

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

HOUSE BILL NO. 1081

BY: GRIESER, LEIST, WIDENER  
and BOECKMAN of the HOUSE

and

CAPPS and TALIAFERRO of  
the SENATE

AS INTRODUCED

AN ACT RELATING TO REVENUE AND TAXATION; AMENDING 68

O.S. 1981, SECTION 2460, AS LAST AMENDED BY SECTION 3, CHAPTER 321, O.S.L. 1989, AND SECTION 76, CHAPTER 162, O.S.L. 1988, AS LAST AMENDED BY SECTION 15, CHAPTER 321, O.S.L. 1989, WHICH RELATE TO VALUATION INCREASES FOR AD VALOREM PURPOSES AND SECTION 5, CHAPTER 162, O.S.L. 1988, AS LAST AMENDED BY SECTION 13 OF ENROLLED SENATE BILL NO. 1 OF THE 1ST EXTRAORDINARY SESSION OF THE 43RD OKLAHOMA LEGISLATURE, WHICH RELATES TO IN LIEU OF CERTAIN TAXES (68 O.S. SUPP. 1990, SECTIONS 2460 AND 2876); ESTABLISHING IN LIEU OF AD VALOREM TAX FOR CERTAIN PARTS OF NEW AND USED FARM IMPLEMENT INVENTORIES; DEFINING TERM; LIMITING APPLICATION OF IN-LIEU TAX; REQUIRING CERTAIN DEALER TRANSACTION RECORD; REQUIRING SUCH RECORD BE OPEN TO INSPECTION BY COUNTY ASSESSOR; EVIDENCING IN-LIEU TAX WITH CERTAIN TAX STAMPS; STATING DENOMINATIONS OF SUCH STAMPS; REQUIRING DEALER TO AFFIX STAMPS TO CERTAIN DOCUMENTS BEFORE TRANSFER OF TITLE; REQUIRING TAX

COMMISSION TO DESIGN AND FURNISH TAX STAMPS;  
ALLOWING TAX COMMISSION TO REQUIRE MANUFACTURER OF  
STAMPS TO FURNISH BOND; DIRECTING TAX COMMISSION  
DISTRIBUTION OF TAX STAMPS TO COUNTY TREASURER;  
HOLDING COUNTY TREASURERS RESPONSIBLE FOR CUSTODY,  
SALE AND ACCOUNTING FOR TAX STAMPS; STATING  
APPORTIONMENT OF REVENUES FROM SALE OF TAX STAMPS;  
MODIFYING REQUIREMENTS FOR REAL ESTATE VALUATION  
INCREASE NOTICES IN CERTAIN COUNTIES; ADDING TO  
LIST OF EXCEPTIONS TO CERTAIN IN LIEU OF TAXES;  
PROVIDING FOR CODIFICATION; AND PROVIDING EFFECTIVE  
DATES.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5401 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. A tax is hereby imposed, in lieu of the ad valorem tax on certain parts of the inventories, both new and used items, owned and/or possessed for sale by retailers of farm tractors and other equipment as defined by subsection C of this section.

B. Items to be taxed in lieu of ad valorem pursuant to the provisions of this section are those with a list price of Five Hundred Dollars (\$500.00) or higher. The tax shall be paid by the dealer on such items in lieu of the annual ad valorem tax assessment of dealer's average inventory but shall not relieve any other property of the dealer from ad valorem taxation. Each dealer shall

maintain a sales log for applicable items pursuant to this section with a serial number where applicable. The log shall be subject to inspection by county assessors.

C. For purposes of this act, a retailer of farm tractors and other equipment is any person having a franchise for selling and retailing farm tractors, farm implements, and the attachments or repair parts thereto.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5402 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The in-lieu tax imposed in Section 1 of this act shall apply on the date of sale and shall be evidenced by a tax stamp. The tax stamp shall be based on the following sales totals:

1. Beginning with sales of Five Hundred Dollars (\$500.00) to Fourteen Thousand Nine Hundred Ninety-nine Dollars and ninety-nine cents (\$14,999.99): \$3.50;

2. Fifteen Thousand Dollars (\$15,000.00) to Thirty-nine Thousand Nine Hundred Ninety-nine Dollars and ninety-nine cents (\$39,999.99): \$7.00;

