

1 ENGROSSED HOUSE
2 BILL NO. 2504

By: McCall of the House

3 and

4 Rader of the Senate

5
6 An Act relating to revenue and taxation; amending 68
7 O.S. 2011, Section 2887, which relates to exempt
8 property; providing for use of property by certain
9 entities; prohibiting removal of exempt treatment for
10 churches based upon described use of church property;
11 prohibiting allocation of church property between
12 taxable and exempt status based upon described use of
13 church property; and providing an effective date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2887, is
16 amended to read as follows:

17 Section 2887. The following property shall be exempt from ad
18 valorem taxation:

19 1. All property of the United States, and such property as may
20 be exempt by reason of treaty stipulations existing at statehood
21 between the Indians and the United States government, or by reason
22 of federal laws in effect at statehood, during the time such
23 treaties or federal laws are in force and effect. In instances
24 where a federal agency has obtained title to property through
foreclosure, voluntary or involuntary liquidation or bankruptcy,
which was previously subject to ad valorem taxation, the property

1 may continue to be assessed for ad valorem taxes if such federal
2 agency has agreed to pay such taxes;

3 2. All property of this state, and of the counties, school
4 districts, and municipalities of this state, including property
5 acquired for the use of such entities pursuant to the terms of a
6 lease-purchase agreement which provides for the passage of title or
7 the release of security interest, if applicable, upon payment of all
8 rental payments and an additional nominal amount;

9 3. All property of any college or school, provided such
10 property is devoted exclusively and directly to the appropriate
11 objects of such college or school within this state and all property
12 used exclusively for nonprofit schools and colleges;

13 4. The books, papers, furniture and scientific or other
14 apparatus pertaining to any institution, college or society referred
15 to in paragraph 3 of this section, and devoted exclusively and
16 directly for the purpose above contemplated, and the like property
17 of students in any such institution or college, while such property
18 is used for the purpose of their education;

19 5. All fraternal orphan homes and other orphan homes;

20 6. All property used for free public libraries, free museums,
21 public cemeteries, or free public schools;

22 7. All property used exclusively and directly for fraternal or
23 religious purposes within this state. For purposes of this
24 paragraph, an exemption based on religious purposes includes real

1 property owned by a church which allows its premises to be used by
2 an entity if such entity is not required to make rental payments to
3 the church, is not required to execute a formal lease agreement with
4 respect to its occupancy of the church premises and conducts
5 instruction of children from any or all grades for ages preschool
6 through twelfth grade, including religious instruction consistent
7 with the doctrines of the church the premises of which are being
8 used for that purpose. For purposes of this paragraph, a
9 requirement by a church to be reimbursed by the entity for utility
10 expenses, janitorial services or similar expenses shall not be a
11 basis upon which to remove or deny the exempt status of church
12 property. Exempt status of church property shall not be removed nor
13 shall church property be allocated between taxable and exempt status
14 based on the use of church premises by an entity as described by
15 this paragraph.

16 For purposes of administering the exemption authorized by this
17 section and in order to determine whether a single family
18 residential property is used exclusively and directly for fraternal
19 or religious purposes, the fair cash value of a single family
20 residential property, for which an exemption is claimed as
21 authorized by this subsection, in excess of Two Hundred Fifty
22 Thousand Dollars (\$250,000.00) for the applicable assessment year
23 shall not be exempt from taxation;

24

1 8. All property of any charitable institution organized or
2 chartered under the laws of this state as a nonprofit or charitable
3 institution, provided the net income from such property is used
4 exclusively within this state for charitable purposes and no part of
5 such income inures to the benefit of any private stockholder,
6 including property which is not leased or rented to any person other
7 than a governmental body, a charitable institution or a member of
8 the general public who is authorized to be a tenant in property
9 owned by a charitable institution under Section 501(c)(3) of the
10 Internal Revenue Code and which includes but is not limited to an
11 institution that either:

12 a. additionally satisfies the income standards set forth
13 in Internal Revenue Service Revenue Procedure 96-32,
14 which may be audited by the county assessor of the
15 applicable county, in addition to other requirements
16 of this subparagraph, as a condition of obtaining and
17 maintaining the exemption, if:

18 (1) the property provides residential rental
19 accommodations regardless of whether services or
20 meals are provided, and

21 (2) the property:
22 (a) is occupied as of the applicable January 1
23 assessment date if the structure is a
24 single-family dwelling, or

1 (b) has an average seventy-five percent (75%)
2 occupancy rate, based upon the total number
3 of units suitable for occupancy, during the
4 calendar year preceding the applicable
5 January 1 assessment date if the property
6 contains multiple structures suitable for
7 multi-family housing. The owner of any
8 property subject to the occupancy
9 requirements prescribed herein shall submit
10 a report to the county assessor of the
11 county in which the property is located no
12 later than December 15 each year regarding
13 the occupancy rate for the preceding eleven
14 (11) months. If the report indicates that
15 the average occupancy rate was less than
16 seventy-five percent (75%), the county
17 assessor shall determine the taxable value
18 of the property for the succeeding
19 assessment year and the property shall not
20 be exempt for any subsequent assessment year
21 unless the average occupancy rate is at
22 least seventy-five percent (75%) during the
23 succeeding eleven-month period. Except as
24 provided in Section 178.6 of Title 60 of the

