

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 2777

6 By: Russ

7 SUBCOMMITTEE RECOMMENDATION

8 An Act relating to revenue and taxation; amending 68
9 O.S. 2011, Sections 2902 and 2902.1, which relate to
10 ad valorem tax exemptions for qualifying
11 manufacturing concerns; modifying provisions related
12 to application process; amending 62 O.S. 2011,
13 Section 193, which relates to the Ad Valorem
14 Reimbursement Fund; modifying procedures related to
15 claims for reimbursement; requiring county
16 commissioners or governing boards of local taxing
17 jurisdictions to use certain method; authorizing use
18 of electronic mailing; prescribing requirements; and
19 providing an effective date.

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

21 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2902, is
22 amended to read as follows:

23 Section 2902. A. Except as otherwise provided by subsection H
24 of Section 3658 of this title pursuant to which the exemption
authorized by this section may not be claimed, a qualifying
manufacturing concern, as defined by Section 6B of Article X of the
Oklahoma Constitution, and as further defined herein, shall be
exempt from the levy of any ad valorem taxes upon new, expanded or

1 acquired manufacturing facilities, including facilities engaged in
2 research and development, for a period of five (5) years. The
3 provisions of Section 6B of Article X of the Oklahoma Constitution
4 requiring an existing facility to have been unoccupied for a period
5 of twelve (12) months prior to acquisition shall be construed as a
6 qualification for a facility to initially receive an exemption, and
7 shall not be deemed to be a qualification for that facility to
8 continue to receive an exemption in each of the four (4) years
9 following the initial year for which the exemption was granted.
10 Such facilities are hereby classified for the purposes of taxation
11 as provided in Section 22 of Article X of the Oklahoma Constitution.

12 B. For purposes of this section, the following definitions
13 shall apply:

14 1. "Manufacturing facilities" means facilities engaged in the
15 mechanical or chemical transformation of materials or substances
16 into new products and shall include:

- 17 a. establishments which have received a manufacturer
18 exemption permit pursuant to the provisions of Section
19 1359.2 of this title,
- 20 b. facilities, including repair and replacement parts,
21 primarily engaged in aircraft repair, building and
22 rebuilding whether or not on a factory basis,
- 23 c. establishments primarily engaged in computer services
24 and data processing as defined under Industrial Group

1 Numbers 5112 and 5415, and U.S. Industry Number 334611
2 and 519130 of the NAICS Manual, latest revision, and
3 which derive at least fifty percent (50%) of their
4 annual gross revenues from the sale of a product or
5 service to an out-of-state buyer or consumer, and as
6 defined under Industrial Group Number 5142 of the
7 NAICS Manual, latest revision, which derive at least
8 eighty percent (80%) of their annual gross revenues
9 from the sale of a product or service to an out-of-
10 state buyer or consumer. Eligibility as a
11 manufacturing facility pursuant to this subparagraph
12 shall be established, subject to review by the
13 Oklahoma Tax Commission, by annually filing an
14 affidavit with the Tax Commission stating that the
15 facility so qualifies and such other information as
16 required by the Tax Commission. For purposes of
17 determining whether annual gross revenues are derived
18 from sales to out-of-state buyers, all sales to the
19 federal government shall be considered to be an out-
20 of-state buyer,

21 d. for which the investment cost of the construction,
22 acquisition or expansion of the manufacturing facility
23 is Two Hundred Fifty Thousand Dollars (\$250,000.00) or
24 more. Provided, "investment cost" shall not include

1 the cost of direct replacement, refurbish, repair or
2 maintenance of existing machinery or equipment, and
3 e. establishments primarily engaged in distribution as
4 defined under Industry Numbers 49311, 49312, 49313 and
5 49319 and Industry Sector Number 42 of the NAICS
6 Manual, latest revision, and which meet the following
7 qualifications;

- 8 (1) construction with an initial capital investment
9 of at least Five Million Dollars (\$5,000,000.00),
- 10 (2) employment of at least one hundred (100) full-
11 time-equivalent employees, as certified by the
12 Oklahoma Employment Security Commission,
- 13 (3) payment of wages or salaries to its employees at
14 a wage which equals or exceeds one hundred
15 seventy-five percent (175%) of the federally
16 mandated minimum wage, as certified by the
17 Oklahoma Employment Security Commission, and
- 18 (4) commencement of construction on or after November
19 1, 2007, with construction to be completed within
20 three (3) years from the date of the commencement
21 of construction.

