 6 of the Oklahoma Constitution provides for an
21 exemption in such amount; and in addition thereto, there shall be
22 exempt from taxation on personal property the further sum of Two
23 Hundred Dollars (\$200.00) to all enlisted and commissioned

1 personnel, whether on active duty or honorably discharged, who
2 served in the Armed Forces of the United States during:

- 3 a. the Spanish-American War,
- 4 b. the period beginning on April 6, 1917, and ending on
5 July 2, 1921,
- 6 c. the period beginning on December 6, 1941, and ending
7 on such date as the state of national emergency as
8 declared by the President of the United States shall
9 cease to exist, or
- 10 d. any other or future period during which a state of
11 national emergency shall have been or shall be
12 declared to exist by the Congress or the President of
13 the United States.

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

18 13. Family portraits;

19 14. All food and fuel provided in kind for the use of the
20 family not to exceed provisions for one (1) year's time, and all
21 grain and forage necessary to maintain for one (1) year the
22 livestock used to provide food for the family. No person from whom

1 pay is received or expected for board shall be considered a member
2 of the family within the intent and meaning of this paragraph;

3 15. All growing crops; and

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

8 SECTION 3. This act shall become effective November 1, 2010.

9 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 3-23-10 - DO PASS,
10 As Amended.