

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 22, 2011

BILL NUMBER: SJR0038 STATUS AND DATE OF BILL: Introduced 01/24/2011

AUTHORS: House N/A Senate Treat

TAX TYPE (S): Ad Valorem SUBJECT: Other

PROPOSAL: Amendatory Amends Article 10, Section 8C

The measure eliminates the income ceiling for the ad valorem limitation on increases in fair cash value of homestead property for individuals at least 65 years of age.

EFFECTIVE DATE: Upon approval of voters—operative beginning 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: None

FY 15: \$3,230,000 potential loss of growth revenue to local taxing jurisdictions¹

ADMINISTRATIVE IMPACT:

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

FY 12: None

DATE

2/22/11

DIVISION DIRECTOR

Dan Fitzgerald

cjc

DATE

2/24/11

REECE WOMACK, ECONOMIST

Reece Womack

DATE

2/24/11

FOR THE COMMISSION

[Signature]

¹ 2013 values would be frozen, not 2012 values.

ATTACHMENT TO FISCAL IMPACT-SJR0038-Introduced-Prepared February 22, 2011

Passage of State Question 714 (Senate Joint Resolution 30) amended 8C, Article 10 of the Oklahoma Constitution altering the income threshold for purposes of the limitation of valuation on homestead property for seniors, ages 65 and older, from \$25,000 to the HUD median income for each county or the metropolitan statistical area which includes the county. The Oklahoma County Metropolitan Statistical Area has the highest median income of \$58,500. Pushmataha County has the lowest at 36,300.

Presently, there are an estimated 80,000 properties subject to the senior valuation limitation statewide.

Based on census data, it is estimated that there could be an additional 85,000 persons qualifying for the limitation pursuant to the proposed amendment to Article 10, Section 8C of the Oklahoma Constitution. Utilizing an average homestead actual fair cash value of \$125,000², the difference in actual tax based on an average increase of 2.5% from 2013 to 2014 would be about \$38.00 per occurrence.

Multiplying \$38.00 of tax per property by the additional 85,000 senior limitations, results in a potential loss of growth revenue to local taxing jurisdictions of \$3,230,000 for FY 15.

² The current average residential valuation of \$98,800 was increased to \$125,000 to account for higher income households affected and the operative date of January 1, 2013.