TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 10. AD VALOREM

RULEMAKING ACTION:

Notice of proposed **PERMANENT** rulemaking.

PROPOSED RULES:

Chapter 10. Ad Valorem [AMENDED]

SUMMARY:

As part of the Commission's ongoing review of its rules, proposed amendments to the existing Ad Valorem rules have been made. All legislative references are to the First Regular Session of the 55th Legislature (2015) unless otherwise indicated.

Proposed amendments to **Subchapter 1, "***General Provisions,***"** have been made consistent with the passage of House Bill 1407 which enacts Section 2819.1 of Title 68 to prohibit county assessors from decreasing the assessment ratio used to compute the taxable value of real or personal property without written notice of such intent submitted at least 90 days prior to the decrease taking effect.

Proposed amendments to **Subchapter 7, "***Manufacturing Facilities,"* have been made to implement the provisions of Senate Bill 387 and Senate Bill 498. Senate Bill 387 relates to the payroll requirements for purposes of qualification for the five year manufacturing ad valorem exemption and Senate Bill 498 relates to the removal of wind electric power generation facilities from exemption eligibility. [68:2902]

Proposed amendments to **Subchapter 14**, *"Disabled Veterans in Receipt of Compensation at the One Hundred Percent Rate,"* have been made to clarify the application of the portability provision added to property tax exemption afforded 100% disabled veterans in Section 8E of Article 10 of the Oklahoma Constitution pursuant to the passage of State Question 770, adopted by voter approval, effective November 4, 2014.

Proposed amendments to **Subchapter 16**, *"Unremarried Surviving Spouses of Persons Who Died in the Line of Military Duty,"* have been made to outline the application of the portability provision relating to the property tax exemption allowed in Section 8F of Article 10 of the Oklahoma Constitution to unremarried surviving spouses of persons who died in the line of military duty in accordance with the adoption of State Question 771. (adopted by voter approval, effective November 4, 2014)

In addition, other rule changes may be made to clarify policy, improve readability, correct scrivener's errors, remove obsolete language, update statutory citation, and ensure accurate internal cross-references.

AUTHORITY:

68 O.S. § 203; Oklahoma Tax Commission

COMMENT PERIOD:

Persons wishing to make written submissions may do so by **4:30 p.m., March 2, 2016,** to the Oklahoma Tax Commission, Tax Policy Division, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma 73194.

PUBLIC HEARING:

A public hearing will be held to provide an additional means by which suggestions may be offered on the content of the proposed rules. Time, date and place of the hearing are as follows: **March 4, 2016 at 9:30 a.m.** in the 4th floor hearing room at the Oklahoma Tax Commission, 2501 Lincoln Blvd., Oklahoma City, Oklahoma. Those wishing to make oral comments at the public hearing should request placement on the docket well in advance of the hearing date by calling Kali Walker at (405) 521-3133

In order to facilitate entry into the building, those wishing to appear should contact Kali Walker at (405) 521-3133 at least 24 hours prior to the hearing date to complete their visitor pre-registration. Entry to the M.C. Connors building must be made through the doors located on the east side of the building. In order to gain access to the 4th floor hearing room, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification. A name badge and floor access card will be issued once registration is complete.

Time limitations may be imposed on oral presentations to ensure that all persons who have filed written requests for placement on the docket will have an opportunity to speak.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES:

Although nothing in this rulemaking action is expected to adversely impact small business, the Oklahoma Tax Commission (OTC) requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts, if possible, information on any increase in direct costs, such as fees, and indirect costs, such as those associated with reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed Rules.

COPIES OF PROPOSED RULES:

Interested persons may inspect proposed rules at the offices of the Oklahoma Tax Commission, Tax Policy Division, 5th floor, M. C. Connors Building, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma. Copies of proposed rules may be reviewed online at www.tax.ok.gov.

RULE IMPACT STATEMENT:

A Rule Impact Statement will be prepared and will be available for review from and after **February 1, 2016,** from the same source listed above for obtaining copies of proposed rules.

CONTACT PERSON:

Christy Caesar, Liaison; Phone: 405-521-3133; FAX: 405-522-0063; Email: ccaesar@tax.ok.gov

CHAPTER 10. AD VALOREM

SUBCHAPTER 1. GENERAL PROVISIONS

710:10-1-2. Assessment percentage guidelines

(a) **Guidelines for the assessment percentage.** Beginning on January 1, 1997, for ad valorem year 1997, Oklahoma's Constitution provides for the capping of the assessment percentage used in Oklahoma's Ad Valorem system, as of December 31, 1996.