22 Eligibility as a manufacturing facility pursuant to this
23 subparagraph shall be established, subject to review by the Tax
24 Commission, by annually filing an affidavit with the Tax Commission

1 stating that the facility so qualifies and containing such other
2 information as required by the Tax Commission.

3 Provided, eating and drinking places, as well as other retail
4 establishments, shall not qualify as manufacturing facilities for
5 purposes of this section, nor shall centrally assessed properties.

6 Eligibility as a manufacturing facility pursuant to this
7 subparagraph shall be established, subject to review by the Tax
8 Commission, by annually filing an application with the Tax
9 Commission stating that the facility so qualifies and containing
10 such other information as required by the Tax Commission;

11 2. "Facility" and "facilities" means and includes the land,
12 buildings, structures, improvements, machinery, fixtures, equipment
13 and other personal property used directly and exclusively in the
14 manufacturing process; and

15 3. "Research and development" means activities directly related
16 to and conducted for the purpose of discovering, enhancing,
17 increasing or improving future or existing products or processes or
18 productivity.

19 C. The following provisions shall apply:

20 1. A manufacturing concern shall be entitled to the exemption
21 herein provided for each new manufacturing facility constructed,
22 each existing manufacturing facility acquired and the expansion of
23 existing manufacturing facilities on the same site, as such terms
24

1 are defined by Section 6B of Article X of the Oklahoma Constitution
2 and by this section;

3 2. Except as otherwise provided in paragraph 5 of this
4 subsection, no manufacturing concern shall receive more than one
5 five-year exemption for any one manufacturing facility unless the
6 expansion which qualifies the manufacturing facility for an
7 additional five-year exemption meets the requirements of paragraph 4
8 of this subsection and the employment level established for any
9 previous exemption is maintained;

10 3. Any exemption as to the expansion of an existing
11 manufacturing facility shall be limited to the increase in ad
12 valorem taxes directly attributable to the expansion;

13 4. Except as provided in paragraphs 5 and 6 of this subsection,
14 all initial applications for any exemption for a new, acquired or
15 expanded manufacturing facility shall be granted only if:

16 a. there is a net increase in annualized payroll of at
17 least Two Hundred Fifty Thousand Dollars (\$250,000.00)
18 if the facility is located in a county with a
19 population of fewer than seventy-five thousand
20 (75,000), according to the most recent federal
21 decennial census, while maintaining or increasing
22 payroll in subsequent years, or at least One Million
23 Dollars (\$1,000,000.00) if the facility is located in
24 a county with a population of seventy-five thousand

1 (75,000) or more, according to the most recent federal
2 decennial census, while maintaining or increasing
3 payroll in subsequent years; provided the payroll
4 requirement of this subparagraph shall be waived for
5 claims for exemptions, including claims previously
6 denied or on appeal on March 3, 2010, for all initial
7 applications for exemption filed on or after January
8 1, 2004, and on or before March 31, 2009, and all
9 subsequent annual exemption applications filed related
10 to the initial application for exemption, for an
11 applicant, if the facility has been located in
12 Oklahoma for at least fifteen (15) years engaged in
13 marine engine manufacturing as defined under U.S.
14 Industry Number 333618 of the NAICS Manual, latest
15 revision, and has maintained an average employment of
16 five hundred (500) or more full-time-equivalent
17 employees over a ten-year period. Any applicant that
18 qualifies for the payroll requirement waiver as
19 outlined in the previous sentence and subsequently
20 closes its Oklahoma manufacturing plant prior to
21 January 1, 2012, may be disqualified for exemption and
22 subject to recapture.

