

**Fiscal Impact**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

**Bill No.:**  
**Version:**  
**Author:**  
**Date:**

**SB 1305**  
**INT**  
**Sen. Montgomery**  
**02/24/2020**

**OKLAHOMA TAX COMMISSION**

REVENUE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 21, 2020

**BILL NUMBER:** SB 1305 **STATUS AND DATE OF BILL:** Introduced 1/13/2020

**AUTHORS:** House N/A Senate Montgomery

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

**PROPOSAL:** Choose from the following.

SB 1305 proposes to amend 62 O.S. § 193 adding claims that can be paid from the Ad Valorem Reimbursement Fund and altering the priority in which the claims are reimbursed.

**EFFECTIVE DATE:** November 1, 2020

**REVENUE IMPACT:**

FY 21: -0-

FY 22: \$14,022,000 increase in claims to the Ad Valorem Reimbursement Fund

Feb. 22, 2020  
DATE

Rick Miller  
DIVISION DIRECTOR

KLS

2/24/2020  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/22/2020  
DATE

[Signature]  
FOR THE COMMISSION

*The 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 1305 [Introduced] Prepared February 21, 2020

SB 1305 proposes to amend 62 O.S. § 193 adding claims that can be paid from the Ad Valorem Reimbursement Fund ("AVRF") and altering the priority in which the claims are reimbursed.

Currently, the monies apportioned to the AVRF shall be expended to reimburse counties for the loss of revenue for (1) the five (5) year manufacturing program, (2) the additional homestead exemption, and (3) agricultural buffer strips. This measure proposes to add reimbursements to eligible counties for loss of revenue associated with ad valorem exemptions afforded one hundred percent (100%) disabled veterans and surviving spouses of veterans killed in the line of duty. SB 1305 states that a county is qualified for reimbursement of claims related to these veteran exemptions for the most recently concluded calendar year if the number of exemptions granted exceeds eight-tenths of one percent (0.8%) of the total county population according to the federal Decennial Census.

Based on the exemptions granted for the current tax year, applicable property values and millage rates, additional reimbursement amounts for ad valorem exemptions afforded one hundred percent (100%) disabled veterans and surviving spouses of veterans killed in the line of duty are estimated to be forty million four hundred thousand dollars (\$40,400,000), with fourteen million twenty-two thousand dollars (\$14,022,000) associated to the claims of counties where the number of exemptions in each county is greater than eight-tenths percent (0.8%) of the county population according to the federal Decennial Census.

Currently, when the AVRF is insufficient to pay all county claims relating to the above-referenced exemptions, the claims connected with the five (5) year manufacturing program must be paid first. Remaining funds, if any, are distributed proportionally among the counties making reimbursement claims due to additional homestead exemptions granted. SB 1305 proposes to change the priority of reimbursement such that the five (5) year manufacturing program must be paid first and then the reimbursement of claims related to these veteran exemptions, with any remaining funds to be distributed for claims due to additional homestead exemptions. The estimate to fully reimburse all four (4) claim types relating to the above-referenced exemptions in FY 22 is approximately one hundred seventy-nine million dollars (\$179,000,000).

Net Revenue Impact  
FY 22:

\$14,022,000 increase in claims to the Ad Valorem Reimbursement Fund