

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 3653</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>10179</b>
<b>Author:</b>	<b>Rep. Sims</b>
<b>Date:</b>	<b>2/13/2020</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Local Ad Valorem Revenue Decrease</b>
	<b>FY-21: (\$137,000)</b>

**Research Analysis**

HB3653, as introduced, increases, from \$20,000 to \$25,000, the statutory income qualifier for claiming an additional homestead exemption. The additional homestead exemption reduces, by \$1000, the assessed valuation on the homestead of a homeowner whose gross household income is below the income qualifier limit.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

Currently, all homesteads in Oklahoma are exempt from all ad valorem taxation to the extent of one thousand dollars (\$1,000) of the assessed valuation. An additional exemption is granted to the extent of one thousand dollars (\$1,000) of the assessed valuation on each homestead of head of households whose gross household income from all sources for the preceding calendar year did not exceed twenty thousand dollars (\$20,000). This is referred to as the double homestead exemption. HB 3653 proposes to increase this income requirement for the double homestead exemption to twenty-five thousand dollars (\$25,000), thus increasing the number of double homesteads allowed by each county.

Due to insufficient funds, the loss to local ad valorem tax revenues has not been reimbursed from the Ad Valorem Reimbursement Fund since 2002. In 2019, this loss totaled three million two hundred and seventy-one thousand three hundred and fifty-nine dollars (\$3,271,359). The threshold increase proposed by HB 3653 will increase the number of homestead exemptions by approximately four and two tenths percent (4.2%) and increase the loss to local ad valorem tax revenues by an additional one hundred and thirty seven thousand dollars (\$137,000)<sup>1</sup> in estimated tax dollars.

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<sup>1</sup> \$3,271,359 x 4.2% = \$137,397.08

Prepared By: Mark Tygret

**Other Considerations**

None.

