

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 30, 2023

BILL NUMBER: HB 1926 STATUS AND DATE OF BILL: Engrossed 3/14/23

AUTHORS: House: Sims Senate: Montgomery

TAX TYPE (S): Ad Valorem SUBJECT: Homestead Exemption

PROPOSAL: Amendatory

HB 1926 proposes to amend 68 O.S. § 2890 of Title 68 by increasing the income eligibility ceiling for additional homestead exemption qualification to gross household income not to exceed \$30,000 instead of the current \$25,000.

EFFECTIVE DATE: January 1, 2024

REVENUE IMPACT:

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

FY 24: None

FY 25: \$105,750 reduction in local ad valorem tax revenues

Mar. 31, 2023

DATE

Rick Miller

DIVISION DIRECTOR

caj

3/31/2023

DATE

Huan Gong

HUAN GONG, ECONOMIST

3/31/2023

DATE

Joseph P. Jappa

FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO FISCAL IMPACT - HB 1926 - [Engrossed] - Prepared 03/30/23

HB 1926 proposes to amend 68 O.S. § 2890 of Title 68 by increasing the income eligibility ceiling for additional homestead exemption qualification to gross household income not to exceed \$30,000 instead of the current \$25,000 limit.

Currently, all homesteads in Oklahoma are exempt from ad valorem taxation to the extent of \$1,000 of the assessed valuation. An additional exemption is granted to the extent of \$1,000 of the assessed valuation on each homestead of head of households whose gross household income from all sources for the preceding calendar year did not exceed \$25,000. HB 1926 proposes to increase the income eligibility limit for the additional homestead exemption to \$30,000, thus increasing the number of additional homesteads allowed by each county.

Due to insufficient funds, the loss of local ad valorem tax revenues attributable to the additional homestead exemption has not been reimbursed from the Ad Valorem Reimbursement Fund since 2002. In 2022, this loss totaled \$2,937,510. Raising the income threshold in the manner proposed by HB 1926 will increase the number of additional homestead exemptions by approximately 3.6%¹, resulting in an estimated statewide reduction in property tax revenues of \$105,750.

¹ See: [S1901: INCOME IN THE PAST 12 MONTHS ... - Census Bureau Table](#). Estimate is calculated using the percentage increase in the number Oklahoma households with incomes in the \$25k-\$34,999 range (13.5%) and \$35k-\$49,999 range (9.9%), as reported on the U.S. Census. An exact number of households with \$25k and \$30k incomes is not available.