23 The Tax Commission shall verify payroll information
24 through the Oklahoma Employment Security Commission by

1 using reports from the Oklahoma Employment Security
2 Commission for the calendar year immediately preceding
3 the year for which initial application is made for
4 base-line payroll, which must be maintained or
5 increased for each subsequent year; provided, a
6 manufacturing facility shall have the option of
7 excluding from its payroll, for purposes of this
8 section, payments to sole proprietors, members of a
9 partnership, members of a limited liability company
10 who own at least ten percent (10%) of the capital of
11 the limited liability company or stockholder-employees
12 of a corporation who own at least ten percent (10%) of
13 the stock in the corporation. A manufacturing
14 facility electing this option shall indicate such
15 election upon its application for an exemption under
16 this section. Any manufacturing facility electing
17 this option shall submit such information as the Tax
18 Commission may require in order to verify payroll
19 information. Payroll information submitted pursuant
20 to the provisions of this paragraph shall be submitted
21 to the Tax Commission and shall be subject to the
22 provisions of Section 205 of this title, and

23 b. the facility offers, or will offer within one hundred
24 eighty (180) days of the date of employment, a basic

1 health benefits plan to the full-time-equivalent
2 employees of the facility, which is determined by the
3 Department of Commerce to consist of the elements
4 specified in subparagraph b of paragraph 1 of
5 subsection A of Section 3603 of this title or elements
6 substantially equivalent thereto.

7 For purposes of this section, calculation of the amount of
8 increased payroll shall be measured from the start of initial
9 construction or expansion to the completion of such construction or
10 expansion or for three (3) years from the start of initial
11 construction or expansion, whichever occurs first. The amount of
12 increased payroll shall include payroll for full-time-equivalent
13 employees in this state who are employed by an entity other than the
14 facility which has previously or is currently qualified to receive
15 an exemption pursuant to the provisions of this section and who are
16 leased or otherwise provided to the facility, if such employment did
17 not exist in this state prior to the start of initial construction
18 or expansion of the facility. The manufacturing concern shall
19 submit an affidavit to the Tax Commission, signed by an officer,
20 stating that the construction, acquisition or expansion of the
21 facility will result in a net increase in the annualized payroll as
22 required by this paragraph and that full-time-equivalent employees
23 of the facility are or will be offered a basic health benefits plan
24 as required by this paragraph. If, after the completion of such

1 construction or expansion or after three (3) years from the start of
2 initial construction or expansion, whichever occurs first, the
3 construction, acquisition or expansion has not resulted in a net
4 increase in the amount of annualized payroll, if required, or any
5 other qualification specified in this paragraph has not been met,
6 the manufacturing concern shall pay an amount equal to the amount of
7 any exemption granted, including penalties and interest thereon, to
8 the Tax Commission for deposit to the Ad Valorem Reimbursement Fund;

9 5. If a facility fails to meet the payroll requirement of
10 subparagraph a of paragraph 4 of this subsection, the payroll
11 requirement shall be waived for claims for exemptions, including
12 claims previously denied or on appeal on June 1, 2009, for all
13 initial applications for exemption filed on or after January 1,
14 2004, and on or before March 31, 2009, and all subsequent annual
15 exemption applications filed related to such initial application for
16 exemption, for an applicant, if the facility:

- 17 a. has been located for at least five (5) years as of
18 March 31, 2009, in a county in Oklahoma with a
19 population of six hundred thousand (600,000) or more~~+~~;
20 b. is owned by an applicant that has been engaged in
21 manufacturing as defined under U.S. Industry Numbers
22 323110, 323111, 323121 and 323122 of the NAICS Manual,
23 latest revision~~+~~;

24

- 1 c. is owned by an applicant that maintains a workforce of
2 at least three hundred (300) employees on June 1,
3 2009~~+~~1
- 4 d. is owned by an applicant that has filed multiple
5 applications for exemption pursuant to this section~~+~~1
6 and
- 7 e. is owned by an applicant that operates at least one
8 facility in this state of at least seven hundred
9 thirty thousand (730,000) square feet on June 1, 2009.

