

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 17, 2021

BILL NUMBER: HB 1009 STATUS AND DATE OF BILL: Engrossed 03/09/2021

AUTHORS: House Sims, Hill and Gann Senate Montgomery

TAX TYPE (S): Ad Valorem SUBJECT: Exemption

PROPOSAL: Amendatory

HB 1009 proposes to amend 68 O.S. § 2890 of Title 68 by increasing the income eligibility ceiling for additional homestead exemption qualification purposes to gross household income not to exceed \$25,000 instead of the current \$20,000 limit. The measure further provides that gross household income shall not include the amount of any federal stimulus or relief payments related to the COVID -19 virus.

EFFECTIVE DATE: January 1, 2022

REVENUE IMPACT:

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

FY 22: None

FY 23: \$131,000 decrease in property tax revenues to local taxing jurisdictions

Mar. 16, 2021
DATE

Rick Miller
DIVISION DIRECTOR

cjc

3/16/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/17/21
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 FISCAL IMPACT – HB 1009 [Engrossed] – Prepared 03/16/2021

HB 1009 proposes to amend 68 O.S. § 2890 of Title 68 by increasing the income eligibility ceiling for additional homestead exemption qualification purposes to gross household income not to exceed \$25,000 instead of the current \$20,000 limit. The measure further provides that gross household income shall not include the amount of any federal stimulus or relief payments related to the COVID -19 virus.

Currently, all homesteads in Oklahoma are exempt from ad valorem taxation to the extent of \$1,000 of the assessed valuation. An additional exemption is granted to the extent of \$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 \$20,000. HB 1009 proposes to increase the income eligibility limit for the additional homestead exemption to \$25,000, thus increasing the number of additional homesteads allowed by each county.

Due to insufficient funds, the loss to local ad valorem tax revenues attributable to the additional homestead exemption has not been reimbursed from the Ad Valorem Reimbursement Fund since 2002. In 2019, this loss totaled \$3,271,359. Raising the income threshold in the manner proposed by HB 1009 will increase the number of additional homestead exemptions by approximately 4.2%, resulting in an estimated statewide reduction in property tax revenues of \$131,000.