

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 9, 2016

BILL NUMBER: SB 1305 **STATUS AND DATE OF BILL:** Introduced 01/21/2016

AUTHORS: House n/a Senate Quinn

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

PROPOSAL: Amendatory

Senate Bill 1305 proposes amendment to Section 193 of Title 62 which relates to the reimbursement of revenue losses to local taxing jurisdictions attributable to the five year manufacturing exemption. The proposal would allow a school district to submit a reimbursement on or before February 1st for 50% of the amount of their reimbursement made in the prior year upon providing a declaration of funding emergency¹ to the OTC. Upon verification that the claim for early reimbursement meets the funding emergency requirements outlined in this measure, the Tax Commission shall make a reimbursement on or before the next March 1st which immediately follows the date the claim is filed.

EFFECTIVE DATE: November 1, 2016

REVENUE IMPACT:

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

FY 17: None

FY 18: None

ADMINISTRATIVE IMPACT:

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

FY 17: None

Feb. 9, 2016
DATE

Rick Miller
DIVISION DIRECTOR cjc

2-9-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/9/16
DATE

Dan Caspary
FOR THE COMMISSION

¹ The declaration of emergency funding must include the signatures of the superintendent and auditor of the school district and demonstrate that at least thirty-three percent of the funding expected for the current year is affected by the five year manufacturing reimbursement.

ATTACHMENT TO FISCAL IMPACT SB 1305 [Introduced] Prepared February 9, 2016

Senate Bill 1305 proposes amendment to Section 193 of Title 62 which relates to the reimbursement of revenue losses to local taxing jurisdictions attributable to the five year manufacturing exemption. The proposal would allow a school district to submit a reimbursement on or before February 1st for 50% of the amount of their reimbursement made in the prior year upon providing a declaration of funding emergency² to the OTC. Upon verification that the claim for early reimbursement meets the funding emergency requirements outlined in this measure, the Tax Commission shall make a reimbursement on or before the next March 1st which immediately follows the date the claim is filed.

Based on a comparison of 2015 school district reimbursement amounts and corresponding estimated school budgets it is projected that approximately 27 school districts could be eligible to claim and receive a partial reimbursement payment as outlined in the proposal. These districts along with the projected total general revenue fund disbursements at 50% of the districts prior year reimbursement amount are outlined below:

- 33% of overall budget affected by the five year reimbursement:

Caddo County School Districts	Binger/Oney, Carnegie, Apache/Boone, Minco
Canadian County School Districts	Minco, Darlington, Hinton, Calumet
Comanche County School Districts	Cache, Boone
Custer County School Districts	Hammon
Dewey County School Districts	Thomas-Fay, Taloga;
Garfield County School Districts	Kremlin/ Hillsdale, Pond Creek
Garvin County School Districts	Wynnewood
Grady County School Districts	Minco
Grant County School Districts	Pond Creek
Kiowa County School Districts	Hobart
Mayes County School Districts	Pryor;
Roger Mills County School Districts	Sayre, Reydon, Sweetwater
Texas County School Districts	Hardesty
Washita County School Districts	Sentinel
Woodward County School Districts	Sharon-Mutual and Fargo.

Possible Disbursement at 50% of previous year's reimbursement - \$11,801,368

The reimbursement claims of twenty-six of the twenty-seven schools are related to wind electric power generation facilities being located in their districts. It is possible that these figures could increase over the next few years until SB498 takes effect first impacting the 2019 reimbursement year.

Presently, reimbursement payments are funded by 1% of current income tax collections which for the last several years have been insufficient without significant legislation appropriation to pay school districts in full by the end of June. The measure provides no additional funding source in which to pay qualifying claims. Without such a funding source the Tax Commission will be unable to pay the claim by the March 1st deadline.

Subsequent to the mill levy certification in December, a preliminary claim, verification and approval process could be initiated in accordance with the strict guidelines outlined above which would overlap with the current multiple step process to establish and pay reimbursement claims. As a result of instituting such procedures concerns arise regarding the effective verification and payment of the partial reimbursement amount within the expedited timeframe proposed and also the ability to conform and balance the initial and remaining amounts of the qualifying school district's reimbursement claim in conjunction with the overall county claim where the school district is located.

² The declaration of emergency funding must include the signatures of the superintendent and auditor of the school district and demonstrate that at least thirty-three percent of the funding expected for the current year is affected by the five year manufacturing reimbursement.