10 In the event that any applicant obtaining a waiver of the payroll
11 requirement pursuant to this paragraph ceases to operate all of its
12 facilities in this state on or before a date that is four years
13 after any initial application for an exemption is filed by such
14 applicant, all sums of property taxes exempted under this paragraph
15 through a waiver of the payroll requirement that relate to such
16 application shall become due and payable as if such sums were
17 assessed in the year in which the applicant ceases to operate all of
18 its facilities in the state.

19 6. Any new, acquired or expanded automotive final assembly
20 manufacturing facility which does not meet the requirements of
21 paragraph 4 of this subsection shall be granted an exemption only if
22 all other requirements of this section are met and only if the
23 investment cost of the construction, acquisition or expansion of the
24 manufacturing facility is Three Hundred Million Dollars

1 (\$300,000,000.00) or more and the manufacturing facility retains an
2 average employment of one thousand seven hundred fifty (1,750) or
3 more full-time-equivalent employees in the year in which the
4 exemption is initially granted and in each of the four (4)
5 subsequent years only if an average employment of one thousand seven
6 hundred fifty (1,750) or more full-time-equivalent employees is
7 maintained in the subsequent year. Any property installed to
8 replace property damaged by the tornado or natural disaster that
9 occurred May 8, 2003, may continue to receive the exemption provided
10 in this paragraph for the full five-year period based on the value
11 of the previously qualifying assets as of January 1, 2003. The
12 exemption shall continue in effect as long as all other
13 qualifications in this paragraph are met. If the average employment
14 of one thousand seven hundred fifty (1,750) or more full-time-
15 equivalent employees is reduced as a result of temporary layoffs
16 because of a tornado or natural disaster on May 8, 2003, then the
17 average employment requirement shall be waived for year 2003 of the
18 exemption period. Calculation of the number of employees shall be
19 made in the same manner as required under Section 2357.4 of this
20 title for an investment tax credit. As used in this paragraph,
21 "expand" and "expansion" shall mean and include any increase to the
22 size or scope of a facility as well as any renovation, restoration,
23 replacement or remodeling of a facility which permits the
24 manufacturing of a new or redesigned product;

1 7. Any new, acquired, or expanded computer data processing,
2 data preparation, or information processing services provider
3 classified in Industrial Group Number 7374 of the SIC Manual, latest
4 revision, and U.S. Industry Number 514210 of the North American
5 Industrial Classification System (NAICS) Manual, latest revision,
6 may apply for exemptions under this section for each year in which
7 new, acquired, or expanded capital improvements to the facility are
8 made if:

- 9 a. there is a net increase in annualized payroll of the
10 applicant at any facility or facilities of the
11 applicant in this state of at least Two Hundred Fifty
12 Thousand Dollars (\$250,000.00), which is attributable
13 to the capital improvements, or a net increase of
14 Seven Million Dollars (\$7,000,000.00) or more in
15 capital improvements, while maintaining or increasing
16 payroll at the facility or facilities in this state
17 which are included in the application, and
18 b. the facility offers, or will offer within one hundred
19 eighty (180) days of the date of employment of new
20 employees attributable to the capital improvements, a
21 basic health benefits plan to the full-time-equivalent
22 employees of the facility, which is determined by the
23 Department of Commerce to consist of the elements
24 specified in subparagraph b of paragraph 1 of

1 subsection A of Section 3603 of this title or elements
2 substantially equivalent thereto; ~~and~~

3 8. An entity engaged in electric power generation by means of
4 wind, as described by the North American Industry Classification
5 System, No. 221119, which does not meet the requirements of
6 paragraph 4 of this subsection shall be granted an exemption only if
7 all other requirements of this section are met and only if there is
8 a net increase in annualized payroll at the facility of at least Two
9 Hundred Fifty Thousand Dollars (\$250,000.00) or a net increase of
10 Two Million Dollars (\$2,000,000.00) or more in capital improvements
11 while maintaining or increasing payroll; and

