

**OKLAHOMA TAX COMMISSION**

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SECOND OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 4, 2011

**BILL NUMBER:** SB 163 **STATUS AND DATE OF BILL:** Introduced-01/10/2011

**AUTHORS:** House N/A Senate Mazzei

**TAX TYPE (S):** Ad Valorem **SUBJECT:** Other

**PROPOSAL:** Amendatory

The measure amends the current method of determining the amount of local tax reimbursement attributable to the Five-Year Manufacturer’s Exemption. For tax year 2012 and all subsequent tax years, the amendment limits reimbursement to the property valuation based on the year immediately preceding the calendar year in which the facility initially qualifies for the exemption.

**EFFECTIVE DATE:** January 1, 2012

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

- FY-12: \$35,200,000 in claims against the Ad Valorem Reimbursement Fund
- FY-13: \$26,700,000 in claims against the Ad Valorem Reimbursement Fund
- FY-14: \$20,600,000 in claims against the Ad Valorem Reimbursement Fund
- FY-15: \$14,000,000 in claims against the Ad Valorem Reimbursement Fund
- FY 16: \$7,500,000 in claims against the Ad Valorem Reimbursement Fund
- FY 17: \$500,000 in claims against the Ad Valorem Reimbursement Fund

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

		<u>cjc</u>
DATE	DIVISION DIRECTOR	

DATE	REECE WOMACK, ECONOMIST

DATE	FOR THE COMMISSION

## **ATTACHMENT TO FISCAL IMPACT-SB 163-Introduced-Prepared February 4, 2011**

For facilities qualifying after 2011 the proposed amendment bases reimbursement on the value of the facility which in most cases would be land value only before the addition of new property reaches a taxable status resulting in no reimbursement for new buildings, machinery and equipment.

Under this amendment, local taxing jurisdictions would not realize any revenue increase based on new facilities for the first five years. Any new property would become taxable on the sixth year. Currently, common education receives about 65% of the reimbursement dollars which could be a concern.

A phase out of the reimbursement—allowing reimbursement under the current method for facilities enrolled prior to 2012—and inclusion of land value beginning in 2012, results in an estimated claim amounts subject to reimbursement to local taxing jurisdictions as follows:

FY-12: \$35,200,000 in claims against the Ad Valorem Reimbursement Fund  
FY-13: \$26,700,000 in claims against the Ad Valorem Reimbursement Fund  
FY-14: \$20,600,000 in claims against the Ad Valorem Reimbursement Fund  
FY-15: \$14,000,000 in claims against the Ad Valorem Reimbursement Fund  
FY 16: \$7,500,000 in claims against the Ad Valorem Reimbursement Fund  
FY 17: \$500,000 in claims against the Ad Valorem Reimbursement Fund<sup>1</sup>

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<sup>1</sup> Based on historical data, it is estimated that approximately \$100,000 each year in land reimbursement would continue to be eligible under this amendment and therefore this amount been added each year to the projected phase down totals beginning in 2012. In some rare cases, there may be existing eligible real property improvements in addition to the land value which were not included in the estimate. The estimated land value could change slightly each year, but probably not more than about a 5% increase or decrease in the current economy.