

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

2ND CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

SENATE BILL NO. 681

By: Williams (Penny),
Roberts, Williams (Don),
Price, Capps, Rubottom,
Brown, Long (Ed),
Campbell, Fisher, Helton,
Herbert, Hobson,
Leftwich, Long (Lewis),
Muegge, Shurden and
Wilkerson of the Senate

and

Blackburn, Leist,
Satterfield, Stottlemire,
Bryant, Claunch, Hiett,
Mitchell, O'Neal, Paulk,
Perry, Ramsey, Reese,
Roach, Roberts, Smith
(Bill), Sullivan (John),
Sullivan (Leonard),
Tyler, Coleman and
Greenwood of the House

2ND CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 1991, Sections 2830, 2890, 2905, 2906, 2913, as amended by Section 1 of Enrolled Senate Bill No. 725 of the 2nd Session of the 45th Oklahoma Legislature, and 2915, which relate to ad valorem taxes; specifying certain duties of Oklahoma Tax Commission; modifying the qualifying gross household income amount for additional homestead exemption; deleting reference to certain Constitutional valuation; modifying gross household income level to qualify for certain property tax relief; modifying the method of payments for ad valorem taxes; requiring certain tax statement to identify apportionment of taxes; authorizing promulgation of rules; creating Joint Legislative Oversight Committee on Local Government Finance and Accountability; providing for membership and duties thereof; providing for noncodification; providing effective dates; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 2830, is amended to read as follows:

Section 2830. A. The Oklahoma Tax Commission shall monitor the progress of valuation in each county as it occurs each year. Such monitoring may be conducted by periodic audits of assessments through visits to the county or through an analysis of assessment activity by means of a computer-assisted monitoring program.

B. The Oklahoma Tax Commission shall establish guidelines for determining the extent of noncompliance with the applicable law or administrative ~~regulations~~ rules governing valuation of taxable property. Such guidelines shall establish three categories of noncompliance. The categories shall be respectively denominated as Category 1, Category 2 and Category 3. Each category shall represent progressive degrees of noncompliance. Provided, if the Tax Commission finds that a county assessor is not annually valuing taxable real and personal property within the county as required by Sections 2817 and 2829 of this title, the Tax Commission shall certify that the county is not in compliance with such statutes and shall be required to take action as prescribed by this section for the appropriate category of noncompliance according to the guidelines established pursuant to the provisions of this subsection. The Oklahoma Tax Commission shall be authorized to take action as prescribed by this section for each category of noncompliance as follows:

Category 1: The Oklahoma Tax Commission shall notify the county assessor of the nature of the noncompliance and shall indicate the action required to correct such noncompliance.

Category 2: The Oklahoma Tax Commission shall order the action to be taken in order to bring the county into compliance. The Oklahoma Tax Commission is authorized to do any or all of the following:

1. Impose a schedule of required actions by county officials to bring the county into compliance;

2. Establish deadlines for bringing the county into compliance; or

3. Impose changes in procedures in the assessor's office, if necessary, to facilitate continued compliance.

Category 3: The Oklahoma Tax Commission shall notify the board of county commissioners and the county assessor of the affected county that the county is in violation of law or regulations relating to the valuation function for the administration of the ad valorem tax. The Oklahoma Tax Commission shall conduct a conference, within thirty (30) days after such notice, in that county with the board of county commissioners, the county assessor and the county board of equalization, to formally notify the county of the extent of noncompliance and the measures necessary to correct it. The Oklahoma Tax Commission is authorized to do any or all of the following:

1. Impose a schedule of required actions by county officials to bring the county into compliance;
2. Establish deadlines for bringing the county into compliance;
3. Impose changes in procedures in the assessor's office, if necessary, to facilitate continued compliance;
4. Place the county valuation function under the temporary supervision of a qualified Oklahoma Tax Commission employee;
5. Require additional training for the assessor, deputies or members of the equalization board; or
6. Provide written or oral reports to the board of county commissioners and the county board of equalization of the progress in regaining compliance status for the county. Such reports shall be public records.