12 9. An entity which has been granted an exemption for a time
13 period which included calendar year 2009 but which did not meet the
14 base-line payroll requirements of subparagraph a of paragraph 4 of
15 this subsection during calendar year 2009, shall be allowed an
16 exemption, to begin on January 1 of the first calendar year after
17 the effective date of this act, for the number of years, including
18 calendar year 2009, remaining in the entity's five-year exemption
19 period, provided such entity attains or increases payroll at or
20 above the base-line payroll established for the exemption which was
21 in force during calendar year 2009.

22 D. 1. Except as provided in paragraph 2 of this subsection,
23 the five-year period of exemption from ad valorem taxes for any
24 qualifying manufacturing facility property shall begin on January 1

1 following the initial qualifying use of the property in the
2 manufacturing process.

3 2. The five-year period of exemption from ad valorem taxes for
4 any qualifying manufacturing facility, as defined in subparagraph c
5 of paragraph 1 of subsection B of this section which is located
6 within a tax incentive district created pursuant to the Local
7 Development Act by a county having a population of at least five
8 hundred thousand (500,000), according to the most recent federal
9 decennial census, shall begin on January 1 following the expiration
10 or termination of the ad valorem exemption, abatement, or other
11 incentive provided through the tax incentive district.

12 E. Any person, firm or corporation claiming the exemption
13 herein provided for shall file each year for which exemption is
14 claimed, an application therefor with the ~~county assessor of~~
15 Oklahoma Tax Commission identifying the county in which the new,
16 expanded or acquired facility is located. The application shall be
17 on a form or forms prescribed by the Tax Commission, and shall be
18 filed on or before March 15, except as provided in Section 2902.1 of
19 this title, of each year in which the facility desires to take the
20 exemption or within thirty (30) days from and after receipt by such
21 person, firm or corporation of notice of valuation increase,
22 whichever is later. In a case where completion of the facility or
23 facilities will occur after January 1 of a given year, a facility
24 may apply to claim the ad valorem tax exemption for that year. If

1 such facility is found to be qualified for exemption, the ad valorem
2 tax exemption provided for herein shall be granted for that entire
3 year and shall apply to the ad valorem valuation as of January 1 of
4 that given year. For applicants which qualify under the provisions
5 of subparagraph b of paragraph 1 of subsection B of this section,
6 the application shall include a copy of the affidavit and any other
7 information required to be filed with the Tax Commission.

8 F. The application shall be examined by the ~~county assessor~~
9 Oklahoma Tax Commission and approved or rejected in the same manner
10 as provided by law for approval or rejection of claims for homestead
11 exemptions. The taxpayer shall have the same right of review by and
12 appeal from the county board of equalization, in the same manner and
13 subject to the same requirements as provided by law for review and
14 appeals concerning homestead exemption claims. ~~Approved~~
15 ~~applications shall be filed by the county assessor with the Tax~~
16 ~~Commission no later than June 15, except as provided in Section~~
17 ~~2902.1 of this title, of the year in which the facility desires to~~
18 ~~take the exemption.~~ Incomplete applications and applications filed
19 after June 15 will be declared null and void by the Tax Commission.
20 In the event that a taxpayer qualified to receive an exemption
21 pursuant to the provisions of this section shall make payment of ad
22 valorem taxes in excess of the amount due, the county treasurer
23 shall have the authority to credit the taxpayer's real or personal
24 property tax overpayment against current taxes due. The county

1 treasurer may establish a schedule of up to five (5) years of credit
2 to resolve the overpayment.

3 G. Nothing herein shall in any manner affect, alter or impair
4 any law relating to the assessment of property, and all property,
5 real or personal, which may be entitled to exemption hereunder shall
6 be valued and assessed as is other like property and as provided by
7 law. The valuation and assessment of property for which an
8 exemption is granted hereunder shall be performed by the Tax
9 Commission.

