

BILL SUMMARY
2nd Session of the 58th Legislature

Bill No.:	SB 593
Version:	FULLPCS1
Request Number:	11393
Author:	Leader Echols
Date:	4/20/2022
Impact:	Tax Commission:

Ad Valorem Tax (Local)

Potential Revenue Change:
(\$141,000)

Research Analysis

The proposed committee substitute for SB 593 defines *Satellite Internet service provider* as used in the Ad Valorem Tax Code as an entity that offers Internet access through a connection from one or more satellites to its end-user customer's receiver. Satellite Internet service providers are not considered to be transmission companies or public service corporations as used in the Ad Valorem Tax Code.

Prepared By: Emily McPherson

Fiscal Analysis

Analysis provided by the Tax Commission:

SB 593 proposes to create new language defining "satellite Internet service provider" to mean an entity that offers access to the Internet through a connection from one or more satellites to its end-user customer's receiver.

Currently, "transmission company" and "public service corporation" shall not include cable television companies and fixed wireless broadband Internet service providers. SB 593 proposes to also exclude "satellite internet service providers". Companies that fall within the proposed exclusion currently pay the public service assessment rate of twenty-two and eighty-five one-hundredths percent (22.85%). Under the proposed changes in SB 593 these companies would pay locally assessed real and personal property tax rates between ten percent (10%) and fifteen percent (15%).

Two companies which are located in 75 to 77 counties whose activities fall with the definition of "satellite Internet service provider" are currently centrally assessed. For tax year 2022, one additional qualifying company may also be centrally assessed. However, the property values attributable to this company are not yet available. The estimated difference in local property tax revenues for the two companies between central and local assessment is \$141,000.

Prepared By: Mark Tygret

Other Considerations

Administrative Note:

The measure proposes an effective date of July 1, 2022. The Ad Valorem Division of the Oklahoma Tax Commission has experienced administrative issues i.e., potential modification of tax roll, removal of public service tax bills, revaluation at the county level and local reassessment, with measures similar to SB 593 when the assessment status of a particular industry group was changed from public service to local assessment within a tax year. To avoid these issues the effective date of the measure would need to be changed to January 1, 2023.

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