The Oklahoma Tax Commission shall periodically conduct a review of the extent of noncompliance in each county determined to be in Category 3 noncompliance. When the Oklahoma Tax Commission determines that such a county is in substantial compliance with the applicable law or administrative regulations governing valuation of taxable property, the Commission shall so certify.

C. The Oklahoma Tax Commission may request the Court of Tax Review to order a county determined to be in Category 3 noncompliance to reimburse the Oklahoma Tax Commission from the county assessor's budget as established in Section 2823 of this title for all costs incurred as a result of the assumption of the

Req. No. 2942Page 3

valuation function by the Commission. The salary of the county assessor shall not be paid during the time that a qualified employee of the Oklahoma Tax Commission is supervising the valuation function in the county, but shall be restored as of the date the Commission certifies to the board of county commissioners that noncompliance has been corrected.

D. The county assessor shall have the right to appeal an order issued by the Oklahoma Tax Commission to correct Category 2 noncompliance or to appeal a decision finding Category 3 noncompliance in the manner provided by Section 2883 of this title.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 2890, is amended to read as follows:

Section 2890. A. In addition to the amount of the homestead exemption authorized and allowed in Section 2889 of this title, an additional exemption is hereby granted, to the extent of One Thousand Dollars (\$1,000.00) of the assessed valuation on each homestead of heads of households whose gross household income from all sources for the preceding calendar year did not exceed ~~Ten Thousand Dollars (\$10,000.00)~~. ~~If Article X, Section 8 of the Oklahoma Constitution requires property to be taxed based upon one hundred percent (100%) of its fair cash value each homestead, as authorized by the provisions of this section, shall be exempted from ad valorem taxation to the extent of Ten Thousand Dollars (\$10,000.00) of the assessed valuation~~ Twenty Thousand Dollars (\$20,000.00).

B. The term "gross household income" as used in this section means the gross amount of income of every type, regardless of the source, received by all persons occupying the same household, whether such income was taxable or nontaxable for federal or state income tax purposes, including pensions, annuities, federal Social Security, unemployment payments, veterans' disability compensation, public assistance payments, alimony, support money, workers' compensation, loss-of-time insurance payments, capital gains and any other type of income received, and excluding gifts. The term "head of household" as used in this section means a

person who as owner or joint owner maintains a home and furnishes ~~his own~~ support for ~~said the~~ home, furnishings, and other material necessities.

C. The application for ~~such the~~ additional homestead exemption shall be made each year before March 15 or within thirty (30) days from and after receipt by the taxpayer of notice of valuation increase, whichever is later, and upon the form prescribed by the Oklahoma Tax Commission, which shall require the taxpayer to certify as to the amount of gross income. Upon request of the county assessor, the Oklahoma Tax Commission shall assist in verifying the correctness of the amount of ~~said the~~ gross income.

D. For persons sixty-five (65) years of age or older as of March 15 and who have previously qualified for the additional homestead exemption, no annual application shall be required in order to receive the exemption provided by this section; however, any person whose gross household income in any calendar year exceeds the amount specified in this section in order to qualify for the additional homestead exemption shall notify the county assessor and the additional exemption shall not be allowed for the applicable year. Any executor or administrator of an estate within which is included a homestead property exempt pursuant to the provisions of this section shall notify the county assessor of the change in status of the homestead property if such property is not the homestead of a person who would be eligible for the exemption provided by this section.

SECTION 3. AMENDATORY 68 O.S. 1991, Section 2905, is amended to read as follows:

Section 2905. The provisions of Sections ~~104~~ 2904 through ~~111~~ 2911 of this ~~act~~ title shall apply only to persons sixty-five (65) years of age or older or to any totally disabled person, who is head of a household, was a resident of and domiciled in this state during the entire preceding calendar year, and whose gross household income does not exceed the amount of ~~Ten Thousand Dollars (\$10,000.00)~~ Twelve Thousand Dollars (\$12,000.00) for any calendar year. The provisions of these sections shall be

administered by the Oklahoma Tax Commission, which shall devise and furnish appropriate forms for claims, reports of household income, proof of property taxes paid, and such other forms as may be deemed necessary to support claims made pursuant to said sections.