Oklahoma Statutes, no asset consisting of a single-family or multi-family dwelling unit owned by an entity the property of which would otherwise be exempt pursuant to subparagraph a of this paragraph shall be exempt from ad valorem taxation if any such dwelling unit was improved with or acquired with any portion of proceeds from the sale of obligations issued by any entity organized pursuant to Section 176 of Title 60 of the Oklahoma Statutes if the interest income derived from such obligations is exempt from federal income tax, or

- b. (1) for a facility constructed prior to January 1, 2006, is a continuum of care retirement community providing housing for the aged, licensed under Oklahoma law, owned by a nonprofit entity recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt entity and located in a county with a population of more than five hundred thousand (500,000) according to the latest Federal Decennial Census, and
- (2) (a) for a facility in which construction was completed on or after January 1, 2006, is:

1 i. a continuum of care retirement
2 community providing housing for the
3 aged, licensed under Oklahoma law,

4 ii. owned by a nonprofit entity recognized
5 by the Internal Revenue Service as a
6 Section 501(c)(3) tax-exempt entity,
7 and

8 iii. located in any county of the state
9 regardless of population, or

10 (b) for a facility other than a facility
11 described by division (1) of subparagraph b
12 of this paragraph and which is partially or
13 fully constructed prior to January 1, 2006,
14 is:

15 i. owned and occupied on or after January
16 1, 2006, by an entity that operates a
17 continuum of care retirement community
18 providing housing for the aged,
19 licensed under Oklahoma law,

20 ii. owned by a nonprofit entity recognized
21 by the Internal Revenue Service as a
22 Section 501(c)(3) tax-exempt entity,
23 and
24

1 iii. is located in any county of the state
2 regardless of population;

3 9. All property used exclusively and directly for charitable
4 purposes within this state, provided the charity using said property
5 does not pay any rent or remuneration to the owner thereof unless
6 the owner is a charitable institution described in Section 501(c)(3)
7 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), or a
8 veterans' organization described in Section 501(c)(19) of the
9 Internal Revenue Code, 26 U.S.C., Section 501(c)(19);

10 10. All property of any hospital established, organized and
11 operated by any person, partnership, association, organization,
12 trust, or corporation, as a nonprofit and charitable hospital,
13 provided the property and net income from such hospital are used
14 directly, solely, and exclusively within this state for charitable
15 purposes and that no part of such income shall inure to the benefit
16 of any individual, person, partner, shareholder, or stockholder, and
17 provided further that such hospital facilities shall be open to the
18 public without discrimination as to race, color or creed and
19 regardless of ability to pay, and that such hospital is licensed and
20 otherwise complies with the laws of this state relating to the
21 licensing and regulation of hospitals;

22 11. All libraries and office equipment of ministers of the
23 Gospel actively engaged in ministerial work in the State of
24 Oklahoma, where said libraries and office equipment are being used

1 by said ministers in their ministerial work, shall be deemed to be
2 used exclusively for religious purposes and are declared to be
3 within the meaning of the term "religious purposes" as used in
4 Article X, Section 6 of the Constitution of the State of Oklahoma;

5 12. Household goods, tools, implements and livestock of every
6 person maintaining a home, not exceeding One Hundred Dollars
7 (\$100.00) in value or One Thousand Dollars (\$1,000.00) in value if
8 Article X, Section 6 of the Oklahoma Constitution provides for an
9 exemption in such amount; and in addition thereto, there shall be
10 exempt from taxation on personal property the further sum of Two
11 Hundred Dollars (\$200.00) to all enlisted and commissioned
12 personnel, whether on active duty or honorably discharged, who
13 served in the Armed Forces of the United States during:

- 14 a. the Spanish-American War,
- 15 b. the period beginning on April 6, 1917, and ending on
16 July 2, 1921,
- 17 c. the period beginning on December 6, 1941, and ending
18 on such date as the state of national emergency as
19 declared by the President of the United States shall
20 cease to exist, or
- 21 d. any other or future period during which a state of
22 national emergency shall have been or shall be
23 declared to exist by the Congress or the President of
24 the United States.

1 All surviving spouses made so by the death of such enlisted or
2 commissioned personnel, who are bona fide residents of this state,
3 shall be entitled to the above additional exemption provided in this
4 paragraph;

5 13. Family portraits;

6 14. All food and fuel provided in kind for the use of the
7 family not to exceed provisions for one (1) year's time, and all
8 grain and forage necessary to maintain for one (1) year the
9 livestock used to provide food for the family. No person from whom
10 pay is received or expected for board shall be considered a member
11 of the family within the intent and meaning of this paragraph;

12 15. All growing crops; and

13 16. All game animals, fowl and reptile, which are not being
14 grown for food or sale and which are kept exclusively for
15 propagation or exhibition, in private grounds or public parks in
16 this state.

17 SECTION 2. This act shall become effective January 1, 2021.

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1 Passed the House of Representatives the 9th day of March, 2020.

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3 _____
4 Presiding Officer of the House
of Representatives

5 Passed the Senate the ____ day of _____, 2020.

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8 _____
9 Presiding Officer of the Senate