(b) **Percentages used for real property and for personal property may differ.** The assessment percentage used for real and personal property may be different, but all real property must be assessed at the same percentage and all personal property must be assessed at the same percentage.

(c) **Assessment percentages in effect for January 1, 1996 control.** Each county assessor shall continue to use, **for both real and personal property**, the assessment percentages in effect for January 1, 1996, unless those percentages are increased in the future by a vote of the people as provided for by Section 8, Article 10 of the Oklahoma Constitution, or decreased by the County Assessor. Before a county assessor may decrease an assessment percentage the notice and meeting requirements outlined below must be met:

(1) The county assessor must provide written notice of intent to decrease an assessment ratio at least 90 days prior to the decrease taking effect.

(A) The written notice must be made by certified mail with return receipt requested to the county treasurer, county clerk, county sheriff, to each of the county commissioners, and to the governing board of any local government jurisdiction that levies ad valorem taxes upon any property located within the county.

(B) The notice must be mailed not later than 60 days prior to the expiration of the 90 day period and must clearly state the assessment ratio in effect prior to the decrease, the category of property to be affected by the proposed decrease, and the date that such decrease is proposed to take effect.

(C) The assessor must publish notice of intent at least one time for three (3) consecutive weeks in a newspaper of general circulation in the county.

(D) The beginning of the notice must have the following wording: "NOTICE OF INTENT TO DECREASE ASSESSMENT RATIO WITH RESPECT TO REAL OR PERSONAL PROPERTY OR BOTH IN (insert applicable county name) FOR THE (insert applicable year) ASSESSMENT YEAR.

(2) The assessor must conduct at least three (3) public meetings in the county prior to the date the assessment ratio decrease is to take effect. The last of the three (3) meetings must be held at least 30 days prior to the date any assessment percentage decrease is implemented.

(A) Notice of the meetings must be posted in the offices of the county assessor, county treasurer, county commissioners, county clerk and other public places within the county.

(B) The assessor must attend all public meetings to answer questions about the proposed decrease in assessment ratio and any possible effects on budgets of any ad valorem taxing jurisdiction

(d) All other property which is assessed by the State Board of Equalization shall be assessed at the percentage of its fair cash value at which it was assessed on January 1, 1996, as provided for in Article X, Section 8(A)(3) of the Oklahoma Constitution.

SUBCHAPTER 7. MANUFACTURING FACILITIES

710:10-7-2.2. Exemption requirements for qualified manufacturing and research and development facilities established, expanded or acquired

(a) **Manufacturing.** In order to be approved as a "manufacturing facility," the facility must be engaged in an activity defined as "manufacturing" by the North American Industrial Classification System (NAICS), published by the U.S. Office of Management & Budget, as supplemented, or as defined by the Oklahoma Legislature pursuant to Article 10, Section 6B of the Oklahoma Constitution.

(b) **Research & development.** In order to be approved as "research and development" the facility must be engaged in activities defined by 68 O.S. §2902(B)(3).

(c) **Facilities with sales tax exemptions.** ~~The Tax Commission shall recognize all business issued~~ Facilities which hold Manufacturers Exemption Permits pursuant to 68 O.S. § 1359.2 are eligible for the exemption set forth in this Section.

(d) **Definitions.** The following words and terms, when used in this Section shall have the following meanings unless the context clearly indicates otherwise:

(1) ***Manufacturing facilities*** *means facilities engaged in the mechanical or chemical transformation of materials or substances into new products.* 68 O.S. § 2902(B)(1).

(2) ***Facility or facilities*** *means and includes the land, building, structures, improvements, machinery, fixtures, equipment and other personal property used directly and exclusively in the manufacturing process.* 68 O.S. § 2902(B)(2).

(3) ***Research & development*** *means activities directly related to and conducted for the purpose of discovering, enhancing, increasing or improving future or existing products or processes or productivity.* 68 O.S. § 2902(B)(3).