SECTION 4. AMENDATORY 68 O.S. 1991, Section 2906, is amended to read as follows:

Section 2906. ~~Beginning with the year 1992 and for each calendar year thereafter, any~~ Any person sixty-five (65) years of age or older or any totally disabled person, who is the head of a household, a resident of and domiciled in this state during the entire preceding calendar year, and whose gross household income for such year does not exceed ~~Ten Thousand Dollars (\$10,000.00)~~ Twelve Thousand Dollars (\$12,000.00) may file a claim for property tax relief on the amount of property taxes paid on the household occupied by such person during the preceding calendar year. Each head of household shall be allowed to file only one claim per year.

SECTION 5. AMENDATORY 68 O.S. 1991, Section 2915, is amended to read as follows:

Section 2915. A. It shall be the duty of every person subject to taxation under this Code to attend the treasurer's office and pay ~~his~~ taxes; and if any person neglects so to attend and pay ~~his~~ taxes until after they have become delinquent, the treasurer shall collect the same in the manner provided by law. If any person owing taxes, removes from one county to another in this state, the county treasurer shall forward ~~such~~ the tax claim to the treasurer of the county to which ~~such~~ the person has removed, and ~~such~~ the taxes shall be collected by the county treasurer of the latter place as other taxes and returned to the proper county, less legal charges. The county treasurer may visit, in person or by deputy, places other than the county seat for the purpose of receiving taxes. Nothing herein shall be so construed as to prevent an agent of any person subject to taxation from paying ~~his-said~~ the taxes.

B. The county treasurer of each county shall, within thirty (30) days after the tax rolls have been completed and delivered to ~~his~~ the office of the county treasurer by the county assessor, mail to each taxpayer at the taxpayer's last-known address a statement showing separately the amount of all ad valorem taxes assessed against ~~such~~ the taxpayer's real and personal property for the current year and all delinquent taxes remaining unpaid thereon for previous years. It is expressly provided, however, that failure of any taxpayer to receive such statement, or failure of the treasurer to so mail the same, shall not in any way extend the date by which such taxes shall be due and payable nor relieve the taxpayer of the duty and responsibility of paying same as provided by law.

C. The statement required by this section shall contain an explanation of how the ad valorem tax bill is calculated using language so that a person of common understanding would know what is intended. The statement shall also contain an explanation of the manner in which ad valorem taxes are apportioned between the county, school district or other jurisdiction levying ad valorem taxes and shall identify the apportionment of the taxes for the previous year from the previous year's tax payment on the subject property. The Oklahoma Tax Commission shall promulgate rules necessary to implement the provisions of this subsection.

D. It shall be the mandatory duty of the county treasurer to request an appropriation for necessary postage and expense to defray the cost of furnishing taxpayers the statement herein provided and it shall be the mandatory duty of the board of county commissioners and the county excise board to make such appropriation.

SECTION 6. There is hereby created the Joint Legislative Oversight Committee on Local Government Finance and Accountability, the members of which shall be appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The Committee shall oversee the implementation of this act and other recommendations of the Citizens' Advisory Task Force on Property Taxation created in Req. No. 2942Page 7

Senate Joint Resolution No. 21 of the 1st Session of the 45th Oklahoma Legislature. The Committee shall study and make recommendations on further reforms of the intergovernmental finance system to assure that local governmental entities have the capacity to deliver needed services and, if deemed necessary and proper by the taxpayers, to provide an efficient and accountable system of local control. The Committee shall contract with or otherwise request the assistance of public or private entities as may be necessary.

SECTION 7. NONCODIFICATION The provisions of Section 6 of this act shall not be codified in the Oklahoma Statutes.

SECTION 8. Sections 2, 3 and 4 of this act shall become effective January 1, 1997.

SECTION 9. Section 5 of this act shall become effective July 1, 1997.

SECTION 10. Sections 1 and 6 of this act shall become effective July 1, 1996.

SECTION 11. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

45-2-2942

CD