

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 53rd Legislature (2012)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2777

By: Russ and Dorman

7 COMMITTEE SUBSTITUTE

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

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

14 B. For purposes of this section, the following definitions
15 shall apply:

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

19 a. establishments which have received a manufacturer
20 exemption permit pursuant to the provisions of Section
21 1359.2 of this title,

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- 1 b. facilities, including repair and replacement parts,
2 primarily engaged in aircraft repair, building and
3 rebuilding whether or not on a factory basis,
4 c. establishments primarily engaged in computer services
5 and data processing as defined under Industrial Group
6 Numbers 5112 and 5415, and U.S. Industry Number 334611
7 and 519130 of the NAICS Manual, latest revision, and
8 which derive at least fifty percent (50%) of their
9 annual gross revenues from the sale of a product or
10 service to an out-of-state buyer or consumer, and as
11 defined under Industrial Group Number 5142 of the
12 NAICS Manual, latest revision, which derive at least
13 eighty percent (80%) of their annual gross revenues
14 from the sale of a product or service to an out-of-
15 state buyer or consumer. Eligibility as a
16 manufacturing facility pursuant to this subparagraph
17 shall be established, subject to review by the
18 Oklahoma Tax Commission, by annually filing an
19 affidavit with the Tax Commission stating that the
20 facility so qualifies and such other information as
21 required by the Tax Commission. For purposes of
22 determining whether annual gross revenues are derived
23 from sales to out-of-state buyers, all sales to the

1 federal government shall be considered to be an out-
2 of-state buyer,

3 d. for which the investment cost of the construction,
4 acquisition or expansion of the manufacturing facility
5 is Two Hundred Fifty Thousand Dollars (\$250,000.00) or
6 more. Provided, "investment cost" shall not include
7 the cost of direct replacement, refurbish, repair or
8 maintenance of existing machinery or equipment, and

9 e. establishments primarily engaged in distribution as
10 defined under Industry Numbers 49311, 49312, 49313 and
11 49319 and Industry Sector Number 42 of the NAICS
12 Manual, latest revision, and which meet the following
13 qualifications;

14 (1) construction with an initial capital investment
15 of at least Five Million Dollars (\$5,000,000.00),

16 (2) employment of at least one hundred (100) full-
17 time-equivalent employees, as certified by the
18 Oklahoma Employment Security Commission,

19 (3) payment of wages or salaries to its employees at
20 a wage which equals or exceeds one hundred
21 seventy-five percent (175%) of the federally
22 mandated minimum wage, as certified by the
23 Oklahoma Employment Security Commission, and

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1 (4) commencement of construction on or after November
2 1, 2007, with construction to be completed within
3 three (3) years from the date of the commencement
4 of construction.

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

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

13 Eligibility as a manufacturing facility pursuant to this
14 subparagraph shall be established, subject to review by the Tax
15 Commission, by annually filing an application with the Tax
16 Commission stating that the facility so qualifies and containing
17 such other information as required by the Tax Commission;

18 2. "Facility" and "facilities" means and includes the land,
19 buildings, structures, improvements, machinery, fixtures, equipment
20 and other personal property used directly and exclusively in the
21 manufacturing process; and

22 3. "Research and development" means activities directly related
23 to and conducted for the purpose of discovering, enhancing,
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1 increasing or improving future or existing products or processes or
2 productivity.

3 C. The following provisions shall apply:

4 1. A manufacturing concern shall be entitled to the exemption
5 herein provided for each new manufacturing facility constructed,
6 each existing manufacturing facility acquired and the expansion of
7 existing manufacturing facilities on the same site, as such terms
8 are defined by Section 6B of Article X of the Oklahoma Constitution
9 and by this section;

10 2. Except as otherwise provided in paragraph 5 of this
11 subsection, no manufacturing concern shall receive more than one
12 five-year exemption for any one manufacturing facility unless the
13 expansion which qualifies the manufacturing facility for an
14 additional five-year exemption meets the requirements of paragraph 4
15 of this subsection and the employment level established for any
16 previous exemption is maintained;

