

BILL SUMMARY
2nd Session of the 54th Legislature

Bill No.:	SB 1199
Version:	CS
Request Number:	10765
Author:	Rep. Hulbert
Date:	4/7/2014
Impact:	Tax Commission:
	Negligible Impact (Section 4)
	\$0 (Other Provisions)

Research Analysis

SB1199 allows several tornado relief credits, deductions and exemptions that were enacted for tornados that occurred in prior years to be applicable for tornados that could occur in future years. The following credits, deductions are affected:

- credit for the registration fees and excise tax paid on a vehicle destroyed by a tornado;
- sales tax exemption for tangible personal property donated to assist persons affected by a tornado;
- deduction available to sale tax vendors for timely filing and remittance of sales tax, provided the reason for untimely filing is because of a tornado;
- refundable income tax credit for any increased property tax that is a result of rebuilding or repairing a property damaged as a result of a natural disaster. For properties damages by a natural disaster occurring after January 1, 2014, the property must be rebuilt or repaired within 36 months after the date of the natural disaster.

Prepared By: Quyen Do

Fiscal Analysis

Sections 1, 4, 6 & 7 of Senate Bill 1199 propose to remove outdated language relating to relief measures granted pursuant to 47 O.S. § 1132.3, 68 O.S. § 2103.1, 68 O.S. §§ 2888 and 2892 for tornadoes which occurred in prior years and propose to amend the referenced statutes to provide tax relief for victims of tornadoes that could occur in subsequent years. Sections 2 & 3 amend 68 O.S. § 1362(D) and 68 O.S. § 1367.1(B), respectively, relating to sales tax requirements after tornadoes. Section 5 proposes to amend 68 O.S. § 2357.29A which relates to the natural disaster income tax credit. Substantive changes proposed in these sections are outlined as follows:

Section 1 proposes to amend 47 O.S. § 1132.3 to allow a credit¹ for registration fees associated with a vehicle which is a replacement for a currently registered vehicle which was destroyed by a tornado for which a Presidential Major Disaster Declaration was issued.

Section 2 proposes to amend 68 O.S. § 1362(D) by extending to all subsequent years the provision that persons required to file a sales tax report shall be exempt from remitting sales tax on the sales value of tangible personal property donated for the assistance of persons affected by tornadoes for which a Presidential Major Disaster Declaration was issued. Under current law this provision is limited to tornadoes occurring in calendar year 2013².

Section 3 proposes to amend 68 O.S. § 1367.1(B) by extending to all subsequent years the provision that the deduction/remuneration afforded sales tax vendors for record maintenance and the timely filing and remittance of sales tax shall not be disallowed if a report was delinquent because of the above-referenced tornadoes. Under current law this provision is limited to tornadoes occurring in calendar year 2013².

Section 4 proposes to amend 68 O.S. § 2103.1 and provides a related vehicle excise tax credit for vehicles similarly situated to those referenced in Section 1. The credit is in the amount of the excise tax previously paid on or after January 1, 2012 for the destroyed vehicle and must be applied to the excise tax due on the replacement vehicle.

Section 5 proposes to amend 68 O.S. § 2357.29A (Natural Disaster Tax Credit³) by extending the credit to any natural disaster (weather or fire event declared as a major disaster through the Federal Emergency Management Agency) occurring after December 31, 2011. Further amends the time to rebuild or repair the primary residence to thirty-six (36) months after the date of the natural disaster occurring on or after January 1, 2014. Current law limits the credit for increased ad valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of a natural disaster in 2012 or 2013 only.

Section 6 proposes to amend 68 O.S. § 2888 by deeming persons actually owning and residing in a residence on the date of a tornado for which a Presidential Major Disaster Declaration was issued to be the record owner of the residence for purposes of extending eligibility for homestead exemption.⁴ A deed or other evidence of ownership must be of record in the county clerk's office on or before the date of the tornado.

There is no FY 15 revenue impact or administrative costs/savings to the OTC associated with Sections 1,2,3,5,6, and 7 of this measure.

A negligible decrease in motor vehicle excise tax collections could occur as a result of the amendments proposed in Section 4 of this measure.

¹ The credit is based on the fee paid for the registration of the destroyed vehicle and the registration period remaining at the date of destruction. The credit must be applied to the registration fee for the replacement vehicle.

² Issuance of Presidential Major Disaster Declaration for the tornado was also required.

³ This is a refundable income tax credit for any increased ad valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of natural disaster (weather or fire event declared as a major disaster through the Federal Emergency Management Agency) in 2012 or 2013. The credit is to be the difference between the ad valorem taxes paid on the property in the year prior to the damage and the ad valorem taxes paid in the first year the property is completely or fully repaired or rebuilt. In years two through five of the credit, the credit is to be 80% of the previous year's credit.

⁴ This provision only applies to any person eligible to claim the income tax credit pursuant to Section 2357.29A of Title 68 with respect to a tornado or to any person whose primary residence was damaged or destroyed in a tornado and who purchased or built a new primary residence at a location in the state different from the one of the damaged or destroyed residence.

⁵ Defined as a tornado for which a Presidential Major Disaster Declaration was issued.

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Other Considerations

None.

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