

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 695
Version:	INT
Request No.:	1139
Author:	Sen. Thompson
Date:	01/28/2019

Bill Analysis

SB 695 expands the type of manufacturing facilities in counties of at least 500,000 people that may qualify for the 5-year ad valorem tax exemption for manufacturers to include establishments primarily engaged in distribution for general warehousing and storage, provided the initial capital investment was at least \$180 million and the qualifying job creation and property investment occurred between 2013 and 2017.

Prepared by: Kalen Taylor

Fiscal Analysis

FY '20 impact: \$0

Full Year Impact: FY '22 could have \$3,000,000 cost to Ad Valorem Reimbursement fund.

There is one known establishment currently exempt from ad valorem taxation pursuant to the creation of a tax incentive district which could be eligible under the proposal to delay the initiation of the five year manufacturing exemption. The estimated impact to the ad valorem reimbursement fund is as follows:

FY '20 - \$0

FY '21 - \$0

FY '22- Increase in claims in excess of \$3,000,000 against the ad valorem reimbursement fund

Prepared by: Oklahoma Tax Commission

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 19, 2019

BILL NUMBER: SB 695 STATUS AND DATE OF BILL: Introduced

AUTHORS: House n/a Senate Thompson

TAX TYPE (S): Ad Valorem SUBJECT: Exemption

PROPOSAL: Amendatory

The measure proposes amendment to Section 2902 of Title 68 by making establishments primarily engaged in distribution as defined under Industry Numbers 49311 of the North American Industry Classification System for which the initial capital investment was at least \$180,000,000 and provided that their qualifying job creation and depreciable property investment occurred prior to calendar year 2017 but not earlier than calendar year 2013 eligible to delay the initiation of the five year ad valorem exemption to the January 1st following the expiration or termination of the ad valorem exemption, abatement or other incentive provided the facility through a tax incentive district. For purposes of qualifying for the five year manufacturing exemption the referenced establishment would still be required to meet all current exemption qualification requirements outlined in Section 2902 of Title 68.

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

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

FY 20	None
FY 21	None
FY 22	Increase in claims in excess of \$3,000,000 against the ad valorem reimbursement fund

Feb. 19, 2019

DATE

Rick Miller

DIVISION DIRECTOR

cjc

2-19-2019

DATE

Huan Gong

HUAN GONG, ECONOMIST

2-19-19

DATE

Jonny White

FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT – SB 695 – [Introduced] – Prepared 02/19/2019

The measure proposes amendment to Section 2902 of Title 68 by making establishments primarily engaged in distribution as defined under Industry Numbers 49311 of the North American Industry Classification System for which the initial capital investment was at least \$180,000,000 and provided that their qualifying job creation and depreciable property investment occurred prior to calendar year 2017 but not earlier than calendar year 2013 eligible to delay the initiation of the five year ad valorem exemption to the January 1st following the expiration or termination of the ad valorem exemption, abatement or other incentive provided the facility through a tax incentive district. For purposes of qualifying for the five year manufacturing exemption the referenced establishment would still be required to meet all current exemption qualification requirements outlined in Section 2902 of Title 68.

There is one known establishment currently exempt from ad valorem taxation pursuant to the creation of a tax incentive district which could be eligible under the proposal to delay the initiation of the five year manufacturing exemption. The estimated impact to the ad valorem reimbursement fund is set forth below.

FY 20: None

FY 21: None

FY 22: Increase in claims in excess of \$3,000,000 against the ad valorem reimbursement fund