(4) **~~Annualized~~ Base payroll** means ~~using the average of the third and fourth quarters for the initial base payroll line calculation and multiplying the result by four. This method shall be used for calculation of the initial and base year and all subsequent years.~~ total payroll for the calendar year the assets are first placed in service and the subsequent four (4) calendar years of eligibility.

(5) **~~Base-line~~ Initial payroll** means payroll for the calendar year immediately preceding the initial construction, acquisition or expansion. ~~The base-line payroll will then be compared to the payroll immediately preceding the January application date for the year of initial application and the subsequent four (4) years of eligibility.~~ In the event initial payroll is not comprised of a complete year's payroll, the amounts reported must be computed to arrive at an annual figure.

(e) **Qualification or statutory requirements.** Except as otherwise provided in ~~(e)~~(6) and ~~(e)~~(7) of this ~~Section of rule~~ Subsection, facilities must meet the requirements mandated by statute and summarized in ~~(e)~~(1) through ~~(e)~~(5) of this ~~Section of rule~~ Subsection:

(1) Facilities must satisfy the requirement of being new, expanded, or acquired.

(2) The investment cost of the construction, acquisition or expansion of the manufacturing facility must be Two Hundred Fifty Thousand Dollars ($250,000.00) or more within the calendar year in which the construction, acquisition or expansion occurred. Investment Cost shall not include the cost of direct replacement, refurbish, repair or maintenance of existing machinery or equipment.

(3) ~~The net increase in annualized~~ Base payroll for the calendar year the assets are placed in service must be increased ~~at least Two Hundred Fifty Thousand Dollars ($250,000.00)~~ over initial payroll by at least Two Hundred Fifty Thousand Dollars ($250,000.00) if the facility is located in a county with a population of less than seventy-five thousand

(75,000) persons according to the most recent federal decennial census~~ while maintaining or increasing payroll~~; or by at least One Million Dollars ($1,000,000.00) if the facility is located in a county with a population of seventy-five thousand (75,000) or more, according to the most recent federal decennial census ~~while maintaining or increasing payroll~~. For the subsequent four years of eligibility, base payroll must be maintained in an amount equal to, or greater than, the base payroll amount established for the calendar year the assets are first placed in service.

(A) To determine ~~base-line~~ initial and base payroll, the Tax Commission must verify all payroll information through the Oklahoma Employment Security Commission (OESC) utilizing OESC reports for the applicable calendar year~~. immediately preceding the year for which initial application is made.~~ [See: 68 O.S. § 2902(C)(4)].

(B) The amount of increased payroll ~~may~~ shall include payroll for full-time-equivalent employees in this state who are employed by an entity other than the facility which has qualified to receive an exemption pursuant to the provisions of this Section and who are leased or otherwise provided to the facility, if such employment did not exist in this state prior to the start of initial construction or expansion of the facility. ~~It will be the responsibility of the manufacturer to supply the Oklahoma Employment Security Commission or the Oklahoma Tax Commission, or both, with verifiable data of payroll as required by the manufacturers with employees pursuant to (d)(3)(C) of this Section of rule.~~

(C) A manufacturing facility shall have the option of excluding from its payroll~~,~~: (i) ~~payments~~ Payments to sole proprietors, members of partnerships, members of a limited liability company who own at least ten percent (10%) of the capital of the limited liability company, or stockholder employees of a corporation who own at least ten percent (10%) of the stock in the corporation; ~~under certain circumstances.~~and, (ii) Nonrecurring bonuses, exercise of stock option or stock rights, or other nonrecurring, extraordinary items included in total payroll numbers as reported by the OESC. Nonrecurring bonuses shall not include additional wages or other compensation paid on the basis of length of service. (iii) Manufacturing facilities electing ~~this~~ either of these ~~option~~ options shall document the election by an attached addendum to the application at time of filing which states in detail any payroll exclusions. (See: 68 O.S. ~~Supp. 2005~~ § 2902(C)(4).

(D) A manufacturing concern which does not meet the amount of increased payroll shall submit to the Tax Commission, with the initial application year of exemption, an affidavit, signed by an officer. The signed affidavit must state that from the start of initial construction, acquisition, or expansion, to the completion of said construction, acquisition, or expansion, or for three (3) years, whichever occurs first, the establishment or expansion of the facility will result in a net increase of the required ~~annualized~~ base payroll. When the increased payroll requirement is met, the affidavit will be ~~deemed~~ considered ~~to be~~ satisfied and no longer in effect.