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

20 4. Except as provided in paragraphs 5 and 6 of this subsection,
21 all initial applications for any exemption for a new, acquired or
22 expanded manufacturing facility shall be granted only if:
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UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 a. there is a net increase in annualized payroll of at
2 least Two Hundred Fifty Thousand Dollars (\$250,000.00)
3 if the facility is located in a county with a
4 population of fewer than seventy-five thousand
5 (75,000), according to the most recent federal
6 decennial census, while maintaining or increasing
7 payroll in subsequent years, or at least One Million
8 Dollars (\$1,000,000.00) if the facility is located in
9 a county with a population of seventy-five thousand
10 (75,000) or more, according to the most recent federal
11 decennial census, while maintaining or increasing
12 payroll in subsequent years; provided the payroll
13 requirement of this subparagraph shall be waived for
14 claims for exemptions, including claims previously
15 denied or on appeal on March 3, 2010, for all initial
16 applications for exemption filed on or after January
17 1, 2004, and on or before March 31, 2009, and all
18 subsequent annual exemption applications filed related
19 to the initial application for exemption, for an
20 applicant, if the facility has been located in
21 Oklahoma for at least fifteen (15) years engaged in
22 marine engine manufacturing as defined under U.S.
23 Industry Number 333618 of the NAICS Manual, latest
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1 revision, and has maintained an average employment of
2 five hundred (500) or more full-time-equivalent
3 employees over a ten-year period. Any applicant that
4 qualifies for the payroll requirement waiver as
5 outlined in the previous sentence and subsequently
6 closes its Oklahoma manufacturing plant prior to
7 January 1, 2012, may be disqualified for exemption and
8 subject to recapture.

9 The Tax Commission shall verify payroll information
10 through the Oklahoma Employment Security Commission by
11 using reports from the Oklahoma Employment Security
12 Commission for the calendar year immediately preceding
13 the year for which initial application is made for
14 base-line payroll, which must be maintained or
15 increased for each subsequent year; provided, a
16 manufacturing facility shall have the option of
17 excluding from its payroll, for purposes of this
18 section, payments to sole proprietors, members of a
19 partnership, members of a limited liability company
20 who own at least ten percent (10%) of the capital of
21 the limited liability company or stockholder-employees
22 of a corporation who own at least ten percent (10%) of
23 the stock in the corporation. A manufacturing

1 facility electing this option shall indicate such
2 election upon its application for an exemption under
3 this section. Any manufacturing facility electing
4 this option shall submit such information as the Tax
5 Commission may require in order to verify payroll
6 information. Payroll information submitted pursuant
7 to the provisions of this paragraph shall be submitted
8 to the Tax Commission and shall be subject to the
9 provisions of Section 205 of this title, and

10 b. the facility offers, or will offer within one hundred
11 eighty (180) days of the date of employment, a basic
12 health benefits plan to the full-time-equivalent
13 employees of the facility, which is determined by the
14 Department of Commerce to consist of the elements
15 specified in subparagraph b of paragraph 1 of
16 subsection A of Section 3603 of this title or elements
17 substantially equivalent thereto.

18 For purposes of this section, calculation of the amount of
19 increased payroll shall be measured from the start of initial
20 construction or expansion to the completion of such construction or
21 expansion or for three (3) years from the start of initial
22 construction or expansion, whichever occurs first. The amount of
23 increased payroll shall include payroll for full-time-equivalent

1 employees in this state who are employed by an entity other than the
2 facility which has previously or is currently qualified to receive
3 an exemption pursuant to the provisions of this section and who are
4 leased or otherwise provided to the facility, if such employment did
5 not exist in this state prior to the start of initial construction
6 or expansion of the facility. The manufacturing concern shall
7 submit an affidavit to the Tax Commission, signed by an officer,
8 stating that the construction, acquisition or expansion of the
9 facility will result in a net increase in the annualized payroll as
10 required by this paragraph and that full-time-equivalent employees
11 of the facility are or will be offered a basic health benefits plan
12 as required by this paragraph. If, after the completion of such
13 construction or expansion or after three (3) years from the start of
14 initial construction or expansion, whichever occurs first, the
15 construction, acquisition or expansion has not resulted in a net
16 increase in the amount of annualized payroll, if required, or any
17 other qualification specified in this paragraph has not been met,
18 the manufacturing concern shall pay an amount equal to the amount of
19 any exemption granted, including penalties and interest thereon, to
20 the Tax Commission for deposit to the Ad Valorem Reimbursement Fund;

21 5. If a facility fails to meet the payroll requirement of
22 subparagraph a of paragraph 4 of this subsection, the payroll
23 requirement shall be waived for claims for exemptions, including
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1 claims previously denied or on appeal on June 1, 2009, for all
2 initial applications for exemption filed on or after January 1,
3 2004, and on or before March 31, 2009, and all subsequent annual
4 exemption applications filed related to such initial application for
5 exemption, for an applicant, if the facility:

- 6 a. has been located for at least five (5) years as of
7 March 31, 2009, in a county in Oklahoma with a
8 population of six hundred thousand (600,000) or more~~+~~+
- 9 b. is owned by an applicant that has been engaged in
10 manufacturing as defined under U.S. Industry Numbers
11 323110, 323111, 323121 and 323122 of the NAICS Manual,
12 latest revision~~+~~+
- 13 c. is owned by an applicant that maintains a workforce of
14 at least three hundred (300) employees on June 1,
15 2009~~+~~+
- 16 d. is owned by an applicant that has filed multiple
17 applications for exemption pursuant to this section~~+~~+
18 and
- 19 e. is owned by an applicant that operates at least one
20 facility in this state of at least seven hundred
21 thirty thousand (730,000) square feet on June 1, 2009.

