

BILL SUMMARY
1st Session of the 55th Legislature

Bill No.:	SB 387
Version:	CS
Request Number:	NA
Author:	Rep. Mulready
Date:	4/6/2015
Impact:	Tax Commission:
	Ad Valorem Reimbursement Claims Potential:
	FY-17: \$1.5 – 2.0 Million

Research Analysis

Pending

Prepared By: Marcia Goff

Fiscal Analysis

From the Tax Commission:

The measure proposes to amend Section 2902 of Title 68 by providing a definition of base payroll⁵ and initial payroll⁶ applicable to initial applications for the five year ad valorem exemption filed on or after January 1, 2016. It is amended further to specifically provide an exclusion for any nonrecurring bonuses, exercise of stock option or stock rights or other nonrecurring, extraordinary items included in total payroll numbers⁷ from the payroll calculation for exemption qualification purposes. The measure also provides that an entity or applicant⁸ which has applied for or been granted an exemption for a period which began on or after calendar year 2012 and before calendar year 2016 but which did not meet the payroll requirements of 2902(C)(4)(a) because of nonrecurring bonuses, exercise of stock option or stock rights or other nonrecurring, extraordinary items included in total payroll in the previous year shall be allowed an exemption, beginning with calendar year 2016, for the number of years, including the calendar year for which the exemption was denied, remaining in the entity's five-year exemption period, provided such entity attains or increases payroll at or above the initial or base payroll established for the exemption.

Since the measure is effective January 1, 2016, the 2017 reimbursement year will be the first one impacted by this measure. As a result of the proposed amendments, a \$1,500,000 to \$2,000,000 increase in the amounts subject to reimbursement for revenue losses attributable to the five year manufacturing exemption is estimated to occur for FY 17.

5 "Base payroll" shall mean total payroll adjusted for any nonrecurring bonuses, exercise of stock option or stock rights and other nonrecurring, extraordinary items included in total payroll.

6 "Initial payroll" shall mean base payroll for the year immediately preceding the initial construction, acquisition or expansion.

7 As reported by the Oklahoma Employment Security Commission.

8 Only entities or applicants engaged in an industry as defined under U.S. Industry Number 324110 of the NAICS Manual, latest revision are eligible.

Prepared By: Mark Tygret

Other Considerations

None.

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