10 H. The Tax Commission shall have the authority and duty to
11 prescribe forms and to promulgate rules as may be necessary to carry
12 out and administer the terms and provisions of this section.

13 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2902.1, is
14 amended to read as follows:

15 Section 2902.1 In order to administer subsection C of Section
16 2902 of this title, the following dates and activities shall apply:

17 1. Any person, firm or corporation claiming the exemption
18 herein provided pursuant to subsection C of Section 2902 of this
19 title shall file, each year for which the exemption is claimed, an
20 application therefor with the ~~county assessor of~~ Oklahoma Tax
21 Commission indicating the county in which the new, expanded or
22 acquired facility is located. Such application shall be on a form
23 or forms prescribed by the Oklahoma Tax Commission and shall be
24 filed before July 1, 1993; and, thereafter subsequent years of

1 application for the exemption shall be filed on or before March 15
2 of the calendar year in which the facility desires to take the
3 exemption.

4 Provided, for those person, firms or corporations qualifying
5 pursuant to subsection C of Section 2902 of this title, the
6 exemption from ad valorem taxes shall continue in effect for the
7 four (4) following years upon application as long as all
8 requirements in subsection C of Section 2902 of this title are met;
9 and

10 2. Such application shall be examined by the ~~county assessor~~
11 Oklahoma Tax Commission and approved or rejected ~~by the county~~
12 ~~assessor~~ in the same manner as provided by law for approval or
13 rejection of claims for homestead exemptions. ~~Any applicants~~
14 ~~rejected by the county assessor whose applications were received~~
15 ~~before July 1, 1993, may protest any rejection to the county~~
16 ~~equalization board which shall conduct hearings to protest in the~~
17 ~~manner prescribed pursuant to Title 68 of the Oklahoma Statutes. In~~
18 ~~the event the county equalization board has adjourned and so is~~
19 ~~unable to conduct a review of the county assessor's rejection in tax~~
20 ~~year 1993, the board shall hear the protest in 1994. Provided,~~
21 ~~applicants must appeal within thirty (30) days of rejection. The~~
22 ~~applicant shall not be required to pay the tax until appeal is heard~~
23 ~~by the county equalization board. In the event payment is~~
24 ~~determined to be due by the county equalization board, the company~~

1 ~~shall pay said tax, but no interest or penalty shall be assessed or~~
2 ~~due. Approved applications shall be filed by the county assessor~~
3 ~~with the Tax Commission no later than August 1, 1993. Incomplete~~
4 ~~applications and applications filed after such date will be declared~~
5 ~~null and void by the Tax Commission.~~

6 SECTION 3. AMENDATORY 62 O.S. 2011, Section 193, is
7 amended to read as follows:

8 Section 193. A. There is hereby created in the State Treasury
9 a revolving fund for the Oklahoma Tax Commission to be designated
10 the "Ad Valorem Reimbursement Fund". The fund shall be a continuing
11 fund, not subject to fiscal year limitations. Monies apportioned to
12 this fund shall be expended:

13 1. To reimburse counties of this state for loss of revenue due
14 to exemptions of ad valorem taxes for new or expanded manufacturing
15 or research and development facilities;

16 2. To reimburse counties of this state for loss of revenue for
17 school district and county purposes due to exemptions granted
18 pursuant to the provisions of Section 2890 of Title 68 of the
19 Oklahoma Statutes; and

20 3. To reimburse counties of this state for loss of revenue due
21 to decreased valuation and assessment for buffer strips pursuant to
22 Section ~~2~~ 2817.2 of ~~this act~~ Title 68 of the Oklahoma Statutes.

23 Provided that it shall be the duty of the Tax Commission to
24 assess the valuation of all property for new or expanded

1 manufacturing or research and development facilities which are
2 exempt from ad valorem taxes.

3 Monies apportioned to this fund also may be transferred to other
4 state funds or otherwise expended as directed by the Legislature by
5 law.