3. Forty Thousand Dollars (\$40,000.00) to Eighty-nine Thousand Nine Hundred Ninety-nine Dollars and ninety-nine cents (\$89,999.99): \$14.00; and

4. Ninety Thousand Dollars (\$90,000.00) and above: \$28.00.

B. The appropriate tax stamp or stamps shall be affixed by the dealer to the dealer's copy of the sales invoice covering new or used farm implements sold before transferring title to any new or used farm implement.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5403 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The tax stamp or stamps required by Section 2 of this act to be affixed upon the dealer's copy of the sales invoice covering new

or used farm implements sold shall be manufactured or purchased by the Oklahoma Tax Commission in the required amounts. Said tax stamps shall be of such design, color combination and material as the Tax Commission shall deem necessary for the administration of this tax and to afford the best security to the tax revenue involved.

B. The Commission may require any manufacturer of such tax stamps to furnish a bond in such amount as it deems necessary to protect the state and local taxing entities against loss.

C. The Tax Commission shall distribute such tax stamps to the county treasurer of each county, taking such receipt therefor as may be necessary. The county treasurer shall have the responsibility of the custody and the sale of the stamps to the person required by Section 2 of this act to obtain such stamps. In addition, the county treasurer shall have the duty of accounting for said stamps to their respective counties, and to the Oklahoma Tax Commission as it may require.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5404 of Title 68, unless there is created a duplication in numbering, reads as follows:

The county treasurer shall apportion each month all collections from the sale of tax stamps herein provided as follows:

1. Two percent (2%) shall be deposited to the credit of the General Revenue Fund of the State Treasury; and

2. Ninety-eight percent (98%) shall be apportioned to the entities levying ad valorem taxes in a percentage equal to the proportion that the millage of each such entity bears to the total millage levied by all such entities within the applicable county, exclusive of sinking funds, for the applicable fiscal year.

SECTION 5. AMENDATORY 68 O.S. 1981, Section 2460, as last amended by Section 3, Chapter 321, O.S.L. 1989 (68 O.S. Supp. 1990, Section 2460), is amended to read as follows:

Section 2460. A. Except as otherwise provided by this section in any case where the county assessor shall increase the valuation of any property above that returned by the taxpayer, or in the case of real estate, increase the valuation over the assessment for the preceding year, the county assessor shall notify in writing the person in whose name any such property is listed, giving the amount of such valuation as increased. In the case of real estate this notice, whether given by the county assessor or by the county board of equalization, shall include the fair cash value of the property as used in determining the assessment for the preceding and current year; the assessed valuation for the preceding and current year; and the assessment ratio for the preceding and current year. Such notice may be by mail or delivery to the last-known address of such person, or to the person in charge or possession of the property. In those counties that prepare valuation increase notices by computerized or automated methods, if a valuation increase notice involves real estate, the notice shall also contain the dollar amount of tax liability, if applicable, for the preceding year and shall contain the dollar amount of tax liability for the current year using the use value, the assessed value, and the applicable millage rate for the property as of the date the notice is prepared. The notice shall state, in conspicuous print, and using language so that a person of common understanding would know what is intended, that the tax bill is computed by multiplying the millage rate by the assessed value and that the assessed value of the property could be subject to change as a result of action by the county board of equalization or the State Board of Equalization. The notice shall also state, in conspicuous print, that the current year tax liability may be affected by a subsequent change in the millage rate and that the dollar amount of tax liability for the current year is only an estimate.

B. In any case where the county board of equalization shall increase the valuation of any property above the value returned by the taxpayer, or shall add property not listed by the taxpayer, or in the case of real estate increase the valuation over the assessment for the preceding year, the secretary of the county board of equalization shall notify by mail to his last-known address, the person in whose name any such property is listed, giving the amount of such valuation as increased.

C. In all cases where notice by mail is required under this section, the same shall describe the property with sufficient accuracy so as to notify the taxpayer as to the property included, together with the assessed value of the property; and duplicate copies of the notice, showing the date of issuance and mailing, shall be kept in the office of the county assessor or the secretary of the board, as the case may be, which record so kept shall be prima facie evidence as to the fact of the notice having been given as required.