22 In the event that any applicant obtaining a waiver of the payroll
23 requirement pursuant to this paragraph ceases to operate all of its
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1 facilities in this state on or before a date that is four years
2 after any initial application for an exemption is filed by such
3 applicant, all sums of property taxes exempted under this paragraph
4 through a waiver of the payroll requirement that relate to such
5 application shall become due and payable as if such sums were
6 assessed in the year in which the applicant ceases to operate all of
7 its facilities in the state.

8 6. Any new, acquired or expanded automotive final assembly
9 manufacturing facility which does not meet the requirements of
10 paragraph 4 of this subsection shall be granted an exemption only if
11 all other requirements of this section are met and only if the
12 investment cost of the construction, acquisition or expansion of the
13 manufacturing facility is Three Hundred Million Dollars
14 (\$300,000,000.00) or more and the manufacturing facility retains an
15 average employment of one thousand seven hundred fifty (1,750) or
16 more full-time-equivalent employees in the year in which the
17 exemption is initially granted and in each of the four (4)
18 subsequent years only if an average employment of one thousand seven
19 hundred fifty (1,750) or more full-time-equivalent employees is
20 maintained in the subsequent year. Any property installed to
21 replace property damaged by the tornado or natural disaster that
22 occurred May 8, 2003, may continue to receive the exemption provided
23 in this paragraph for the full five-year period based on the value

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1 of the previously qualifying assets as of January 1, 2003. The
2 exemption shall continue in effect as long as all other
3 qualifications in this paragraph are met. If the average employment
4 of one thousand seven hundred fifty (1,750) or more full-time-
5 equivalent employees is reduced as a result of temporary layoffs
6 because of a tornado or natural disaster on May 8, 2003, then the
7 average employment requirement shall be waived for year 2003 of the
8 exemption period. Calculation of the number of employees shall be
9 made in the same manner as required under Section 2357.4 of this
10 title for an investment tax credit. As used in this paragraph,
11 "expand" and "expansion" shall mean and include any increase to the
12 size or scope of a facility as well as any renovation, restoration,
13 replacement or remodeling of a facility which permits the
14 manufacturing of a new or redesigned product;

15 7. Any new, acquired, or expanded computer data processing,
16 data preparation, or information processing services provider
17 classified in Industrial Group Number 7374 of the SIC Manual, latest
18 revision, and U.S. Industry Number 514210 of the North American
19 Industrial Classification System (NAICS) Manual, latest revision,
20 may apply for exemptions under this section for each year in which
21 new, acquired, or expanded capital improvements to the facility are
22 made if:

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1 a. there is a net increase in annualized payroll of the
2 applicant at any facility or facilities of the
3 applicant in this state of at least Two Hundred Fifty
4 Thousand Dollars (\$250,000.00), which is attributable
5 to the capital improvements, or a net increase of
6 Seven Million Dollars (\$7,000,000.00) or more in
7 capital improvements, while maintaining or increasing
8 payroll at the facility or facilities in this state
9 which are included in the application, and

10 b. the facility offers, or will offer within one hundred
11 eighty (180) days of the date of employment of new
12 employees attributable to the capital improvements, a
13 basic health benefits plan to the full-time-equivalent
14 employees of the facility, which is determined by the
15 Department of Commerce to consist of the elements
16 specified in subparagraph b of paragraph 1 of
17 subsection A of Section 3603 of this title or elements
18 substantially equivalent thereto; ~~and~~

19 8. An entity engaged in electric power generation by means of
20 wind, as described by the North American Industry Classification
21 System, No. 221119, which does not meet the requirements of
22 paragraph 4 of this subsection shall be granted an exemption only if
23 all other requirements of this section are met and only if there is

1 a net increase in annualized payroll at the facility of at least Two
2 Hundred Fifty Thousand Dollars (\$250,000.00) or a net increase of
3 Two Million Dollars (\$2,000,000.00) or more in capital improvements
4 while maintaining or increasing payroll~~;~~; and

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

15 D. 1. Except as provided in paragraph 2 of this subsection,
16 the five-year period of exemption from ad valorem taxes for any
17 qualifying manufacturing facility property shall begin on January 1
18 following the initial qualifying use of the property in the
19 manufacturing process.

