

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 COMMITTEE SUBSTITUTE

4 FOR

HOUSE BILL NO. 2504

By: McCall

7 COMMITTEE SUBSTITUTE

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

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

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

19 Section 2887. The following property shall be exempt from ad
20 valorem taxation:

21 1. All property of the United States, and such property as may
22 be exempt by reason of treaty stipulations existing at statehood
23 between the Indians and the United States government, or by reason
24 of federal laws in effect at statehood, during the time such
treaties or federal laws are in force and effect. In instances

1 where a federal agency has obtained title to property through
2 foreclosure, voluntary or involuntary liquidation or bankruptcy,
3 which was previously subject to ad valorem taxation, the property
4 may continue to be assessed for ad valorem taxes if such federal
5 agency has agreed to pay such taxes;

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

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

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

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

23 6. All property used for free public libraries, free museums,
24 public cemeteries, or free public schools;

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

19 For purposes of administering the exemption authorized by this
20 section and in order to determine whether a single family
21 residential property is used exclusively and directly for fraternal
22 or religious purposes, the fair cash value of a single family
23 residential property, for which an exemption is claimed as
24 authorized by this subsection, in excess of Two Hundred Fifty

1 Thousand Dollars (\$250,000.00) for the applicable assessment year
2 shall not be exempt from taxation;

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

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

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

23 (2) the property:
24

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

1 least seventy-five percent (75%) during the
2 succeeding eleven-month period. Except as
3 provided in Section 178.6 of Title 60 of the
4 Oklahoma Statutes, no asset consisting of a
5 single-family or multi-family dwelling unit
6 owned by an entity the property of which
7 would otherwise be exempt pursuant to
8 subparagraph a of this paragraph shall be
9 exempt from ad valorem taxation if any such
10 dwelling unit was improved with or acquired
11 with any portion of proceeds from the sale
12 of obligations issued by any entity
13 organized pursuant to Section 176 of Title
14 60 of the Oklahoma Statutes if the interest
15 income derived from such obligations is
16 exempt from federal income tax, or

- 17 b. (1) for a facility constructed prior to January 1,
18 2006, is a continuum of care retirement community
19 providing housing for the aged, licensed under
20 Oklahoma law, owned by a nonprofit entity
21 recognized by the Internal Revenue Service as a
22 Section 501(c)(3) tax-exempt entity and located
23 in a county with a population of more than five
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1 hundred thousand (500,000) according to the
2 latest Federal Decennial Census, and

3 (2) (a) for a facility in which construction was
4 completed on or after January 1, 2006, is:

5 i. a continuum of care retirement
6 community providing housing for the
7 aged, licensed under Oklahoma law,

8 ii. owned by a nonprofit entity recognized
9 by the Internal Revenue Service as a
10 Section 501(c)(3) tax-exempt entity,
11 and

12 iii. located in any county of the state
13 regardless of population, or

14 (b) for a facility other than a facility
15 described by division (1) of subparagraph b
16 of this paragraph and which is partially or
17 fully constructed prior to January 1, 2006,
18 is:

19 i. owned and occupied on or after January
20 1, 2006, by an entity that operates a
21 continuum of care retirement community
22 providing housing for the aged,
23 licensed under Oklahoma law,
24

- 1 ii. owned by a nonprofit entity recognized
2 by the Internal Revenue Service as a
3 Section 501(c)(3) tax-exempt entity,
4 and
5 iii. is located in any county of the state
6 regardless of population;

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

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

3 11. All libraries and office equipment of ministers of the
4 Gospel actively engaged in ministerial work in the State of
5 Oklahoma, where said libraries and office equipment are being used
6 by said ministers in their ministerial work, shall be deemed to be
7 used exclusively for religious purposes and are declared to be
8 within the meaning of the term "religious purposes" as used in
9 Article X, Section 6 of the Constitution of the State of Oklahoma;

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

- 19 a. the Spanish-American War,
20 b. the period beginning on April 6, 1917, and ending on
21 July 2, 1921,
22 c. the period beginning on December 6, 1941, and ending
23 on such date as the state of national emergency as
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1 declared by the President of the United States shall
2 cease to exist, or

3 d. any other or future period during which a state of
4 national emergency shall have been or shall be
5 declared to exist by the Congress or the President of
6 the United States.

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

11 13. Family portraits;

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

18 15. All growing crops; and

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

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

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