D. The taxpayer shall have twenty (20) days from date of the mailing of such notice in which to file, with the secretary of said board, a written complaint, specifying his grievances, and the pertinent facts in relation thereto in ordinary and concise language and without repetition, and in such manner as to enable a person of common understanding to know what is intended; provided, in the case of a scrivener's error or other admitted error on the part of the county assessor or county board of equalization, the board may make corrections to a valuation at any time, notwithstanding the twenty-day period specified in this subsection. Complaint in like manner may be filed on real estate not increased over the previous year's assessment, provided such complaint is filed on or before the first Monday in May. Complaint in like manner may be filed with the board by the taxpayer where the county assessor shall increase the valuation of any property above that returned, or in the case of

real estate, shall increase the valuation over the assessment for the preceding year. Complaint in like manner may be filed by any taxpayer where, pursuant to the authority contained in Section 2437 of this Code, the county assessor has added property not listed by the taxpayer, provided such complaint is filed on or before the first Monday in May.

E. Upon receipt of such complaint the board shall fix a date of hearing, at which time said board shall be authorized and empowered to take evidence pertinent to said complaint; and for that purpose, is authorized to compel the attendance of witnesses and the production of books, records, and papers by subpoena, and to confirm, correct, or adjust the valuation, as may seem just. The secretary of the board shall fix the dates of the hearings provided for in this section in such a manner as to ensure that the board is able to hear all complaints within the time provided for by law. In all cases where either the county assessor or the county board of equalization has, without giving the notice required by this section or by Section 2437 of this Code, increased the valuation of property as listed by the taxpayer, and the taxpayer has knowledge of such adjustment or addition, the taxpayer may at any time prior to the adjournment of the board, file a complaint in the form and manner above provided. Thereafter, the secretary of the board shall fix a date of hearing, notify the taxpayer, and conduct the hearing as required by this section.

F. In any case where the State Board of Equalization, in the equalization of property locally assessed, shall make its determination that the ratio of the assessed value of real property within the county to the fair cash value of said real property does not comply with the legal requirements for the level of assessment, or does not comply with the legal requirements for the uniformity of assessment then the State Board shall notify, by mail, the board of county commissioners of said county, and the county assessor, giving

the ratio determined and the percentage valuation increase or decrease the county must achieve during the next assessment period or the action required for compliance with any applicable order for assessment uniformity. The board of county commissioners shall cause a notice of the order for a valuation increase or decrease made by the State Board of Equalization to be published in at least one newspaper of general circulation within the county at least one time each week for two (2) consecutive weeks. Such notice by publication shall constitute sufficient notice to any taxpayer within such county of the possible increase or decrease in the valuation of property owned by the taxpayer located within such county. No individual valuation increase or decrease notice shall be required to be mailed or delivered to an affected taxpayer as a result of the implementation of an order for an increase or decrease in valuation issued by the State Board of Equalization.

SECTION 6. AMENDATORY Section 76, Chapter 162, O.S.L. 1988, as last amended by Section 15, Chapter 321, O.S.L. 1989 (68 O.S. Supp. 1990, Section 2876), is amended to read as follows:

Section 2876. A. 1. If the county assessor shall increase the valuation of any property above that returned by the taxpayer, or in the case of real property increase the valuation over the assessment from the preceding year, or pursuant to the requirements of law if the assessor has added property not listed by the taxpayer, the county assessor shall notify in writing the person in whose name any such property is listed, giving the amount of such valuation as increased or valuation of property so added.

2. In those counties that prepare valuation increase notices by computerized or automated methods, if a valuation increase notice involves real estate, the notice shall also contain the dollar amount of tax liability, if applicable, for the preceding year and shall contain the dollar amount of tax liability for the current year using the use value, the assessed value, and the applicable

millage rate for the property as of the date the notice is prepared.  
The notice shall state, in conspicuous print, and using language so  
that a person of common understanding would know what is intended,  
that the tax bill is computed by multiplying the millage rate by the  
assessed value and that the assessed value of the property could be  
subject to change as a result of action by the county board of  
equalization or the State Board of Equalization. The notice shall  
also state, in conspicuous print, that the current year tax  
liability may be affected by a subsequent change in the millage rate  
and that the dollar amount of tax liability for the current year is  
only an estimate.

B. The notice required by this section shall, for cases in which the valuation of real property has increased, include the fair cash value of the property as used in determining the assessment for the preceding and current year, the taxable value for the preceding and current year, if different than the fair cash value, and the assessment percentage for the preceding and current year.

