

BILL SUMMARY
2nd Session of the 54th Legislature

Bill No.:	HB 2621
Version:	SAHB
Request Number:	NA
Author:	Rep. Reynolds
Date:	5/20/2014
Impact:	Tax Commission:
	Potential Local Ad Valorem
	Loss Estimate of \$529,000

Research Analysis

HB2621 sends to a vote of the people two constitutional amendments. The first amendment would to allow a disabled veteran or their surviving spouse, who qualifies for 100 percent disabled veteran homestead exemption, to sell their home and receive the exemption on a newly acquired home.

The second amendment would create a homestead exemption for the surviving spouse of military personnel who die in the line of duty. The exemption is 100 percent of the fair cash value of the homestead. The Department of Defense would make the determination regarding whether the person was eligible.

Prepared By: Quyen Do

Fiscal Analysis

In 2013 there were 19,236 ad valorem exemptions granted pursuant to Section 8E at an average of \$1,100 per exempt tax occurrence. According to the U.S. Census about 4.4% of homestead properties sell each year. Assuming that 2.5% of the 19,236 homestead properties sell in 2014 and that new homestead properties in a like number are also purchased would result in an additional 481 properties fully exempted from ad valorem tax pursuant to proposed amendment to Section 8E. Multiplying the 481 additional homesteads by the average exempt tax occurrence of \$1,100, results in an estimated loss to local taxing jurisdiction of \$529,000 in property tax revenues.

Section 3 proposes amendment to Article 10 of the Oklahoma Constitution by adding a new Section 8F which beginning January 1, 2015, affords a surviving spouse of the head of household who is determined by the United States Department of Defense or any branch of the United States Military to have died while in the line of duty an ad valorem exemption for the full amount of the fair cash value of the homestead until such surviving spouse remarries. In order to be eligible for the proposed exemption the surviving spouse must be a resident of Oklahoma and must have previously qualified for the homestead exemption or be eligible for the homestead exemption.

The provisions of Section 8F are to be applicable for tax year 2014 with respect to an existing homestead property owned by the surviving spouse of a person previously determined to have died while in the line of duty.

Upon researching numerous databases and conferring with the Oklahoma Department of Veteran's Affairs an estimate of the potential number of unremarried surviving spouses qualifying for the proposed ad valorem exemption cannot be determined until additional information becomes available. Therefore, the loss of ad valorem revenues attributable to the proposal is unknown.

Prepared By: Mark Tygret

Other Considerations

None.