

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: April 11, 2022

BILL NUMBER: HB 3082 STATUS AND DATE OF BILL: Engrossed 03/24/2022

AUTHORS: House Bashore Senate Montgomery

TAX TYPE (S): Ad Valorem SUBJECT: Valuation

PROPOSAL: Amendatory

HB 3082 which proposes amendment to Section 2808 of Title 68 of the Oklahoma Statutes by adding the definition of "cooperative broadband service providers¹" and amending the definition of "transmission company" and "public service corporation" as used in the Ad Valorem Tax Code by providing that "transmission company", "transportation company", "public service corporation" and any subclass thereof shall not include "cooperative broadband service providers".

EFFECTIVE DATE: January 1, 2023

REVENUE IMPACT:

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

FY 23: None

FY 24: \$1,900,000 decrease in local property tax revenues

Apr. 11, 2022
DATE

Rick Miller
DIVISION DIRECTOR

cjc

4/11/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

4/12/2022
DATE

Joseph P. Gappa
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.

¹ "Cooperative broadband service providers" is defined to mean wholly owned subsidiaries or affiliate entities of a cooperative organized under the Rural Electric Cooperative Act, Section 437 et seq. of Title 18 of the Oklahoma Statutes, that offer broadband-based services including Internet access, Voice over Internet Protocol, and Internet Protocol television, to end-user consumers.

ATTACHMENT TO FISCAL IMPACT - HB 3082 - [Engrossed] - Prepared 04/11/2022

HB 3082 which proposes amendment to Section 2808 of Title 68 of the Oklahoma Statutes by adding the definition of “cooperative broadband service providers²” and amending the definition of “transmission company” and “public service corporation” as used in the Ad Valorem Tax Code by providing that “transmission company”, “transportation company”, “public service corporation” and any subclass thereof shall not include “cooperative broadband service providers”.

Currently, “transmission company” and “public service corporation” shall not include cable television companies and fixed wireless broadband Internet service providers. HB 3082 proposes to also exclude “cooperative broadband service providers” from the definitions of “transmission company”, “transportation company” and “public service corporation” and any subclass thereof for purposes of the Ad Valorem Tax Code. Companies that fall within the proposed exclusion currently pay the public service assessment rate of 22.85%. Under the proposed changes in HB 3082 these companies would pay locally assessed real and personal property tax rates between 10% and 15%.

Six companies located in 37 counties whose activities fall within the definition of “cooperative broadband service providers” are currently centrally assessed. For tax year 2022, four additional qualifying companies will also be centrally assessed. However, the property values attributable to the four are not yet available. The estimated difference for the six companies between central and local assessment is \$1,900,000. The measure proposes an effective date of January 1, 2023. A loss of \$1,900,000 in property tax revenues to local jurisdictions is estimated for FY 24.

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