

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: April 26, 2011

BILL NUMBER: HJR 1002 **STATUS AND DATE OF BILL:** Enrolled 04/20/2011

AUTHORS: House Dank et al. Senate Reynolds et al.

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

PROPOSAL: Amendatory

The measure amends Article 10, Section 8B of the Oklahoma Constitution modifying the maximum allowable increase in any taxable year for locally assessed homestead and agricultural property from 5% to 3%.

EFFECTIVE DATE: Upon approval of voters-Operative January 1, 2013

REVENUE IMPACT:

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

FY 12: None

FY 13: None

FY 14: \$ 6,558,000 potential loss in growth revenue to local taxing jurisdictions

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

April 27, 2011
DATE

Rick Miller
DIVISION DIRECTOR

cjc

4-29-2011
DATE

Reece Womack
REECE WOMACK, ECONOMIST

5/2/11
DATE

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT HJR 1002 [Enrolled] Prepared April 26, 2011

There is no estimated revenue impact associated with the proposed constitutional amendment as it affects agricultural land due to the utilization of use value methodology to value such property which for ad valorem tax purposes is not expected to exceed the proposed cap.

According to certified county abstracts of valuation the total net assessed value (NAV) for all homestead property is \$7,618,596,119. Based on recent analysis of county data bases, approximately 42% of all homestead parcels would be subject to the full 5% increase in taxable value to reach fair cash value at some point in future years. The 2010 inflation rate measure by the Consumer Price Index for All Urban Consumers is 1.6% which will be utilized along with the referenced data and percentages for purposes of this impact.

Calculations:

\$7,618,596,119	NAV Homestead Property
X 42%	Homesteads subject to full five percent increase
<u>\$3,199,810,370</u>	NAV
X .05	Increase
\$ 159,990,518	NAV attributed to 5% increase
\$3,199,810,370	NAV
X .03	Increase
\$ 95,994,311	NAV attributed to 1.6% increase
\$ 159,990,518	NAV attributed to 5% increase
- 95,994,311	Less NAV attributed to 1.6% increase
<u>\$ 63,996,207</u>	NAV impact
X .10248	Weighted statewide millage
\$ 6,558,331	Difference 5% to 3%

FY 14: \$6,558,311 potential loss of growth revenue to local taxing jurisdictions