

# STATE NEWS WEEKLY SUMMARY CONTINUED

accounts, as well as the interest earned by the accounts, will be exempt from taxation as adjusted gross income, Boyd told fellow House members.

Before acceptance of the bill's third conference committee report, it had to withstand an effort led by Rep. Dan Webb, R-Oklahoma City, to use the bill as a vehicle to double the standard deduction and exemption for state taxpayers, from \$1,000 to \$2,000 each.

House members voted 56-41 to accept the conference committee report, with most Republicans joining Webb in opposing its adoption.

When asked to give final passage to the bill, it received a 99-0 passing vote.

—**SHAWN ASHLEY**  
05/20/96

## LEGISLATIVE LEADERS AGREE ON PROPERTY TAX PACT

■(OKLAHOMA CITY) The leaders of the Oklahoma House and Senate have announced a final agreement on property tax reform legislation, saying the resulting package will provide Oklahoma homeowners with an additional layer of protection against "unfair and excessive property tax increases."

Tuesday's announcement is the culmination of several weeks of discussion by a joint, bipartisan committee on property taxes. The panel members agreed to adopt four of six recommendations from the Citizens' Task Force. The four proposals include:

- ✓ Cap property tax growth at 5 percent per year on locally assessed real property;
- ✓ Freeze assessment ratios at 1995 levels;
- ✓ Freeze valuations on properties of senior citizens earning less than \$25,000 per

year; and

- ✓ Provide that a statement of how property tax dollars are spent be attached to all tax notices.

The legislative committee went above and beyond the citizens' task force recommendations in regard to the elderly and low-income homeowners. It adopted a provision to raise the income level to \$20,000 to qualify for a double homestead exemption. That change will greatly reduce and in some cases, eliminate the property tax burden on working families and the elderly.

Even though the latest agreement represents more than a year of work by the citizens' task force and legislators, lawmakers say they will continue to closely monitor developments in the property tax system.

One of the task force proposals rejected by the legislative committee would have given county voters the option of removing the caps on millage.

Committee members did recommend that the millage proposal be part of a later examination of overall budget and finance options. They said that before any new funding mechanisms are adopted, the future needs of education and county governments must be examined.

—**OKLAHOMA LEGISLATURE**  
05/21/96

## SENATE APPROVES TAX BREAK FOR ADOPTIONS

■(OKLAHOMA CITY) The Senate has approved a measure which would give a state income tax deduction of up to \$10,000 to Oklahomans who adopt a child.

"I think it's very important that we do all we can as policy makers to encourage adoptions," said Senator Brad Henry, Senate author of **HB1088**.

"This measure will have little fiscal impact for the state, but it can make a huge difference for couples who'd like to adopt," said Henry, D-Shawnee.

"This measure allows families to deduct most of the expenses associated with adoption, including adoption fees, medical expenses, court costs, attorney fees and other expenses directly related to the adoption process up to a maximum of \$10,000," said Henry.

The measure would apply beginning in tax year 1996. It applies to all adoptions, whether through private or public agencies.

The House has also approved the bill,

which must now be signed by Governor Frank Keating before it can become law.

—**SENATE MEDIA**  
05/21/96

## PROPERTY TAX RELIEF PART ONE PASSES SENATE

■(GIT) Senate lawmakers Wednesday passed a the first half of a two-part property tax relief package designed to reduce many Oklahoma property owners' ad valorem taxes.

**SB681**, by Sen. Penny Williams, D-Tulsa, would change the annual income limit allowed for a double homestead exemption of \$2,000 to \$20,000 per year from \$10,000.

In addition, the bill raises the minimum income allowed to receive an income tax credit if property taxes reach more than one percent of the owner's annual earnings. Under the measure the minimum would be raised to \$12,000 from \$10,000 annually.

Under the bill, counties would be reimbursed by the state for the loss of revenue resulting from the raised income limits. Though the measure would be revenue neutral to the state this year, two years from now the bill could carry a projected \$2.6 million price tag, unless funds are placed back into the system to cover the loss.

The measure also contains a provision requiring an itemized statement of how ad valorem taxes are being spent to accompany all tax notices.

The second half of the property tax reform initiative is expected in upcoming days in the form of a joint resolution. The measure will aim to:

- ✓ Cap property tax growth at a rate of five percent annually on locally assessed real property.
- ✓ Roll assessment ratios back to the 1995 level, permanently.
- ✓ Hold valuations on properties of senior citizens earning less than \$25,000 per year.

The resolution will make necessary constitutional changes to implement the reform.

—**BRANDON BEARD**  
05/22/96

## SECOND HALF OF PROPERTY TAX REFORM PASSED

■(GIT) Part two of a property tax relief package passed the House and Senate Thursday. The measure, **HB2198**, by Sen. Don

*Continued on next page*