(4) The facility will offer within one hundred eighty (180) days of the date of employment, a basic health benefit plan to the full-time employees of the facility. **[See:** 68 O.S. § 2902(C)(4)(b)] Calculation of the number of employees shall be made in the same manner as required pursuant to 68 O.S. § 2357.4 for an investment tax credit.

(5) A manufacturing facility requesting an exemption must hold title to real or personal property, or have an equity interest in real or personal property.

(6) Entities engaged in the generation of electric power by means of wind, as described in the North American Industry Classification System No. 221119, if there is a net increase

in ~~annualized~~ payroll at the facility of at least Two Hundred Fifty Thousand Dollars ($250,000.00), or a net increase of Two Million Dollars ($2,000,000.00) or more in capital improvements while maintaining or increasing payroll, and all other requirements of this Section are met. Effective January 1, 2017, an ~~entities~~ entity engaged in the generation of electric power by means of wind, as described in the North American Industry Classification System No. 221119, shall not be defined as a qualifying manufacturing concern for purposes of the exemption authorized pursuant to Section 6B of Article X of the Oklahoma Constitution or qualify as a manufacturing facility as defined in this Section. While facilities which qualified for exemption pursuant to the filing of an exemption application before 2018 will be allowed to claim the exemption for any periods remaining in the five years provided all qualification requirements are met, no initial application for exemption shall be filed by or accepted from an entity engaged in electric power generation by means of wind on or after January 1, 2018.

(7) For applications received after November 1, 2007, establishments primarily engaged in distribution as defined under industry Numbers 49311, 49312, 49313 and 49319 and Industry Sector Number 42 of the NAICS Manual latest revision, must meet all criteria required by statute and outlined in ~~paragraphs (e)~~(4) and ~~(e)~~(5) of this ~~Section~~ Subsection and the following subparagraphs:

(A) Initial capital investment of at least Five Million Dollars ($5,000,000.00);

(B) Employment of at least one hundred (100) FTE as certified by OESC;

(C) Wages and salaries equal to or exceeding one hundred seventy-five percent (175%) of the federally mandated minimum wage; and

(D) Commencement of construction on or after November 1, 2007, to be completed within three (3) years from the date of commencement of construction. [**See**: 68 O.S. ~~2007 Supp.~~ § 2902(B)(1)(e)].

(f) **Review of facility eligibility.** ~~Eligibility subject to review by the Tax Commission.~~ To confirm eligibility, ~~The~~ the Tax Commission may request any information from the applicant or require verification of any information as ~~required~~ needed.

(g) **Requirements for acquired existing facility.** An acquired existing facility must be unoccupied for a period of twelve (12) months prior to acquisition for initial qualification. [**See:** Art. 10, Section 6B, Okla. Const. and 68 O.S. ~~Supp. 2003,~~ § 2902(A)].

(h) **Transfer of exemption.** If the ownership of a qualified facility currently enrolled in the exemption program changes during the five-year exemption period, the exemption shall continue in effect for the balance of the five-year period, so long as all other qualifications are maintained.

SUBCHAPTER 14. DISABLED VETERANS IN RECEIPT OF COMPENSATION AT THE ONE HUNDRED PERCENT RATE

710:10-14-1. General provisions

(a) The procedures and requirements set out in this Subchapter shall be used to implement the exemption of the full fair cash value for homestead property and household personal property of qualified owners for ad valorem purposes.

(b) The "one hundred percent disabled veterans exemption" refers to the implementation of the constitutional amendments added to the Oklahoma Constitution, Article 10, § 8E, by State Question 715, effective January 1, 2006 and Article 10, § 8D, by State Question 735, effective January 1, 2009. The amendments direct county assessors to exempt the total amount of the actual fair cash value of the homestead real property and household personal property of any qualified person who has made proper application. The applicant's real property must be a valid homestead property, with evidence of a homestead exemption, or eligible for homestead exemption. As with any homestead-based exemption, the general statutes governing homestead exemption qualification apply to the one hundred percent disabled veterans exemption. Only one homestead, and by extension, only one exemption, is permitted in any one year, per applicant The exemption applies only to owner-occupied homestead property and may not be applied to any non-homestead property. [**See:** 68 O.S. §§ 2888, 2889, 2890, 2893]

(c) The passage of State Question 770, effective November 4, 2014, adds an amendment to Article 10 Section 8E to allow for the transfer of the exemption set forth therein under the circumstances where a qualifying veteran or surviving spouse of the veteran sells a previously exempted homestead property in Oklahoma and acquires, in the same calendar year, a new homestead property in the state. The full fair cash value of the newly acquired property shall be exempt ~~to the same extent as the homestead property previously owned by such person~~ from ad valorem tax. The exemption on the property sold will remain in effect through the end of the calendar year.