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

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

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1 the application shall include a copy of the affidavit and any other
2 information required to be filed with the Tax Commission.

3 F. The application shall be examined by the ~~county assessor~~
4 Oklahoma Tax Commission and approved or rejected in the same manner
5 as provided by law for approval or rejection of claims for homestead
6 exemptions. The taxpayer shall have the same right of review by and
7 appeal from the county board of equalization, in the same manner and
8 subject to the same requirements as provided by law for review and
9 appeals concerning homestead exemption claims. ~~Approved~~

10 ~~applications shall be filed by the county assessor with the Tax~~
11 ~~Commission no later than June 15, except as provided in Section~~
12 ~~2902.1 of this title, of the year in which the facility desires to~~
13 ~~take the exemption.~~ Incomplete applications and applications filed
14 after June 15 will be declared null and void by the Tax Commission.
15 In the event that a taxpayer qualified to receive an exemption
16 pursuant to the provisions of this section shall make payment of ad
17 valorem taxes in excess of the amount due, the county treasurer
18 shall have the authority to credit the taxpayer's real or personal
19 property tax overpayment against current taxes due. The county
20 treasurer may establish a schedule of up to five (5) years of credit
21 to resolve the overpayment.

22 G. Nothing herein shall in any manner affect, alter or impair
23 any law relating to the assessment of property, and all property,

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 real or personal, which may be entitled to exemption hereunder shall
2 be valued and assessed as is other like property and as provided by
3 law. The valuation and assessment of property for which an
4 exemption is granted hereunder shall be performed by the Tax
5 Commission.

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

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

11 Section 2902.1 In order to administer subsection C of Section
12 2902 of this title, the following dates and activities shall apply:

13 1. Any person, firm or corporation claiming the exemption
14 herein provided pursuant to subsection C of Section 2902 of this
15 title shall file, each year for which the exemption is claimed, an
16 application therefor with the ~~county assessor of~~ Oklahoma Tax
17 Commission indicating the county in which the new, expanded or
18 acquired facility is located. Such application shall be on a form
19 or forms prescribed by the Oklahoma Tax Commission and shall be
20 filed before July 1, 1993; and, thereafter subsequent years of
21 application for the exemption shall be filed on or before March 15
22 of the calendar year in which the facility desires to take the
23 exemption.

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

7 2. Such application shall be examined by the ~~county assessor~~
8 Oklahoma Tax Commission and approved or rejected ~~by the county~~
9 ~~assessor~~ in the same manner as provided by law for approval or
10 rejection of claims for homestead exemptions. ~~Any applicants~~
11 ~~rejected by the county assessor whose applications were received~~
12 ~~before July 1, 1993, may protest any rejection to the county~~
13 ~~equalization board which shall conduct hearings to protest in the~~
14 ~~manner prescribed pursuant to Title 68 of the Oklahoma Statutes. In~~
15 ~~the event the county equalization board has adjourned and so is~~
16 ~~unable to conduct a review of the county assessor's rejection in tax~~
17 ~~year 1993, the board shall hear the protest in 1994. Provided,~~
18 ~~applicants must appeal within thirty (30) days of rejection. The~~
19 ~~applicant shall not be required to pay the tax until appeal is heard~~
20 ~~by the county equalization board. In the event payment is~~
21 ~~determined to be due by the county equalization board, the company~~
22 ~~shall pay said tax, but no interest or penalty shall be assessed or~~
23 ~~due. Approved applications shall be filed by the county assessor~~

1 ~~with the Tax Commission no later than August 1, 1993. Incomplete~~
2 ~~applications and applications filed after such date will be declared~~
3 ~~null and void by the Tax Commission.~~

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

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

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

14 2. To reimburse counties of this state 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

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

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

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

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1 issued by the State Treasurer against claims filed by the Tax
2 Commission with the Office of State Finance for payment. Such
3 disbursements shall be exempt from all agency expenditure ceilings.
4 The county treasurer shall apportion or disburse such funds for
5 expenditures in the same manner as other ad valorem tax collections.

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

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1 proportionally among the counties or other entities making claims
2 for reimbursement for loss of revenue for decreased valuation and
3 assessment for buffer strips pursuant to Section ~~2~~ 2817.2 of ~~this~~
4 ~~act~~ Title 68 of the Oklahoma Statutes.

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

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7 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
8 03/01/2012 - DO PASS, As Amended and Coauthored.

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