

# 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 2339      **STATUS AND DATE OF BILL:** Engrossed 3/20/23

**AUTHORS:** House: Archer      Senate: Hall

**TAX TYPE (S):** Ad Valorem      **SUBJECT:** Parsonage Exemption

**PROPOSAL:** Amendatory

HB 2339 proposes to amend 68 O.S. § 2887 by increasing the maximum fair cash value of a single family residential property to be eligible for an exemption from ad valorem taxation on the basis that the property be used exclusively for fraternal or religious purposes (i.e. parsonages). The bill proposes to increase the maximum eligible value from \$250,000 to \$500,000.

**EFFECTIVE DATE:** November 1, 2023

### REVENUE IMPACT:

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

FY 24: \$511,038 reduction in local ad valorem tax revenues

FY 25: \$511,038 reduction in local ad valorem tax revenues

<u>Mar. 31, 2023</u>	<u>Rick Miller</u>	<u>caj</u>
DATE	DIVISION DIRECTOR	
<u>3/31/2023</u>	<u>Huan Gong</u>	
DATE	HUAN GONG, ECONOMIST	
<u>3/31/2023</u>	<u>Joseph P Jappa</u>	
DATE	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 2339 - [Engrossed] - Prepared 03/30/23**

HB 2339 proposes to amend 68 O.S. § 2887 by increasing the maximum fair cash value of a single family residential property to be eligible for an exemption from ad valorem taxation on the basis that the property be used exclusively for fraternal or religious purposes (i.e. parsonages). The bill proposes to increase the maximum eligible value from \$250,000 to \$500,000.

Currently, a single family residential property used for religious or fraternal purposes may qualify for a full exemption from ad valorem taxation up to a fair cash value of \$250,000 on the property. HB 2339 proposes to provide this exemption up to a fair cash value of \$500,000 on the property, thus decreasing local ad valorem tax revenues.

Data provided by 44 counties<sup>1</sup> show there are 174 parsonages with values in excess of \$250,000. By applying the average assessment rate and then mill levy<sup>2</sup>, the changes proposed in this bill would result in an estimated loss of \$511,038 per year to local ad valorem tax revenues.

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<sup>1</sup> The 44 reporting counties include counties with overall higher property values, which would be more likely to have parsonages with a fair cash value over \$250,000. The counties reporting include Tulsa, Oklahoma, Cleveland, and Lincoln.

<sup>2</sup> Estimate calculation: \$250,000 increase X 11.52 average assessment rate = \$28,800; \$28,000 X 104.893 average mill levy= \$2,937; \$2,937 X 174 number of parsonages over 250,000 = \$511,038