710:10-14-5. Application

(a) In order to be eligible for the one hundred percent disabled veterans exemption, the individual must apply at the county assessor's office by completing an Application for 100% Disabled Veterans Property Tax Exemption, Oklahoma Tax Commission Form 998. The application should be made between January 1 and March 15th in the same manner as for homestead exemptions. However, if the county assessor becomes aware of an otherwise-qualified applicant at any time during the current tax year, the county assessor may, upon compliance with all qualification criteria, make the appropriate adjustment. Providing all homestead requirements are met, if an otherwise qualified applicant receives their one hundred percent (100%) disability rating effective on or before the date of application, the property is exempt for the entire year regardless of the status of disability on January 1. If an otherwise-qualified applicant is discovered after the tax roll has been certified, then a tax roll correction may be made pursuant to 68 O.S § 2871(C)(2). Any applications that are denied by the county assessor shall be subject to the same protest procedure as provided for homestead exemption. If the disability rating of any veteran participating in the exemption program is reduced by the U.S. Dept. of Veterans Affairs to less than one hundred percent, the veteran shall immediately notify the county assessor of the change in status. Failure to do so will result in loss of any future homestead exemption pursuant to 68 O.S. §§ 2892(K) and 2900.

(b) To transfer the exemption to a newly acquired homestead property the qualified veteran or surviving spouse of the veteran must file **Form 998-B, Application For 100% Disabled Veterans Exemption Acquired Homestead Property** with the county assessor. Beginning with the month the deed instrument is filed of public record and the application is approved the homestead property will be exempt to the same extent as the homestead property previously owned in this state by such person or persons for the year during which the new homestead property is acquired and each year thereafter providing qualifications are maintained.

(c) The exemption application must be filed in the year requested. Filing for previous years is prohibited pursuant to Oklahoma Constitution Article 10 § 22A.

SUBCHAPTER 16. UNREMARRIED SURVIVING SPOUSES OF PERSONS WHO DIED IN THE LINE OF MILITARY DUTY

710:10-16-1. General provisions

(a) The procedures and requirements set out in this Subchapter shall be used to implement the exemption for the full fair cash value of homestead property of qualified unremarried surviving spouses.

(b) The exemption for "unremarried surviving spouses of military personnel who died in the line of duty" refers to the implementation of an amendment added to the Oklahoma Constitution, Article 10 § 8F, by State Question 771, effective for the 2014 calendar year and years thereafter. The amendment directs county assessors to exempt the full amount of the actual fair cash value of the homestead property. The applicant's real property must be a valid homestead property with evidence of a homestead exemption or be eligible for homestead exemption. Only one homestead and by extension only one exemption, is permitted in any one year. The exemption applies only to owner-occupied homestead property and may not be applied to non-homestead property. [**See:** 68 O.S. §§ 2888, 2889, 2890, and 2893]

(c) The exemption provided by this Section may be transferred under circumstances where a qualifying spouse sells a homestead property previously exempted pursuant to this Section and acquires, in the same calendar year, a new homestead property in this state. The full fair cash value of the newly acquired property shall be exempt from ad valorem taxation. The exemption on the property sold will remain in effect through the end of the calendar year.

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 10. Ad Valorem

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

Subchapter 1. General Provisions

710:10-1-2. Assessment percentage guidelines [Amended]

(a.) **Purpose of the Proposed Rule:** This rulemaking is undertaken consistent with the passage of House Bill 1407 which enacts Section 2819.1 of Title 68 to prohibit county assessors from decreasing the assessment ratio used to compute the taxable value of real or personal property without written notice of such intent submitted at least 90 days prior to the decrease taking effect.

(b.) **Classes Affected:** Taxpayers, county assessors and local taxing jurisdictions.