6 B. The county commissioners of each county and the governing
7 board for each local taxing jurisdiction eligible for payment from
8 the Ad Valorem Reimbursement Fund seeking reimbursement for lost
9 revenue from the Ad Valorem Reimbursement Fund shall make claims for
10 reimbursement on forms prescribed by the Tax Commission prior to
11 April 30 of each year. Claims for reimbursement for loss of revenue
12 due to exemptions of ad valorem taxes for new or expanded
13 manufacturing or research and development facilities shall be made
14 separately from claims for reimbursement for loss of revenue for
15 school district and county purposes due to exemptions granted
16 pursuant to the provisions of Section 2890 of Title 68 of the
17 Oklahoma Statutes and separately from claims for reimbursement for
18 loss of revenue for decreased valuation and assessment of buffer
19 strips. All such claims shall be transmitted using the United
20 States mail with return receipt requested or other mail service that
21 provides the county commissioners or the governing board of the
22 applicable local taxing jurisdiction with proof that the claim
23 document was delivered to the Oklahoma Tax Commission and the date
24 upon which the Tax Commission received the claim document. If the

1 county commissioners or the governing board of the applicable local
2 taxing jurisdiction can transmit the claim document to the Oklahoma
3 Tax Commission using an e-mail system that provides reliable proof
4 of receipt in the e-mail system of the Oklahoma Tax Commission and
5 the date the e-mail is received by the Tax Commission, the claim
6 document may be transmitted using such e-mail system. Provided, the
7 assessed valuation of a school district as stated in the claim for
8 reimbursement shall be the same as reported to the State Department
9 of Education on the Estimate of Need and shall include the total
10 valuation of property exempt from taxation pursuant to Section 2902
11 of Title 68 of the Oklahoma Statutes. The claims shall be either
12 approved or disapproved in whole or in part by the Tax Commission by
13 June 15 of each year. A claim for reimbursement for loss of revenue
14 due to an exemption of ad valorem taxes for a new or expanded
15 manufacturing or research and development facility shall be
16 disapproved if a county or school district has received any payment
17 in lieu of ad valorem taxes from such facility, to the extent of the
18 amount of such reimbursement. If the Tax Commission determines that
19 an exemption has been erroneously or unlawfully granted, it shall
20 notify the appropriate county assessor who shall immediately value
21 and assess the property and place it on the rolls for ad valorem
22 taxation. Disbursements from the fund shall be made on warrants
23 issued by the State Treasurer against claims filed by the Tax
24 Commission with the Office of State Finance for payment. Such

1 disbursements shall be exempt from all agency expenditure ceilings.
2 The county treasurer shall apportion or disburse such funds for
3 expenditures in the same manner as other ad valorem tax collections.

4 C. In the event monies apportioned to the Ad Valorem
5 Reimbursement Fund are insufficient to pay all claims for
6 reimbursement made pursuant to subsection B of this section, claims
7 for reimbursement for loss of revenue due to exemptions of ad
8 valorem taxes for new or expanded manufacturing or research and
9 development facilities shall be paid first, and any remaining funds
10 shall be distributed proportionally among the counties or other
11 local taxing jurisdictions making claims for reimbursement for loss
12 of revenue for school district and county purposes due to exemptions
13 granted pursuant to the provisions of Section 2890 of Title 68 of
14 the Oklahoma Statutes, according to the amount of the claim made by
15 each ~~county~~ entity. If any funds remain after paying all claims for
16 reimbursement for loss of revenue due to exemptions of ad valorem
17 taxation for new or expanded manufacturing or research and
18 development facilities and for reimbursement for loss of revenue for
19 school district and county purposes due to exemptions granted
20 pursuant to the provisions of Section 2890 of Title 68 of the
21 Oklahoma Statutes, the remaining funds shall be distributed
22 proportionally among the counties or other entities making claims
23 for reimbursement for loss of revenue for decreased valuation and
24

1 assessment for buffer strips pursuant to Section ~~2~~ 2817.2 of ~~this~~
2 ~~act~~ Title 68 of the Oklahoma Statutes.

3 SECTION 4. This act shall become effective November 1, 2012.

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