

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 2504
Version:	CS
Request Number:	11179
Author:	Mr. Speaker
Date:	2/28/2020
Impact:	Tax Commission:

**Unknown Decrease in Local
Ad Valorem Revenue**

Research Analysis

The committee substitute for HB2504 relates to the ad valorem tax exemption granted for all property used exclusively and directly for religious purposes. The measure provides that the exemption extends to real property owned by a church that is being used as a religious pre-k-12 school if the church does not charge the entity operating the school rent or execute a formal lease agreement with the entity for use of its property. A church may require the entity operating the school to reimburse the church for operational expenses such as janitorial services and utilities and still qualify for the property tax exemption.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

Currently, all property used exclusively and directly for fraternal or religious purposes within Oklahoma is exempt from ad valorem taxation. The PCS to HB 2504 proposes to further define this property to specifically include real property owned by a church which allows its premises to be used by an entity if such entity is not required to make rental payments to the church, is not required to execute a formal lease agreement with respect to its occupancy of the church premises and conducts instruction of children from any or all grades for ages preschool through twelfth grade, including religious instructions consistent with the doctrine of the church the premises of which are being used for that purpose. Under the PCS changes, a requirement by a church to be reimbursed by the entity for utility expenses, janitorial services or similar expenses shall not be a basis upon which to remove or deny the exempt status of church property.

This measure will have no estimated impact to state revenues. There is an unknown decrease in local ad valorem tax revenues associated with this measure.

Prepared By: Mark Tygret

Other Considerations

None.

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