

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: April 15, 2015

BILL NUMBER: SB 387 STATUS AND DATE OF BILL: Enrolled 04/14/2015

AUTHORS: House Newberry Senate Mulready

TAX TYPE (S): Ad Valorem SUBJECT: Exemption

PROPOSAL: Amendatory

The measure proposes to amend Section 2902 of Title 68 by providing a definition of base payroll¹ and initial payroll² applicable to initial applications for the five year ad valorem exemption filed on or after January 1, 2016. It is amended further to specifically provide an exclusion for any nonrecurring bonuses, exercise of stock option or stock rights or other nonrecurring, extraordinary items included in total payroll numbers³ from the payroll calculation for exemption qualification purposes. The measure also provides that an entity or applicant⁴ which has applied for or been granted an exemption for a period which began on or after calendar year 2012 and before calendar year 2016 but which did not meet the payroll requirements of 2902(C)(4)(a) because of nonrecurring bonuses, exercise of stock option or stock rights or other nonrecurring, extraordinary items included in total payroll in the previous year shall be allowed an exemption, beginning with calendar year 2016, for the number of years, including the calendar year for which the exemption was denied, remaining in the entity's five-year exemption period, provided such entity attains or increases payroll at or above the initial or base payroll established for the exemption.

EFFECTIVE DATE: January 1, 2016

REVENUE IMPACT:

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

FY 16: None

FY 17: \$1,500,000 to \$2,000,000 increase in ad valorem reimbursement amounts.

ADMINISTRATIVE IMPACT:

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

FY 16: None

Apr. 15, 2015
DATE

Rick Miller
DIVISION DIRECTOR

cjc

4-16-15
DATE

Reece Womack
REECE WOMACK, ECONOMIST

4/20/15
DATE

Dan Carl
FOR THE COMMISSION

1 "Base payroll" shall mean total payroll adjusted for any nonrecurring bonuses, exercise of stock option or stock rights and other nonrecurring, extraordinary items included in total payroll.

2 "Initial payroll" shall mean base payroll for the year immediately preceding the initial construction, acquisition or expansion.

3 As reported by the Oklahoma Employment Security Commission.

4 Only entities or applicants engaged in an industry as defined under U.S. Industry Number 324110 of the NAICS Manual, latest revision are eligible.