C. The notice required by this section may be mailed or delivered to the last-known address of the person affected or to the person in charge of or in possession of the property and shall clearly be marked with the date upon which the notice was prepared. Any notice dated as required by this section shall be mailed or delivered within one (1) working day of such date. The notice shall describe the property with sufficient accuracy to notify the taxpayer as to the property included, together with the assessed value of the property. Duplicate copies of the notice, showing the date of issuance and mailing or delivery, shall be kept in the office of the county assessor. Such record shall be prima facie evidence as to the fact of notice having been given as required by this section.

D. The taxpayer shall have twenty (20) calendar days from the date the notice was mailed or in the event that notice was delivered

from the date of delivery in which to file a written complaint with the county assessor specifying objections to action taken by the county assessor; provided, in the case of a scrivener's error or other admitted error on the part of the county assessor, the assessor may make corrections to a valuation at any time, notwithstanding the twenty-day period specified in this subsection. The complaint shall set out the pertinent facts in relation to the matter contained in the notice in ordinary and concise language and in such manner as to enable a person of common understanding to know what is intended. The complaint shall be made upon a form prescribed by the Oklahoma Tax Commission.

E. A taxpayer may file a complaint if the valuation of property has not increased or decreased from the previous year if the complaint is filed on or before the first Monday in May. Such complaint shall be made upon a form prescribed by the Oklahoma Tax Commission.

F. The county assessor shall schedule an informal hearing with the taxpayer to hear the protest as to the disputed valuation or addition of omitted property. The assessor shall take final action upon the matter disputed within five (5) working days of the date of the informal hearing and shall mail or deliver notice of final action to the taxpayer. The notice of final action shall clearly be marked with the date upon which the notice was prepared. Such notice shall be mailed or delivered within one (1) working day of such date. Within ten (10) working days of the date the notice is mailed or delivered, the taxpayer may file an appeal with the county board of equalization. For purposes of this section, "working days" shall mean Monday through Friday and shall exclude Saturday and Sunday and any legal holidays. The appeal shall be made upon a form prescribed by the Oklahoma Tax Commission. One copy of the form shall be mailed or delivered to the county assessor and one copy shall be mailed or delivered to the county board of equalization.

SECTION 7. AMENDATORY Section 5, Chapter 162, O.S.L.

1988, as amended by Section 13 of Enrolled Senate Bill No. 1 of the 1st Extraordinary Session of the 43rd Oklahoma Legislature, is amended to read as follows:

Section 2805. The following fees or taxes levied by the provisions of the Oklahoma Statutes shall be in lieu of ad valorem tax, whether in lieu of real property tax, personal property tax, or both as provided by law:

1. The registration fees and taxes imposed upon aircraft by Section 251 et seq. of Title 3 of the Oklahoma Statutes;
2. Registration fees for motor vehicles as provided in Section 1103 of Title 47 of the Oklahoma Statutes, except as otherwise specifically provided;
3. The fee imposed upon transfers of used vehicles in lieu of the ad valorem tax upon inventories of used motor vehicles by Section 1137.1 of Title 47 of the Oklahoma Statutes;
4. The registration and license fees imposed upon vessels and motors pursuant to the Oklahoma Vessel and Motor Registration Act, Section 4001 et seq. of Title 63 of the Oklahoma Statutes;
5. The taxes levied upon the gross production of substances pursuant to Section 1001 of this title;
6. The taxes levied upon the gross production of substances pursuant to Section 1020 of this title;
7. The tax imposed upon gross receipts pursuant to Section 1803 of this title;
8. The tax imposed upon certain textile products pursuant to Section 2001 of this title;
9. The tax imposed upon certain freight cars pursuant to Section 2202 of this title;
10. The tax imposed on certain parts of the inventories, both new and used items, owned and/or possessed for sale by retailers of

farm tractors and other equipment pursuant to Sections 1 through 4  
of this act;

11. The tax imposed upon inventories of new vehicles and  
certain vessels pursuant to Section 5301 of this title; and

~~11.~~ 12. Such other fees or taxes as may be expressly provided  
by law to be in lieu of ad valorem taxation.

SECTION 8. Sections 1 through 5 of this act shall become  
effective September 1, 1991, and Sections 6 and 7 of this act shall  
become effective January 1, 1992.

43-1-5307

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