STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

HOUSE BILL 2570 By: Wright

AS INTRODUCED

An Act relating to revenue and taxation; making legislative findings; amending 62 O.S. 2011, Section 193, which relates to the Ad Valorem Reimbursement Fund; modifying procedures for reimbursement; providing for reimbursement to qualifying manufacturing concern; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2902.1A of Title 68, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that the current method pursuant to which local taxing jurisdictions are reimbursed for revenues pursuant to the provisions of Section 6B of Article X of the Oklahoma Constitution can result in difficulty with budgeting, errors in the process for managing the exempt status of qualifying manufacturing concern assets during the exemption period and errors in the process by which the local taxing jurisdictions file claims for reimbursement. In order to assist the local taxing jurisdictions

and to eliminate errors during the process for making application for reimbursement from the Ad Valorem Reimbursement Fund, the Legislature finds that it would be advantageous for the exemption provided by Section 6B of Article X of the Oklahoma Constitution and the provisions of Section 2902 of Title 68 of the Oklahoma Statutes to be administered by making reimbursement to the qualifying manufacturing concern instead of to the local taxing jurisdictions and to administer the exemption in the manner of a rebate after the ad valorem taxes have been paid to the county treasurer annually and after a regular apportionment of the ad valorem tax revenue that would otherwise be foregone as a result of the exemption provided to qualifying manufacturing concerns.

SECTION 2. AMENDATORY 62 O.S. 2011, Section 193, is amended to read as follows:

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

1. To reimburse ~~counties of this state~~ <u>qualifying manufacturing concerns</u> for ~~loss of revenue due to exemptions of~~ ad valorem taxes ~~for~~ <u>paid by the qualifying manufacturing concerns on the taxable value of</u> new or expanded manufacturing or research and development facilities;

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

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

Provided that it shall be the duty of the Tax Commission to assess the valuation of all property for new or expanded manufacturing or research and development facilities which are exempt from ad valorem taxes.

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

B. The ~~county commissioners of each county~~ qualifying manufacturing concern seeking reimbursement ~~for lost revenue~~ from the Ad Valorem Reimbursement Fund for ad valorem taxes previously paid shall make claims for reimbursement on forms prescribed by the Tax Commission prior to April 30 of each year. Claims for reimbursement for ~~loss of revenue due to exemptions of~~ ad valorem taxes previously paid for new or expanded manufacturing or research and development facilities shall be made separately from claims for reimbursement for loss of revenue for school district and county purposes due to exemptions granted pursuant to the provisions of

Section 2890 of Title 68 of the Oklahoma Statutes and separately from claims for reimbursement for loss of revenue for decreased valuation and assessment of buffer strips. Provided, the assessed valuation of a school district as stated in the claim for reimbursement shall be the same as reported to the State Department of Education on the Estimate of Need and shall include the total valuation of property exempt from taxation pursuant to Section 2902 of Title 68 of the Oklahoma Statutes. The claims shall be either approved or disapproved in whole or in part by the Tax Commission by June 15 of each year. A claim for reimbursement for ~~loss of revenue due to an exemption of~~ ad valorem taxes ~~for~~ previously paid by a new or expanded manufacturing or research and development facility shall be disapproved if a county or school district has received any payment in lieu of ad valorem taxes from such facility, to the extent of the amount of such reimbursement. If the Tax Commission determines that an exemption has been erroneously or unlawfully granted, it shall notify the appropriate county assessor who shall immediately value and assess the property and place it on the rolls for ad valorem taxation. Disbursements from the fund shall be made on warrants issued by the State Treasurer against claims filed by the Tax Commission with the Office of State Finance for payment. Such disbursements shall be exempt from all agency expenditure ceilings. The county treasurer shall apportion or disburse such

funds for expenditures in the same manner as other ad valorem tax collections.

C. In the event monies apportioned to the Ad Valorem Reimbursement Fund are insufficient to pay all claims for reimbursement made pursuant to subsection B of this section, claims for reimbursement for ~~loss of revenue due to exemptions of~~ ad valorem taxes ~~for~~ previously paid by a new or expanded manufacturing or research and development facilities shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district and county purposes due to exemptions granted pursuant to the provisions of Section 2890 of Title 68 of the Oklahoma Statutes, according to the amount of the claim made by each county. If any funds remain after paying all claims for reimbursement for ~~loss of revenue due to exemptions~~ prior payment of ad valorem ~~taxation for~~ taxes by a new or expanded manufacturing or research and development facilities and for reimbursement for loss of revenue for school district and county purposes due to exemptions granted pursuant to the provisions of Section 2890 of Title 68 of the Oklahoma Statutes, the remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for decreased valuation and assessment for buffer strips pursuant to Section ~~2~~ 2817.2 of ~~this act~~ Title 68 of the Oklahoma Statutes.

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

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