(c.) **Persons Benefited:** Taxpayers, county assessors and local taxing jurisdictions

(d.) **Probable Economic Impact:**

1. On Affected Classes: No economic impact based on this rule change is anticipated.

2. On Political Subdivision: The amendment is not expected to adversely impact other political subdivisions of the State.

3. Fees: The rulemaking action does increase an existing fee.

(e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.

(f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.

(g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.

(h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.

(i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.

(j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.

(k.) **Date: January 26, 2015** **Date Modified:** N/A

(l.) **Prepared by: Christy Caesar** **Phone Number:** 521-3133

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 10. Ad Valorem

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

Subchapter 7. Manufacturing Facilities

710:10-7-2.2 Exemption requirements for qualified manufacturing and research development facilities established, expanded or acquired. [Amended]

(a.) **Purpose of the Proposed Rule:** This rulemaking action has been undertaken to implement the provisions of Senate Bill 387 and Senate Bill 498. Senate Bill 387 relates to the payroll requirements for purposes of qualification for the five year manufacturing ad valorem exemption and Senate Bill 498 relates to the removal of wind electric power generation facilities from exemption eligibility. [68:2902]

(b.) **Classes Affected:** Certain manufacturing and research and development facilities and county assessors.

(c.) **Persons Benefited:** Certain manufacturing and research and development facilities and county assessors

(d.) **Probable Economic Impact:**

1. On Affected Classes: No economic impact based on this rule change is anticipated.

2. On Political Subdivision: The amendment is not expected to adversely impact other political subdivisions of the State.

3. Fees: The rulemaking action does increase an existing fee.

(e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.

(f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.

(g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.

(h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.

(i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.

(j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.

(k.) **Date: January 26, 2015** **Date Modified:** N/A

(l.) **Prepared by: Christy Caesar** **Phone Number:** 521-3133

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 10. Ad Valorem

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

Subchapter 14. Disabled Veterans in Receipt of Compensation at the One Hundred Percent Rate

710:10-14-1 General Provisions [Amended]
710:10-14-5 Application [Amended]

(a.) **Purpose of the Proposed Rule:** This rulemaking action has been undertaken to clarify the application of the portability provision added to property tax exemption afforded 100% disabled veterans in Section 8E of Article 10 of the Oklahoma Constitution pursuant to the passage of State Question 770, adopted by voter approval, effective November 4, 2014.

(b.) **Classes Affected:** Qualifying veterans in receipt of compensation at the 100% rate along with their surviving spouses and county assessors.

(c.) **Persons Benefited:** Qualifying veterans in receipt of compensation at the 100% rate along with their surviving spouses and county assessors.

(d.) **Probable Economic Impact:**

1. On Affected Classes: No economic impact based on this rule change is anticipated.

2. On Political Subdivision: The amendment is not expected to adversely impact other political subdivisions of the State.

3. Fees: The rulemaking action does increase an existing fee.

(e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.

(f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.

(g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.

(h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.

(i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.

(j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.

(k.) **Date: January 26, 2015** **Date Modified:** N/A

(l.) **Prepared by: Christy Caesar** **Phone Number:** 521-3133

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 10. Ad Valorem

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

Subchapter 16. Unremarried Surviving Spouses of Persons Who Died in the Line of Military Duty.

710:10-16-1 General Provisions [Amended]

(a.) **Purpose of the Proposed Rule:** This rulemaking action has been undertaken to outline the application of the portability provision relating to the property tax exemption allowed in Section 8F of Article 10 of the Oklahoma Constitution to unremarried surviving spouses of persons who died in the line of military duty in accordance with the adoption of State Question 771. (adopted by voter approval, effective November 4, 2014)

(b.) **Classes Affected:** Surviving Spouses of persons who died in the line of duty and county assessors.

(c.) **Persons Benefited:** Surviving Spouses of persons who died in the line of duty and county assessors.

(d.) **Probable Economic Impact:**

1. On Affected Classes: No economic impact based on this rule change is anticipated.

2. On Political Subdivision: The amendment is not expected to adversely impact other political subdivisions of the State.

3. Fees: The rulemaking action does increase an existing fee.

(e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.

(f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.

(g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.

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(i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.

(j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.

(k.) **Date: January 26, 2015** **Date Modified:** N/A

(l.) **Prepared by: Christy Caesar** **Phone Number:** 521-3133