

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 30, 2014

BILL NUMBER: SB 1199 STATUS AND DATE OF BILL: Introduced 1/2/14

AUTHORS: House n/a Senate Brecheen

TAX TYPE (S): Vehicle Registration & Vehicle Excise, Sales, Income & Ad Valorem

SUBJECT: Other

PROPOSAL: Amendatory

Sections 1, 4, 6 & 7 of Senate Bill 1199 propose to remove outdated language relating to relief measures granted pursuant to 47 O.S. § 1132.3, 68 O.S. § 2103.1, 68 O.S. §§ 2888 and 2892 for tornadoes which occurred in prior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 attached.

EFFECTIVE DATE: Emergency - Upon Passage and Approval

REVENUE IMPACT:

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

FY 15: -0-

FY16: -0-

ADMINISTRATIVE IMPACT:

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

FY 15: No additional cost or savings to the Tax Commission due to this proposed legislation.

Jan. 31, 2014
DATE

Rick Miller
DIVISION DIRECTOR

mck,msm,&cjc

1-31-2014
DATE

Reece Womack
REECE WOMACK, ECONOMIST

Jan 31, 2014
DATE

Allen Cash
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1199 [Introduced] Prepared January 30, 2014

Sections 1, 4, 6 & 7 of Senate Bill 1199 propose to remove outdated language relating to relief measures granted pursuant to 47 O.S. § 1132.3, 68 O.S. § 2103.1, 68 O.S. §§ 2888 and 2892 for tornadoes which occurred in prior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

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.

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.

Section 7 proposes to amend 68 O.S. § 2892 extending the homestead exemption eligibility and filing period until June 1st of the year immediately following the year a tornado⁵ occurs, for any person authorized to claim the income tax credit in 68 O.S. § 2357.29 with respect to a tornado or for any owner of real property whose primary residence was damaged or destroyed by a tornado and who purchased or built a new primary residence at a location in this state different from the one where the damaged or destroyed residence was located.⁶

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.

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.

⁶ Section 7 also provides, consistent with the passage of SB 330 [2013], that for tornadoes occurring in calendar year 2013, the homestead exemption may be filed no later than June 1, 2014.