

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

CONFERENCE COMMITTEE  
SUBSTITUTE FOR ENGROSSED  
HOUSE BILL NO. 2071

By: Steidley of the House

and

Williams of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 1991, Section 205, as last amended by Section 12, Chapter 3, O.S.L. 1996 (68 O.S. Supp. 1996, Section 205), which relates to confidential records and files of the Oklahoma Tax Commission; modifying certain exception; modifying certain exception to include information to county assessor; providing for promulgation of rules; deleting obsolete exceptions; amending 68 O.S. 1991, Section 2802, which relates to Ad Valorem Tax Code definitions; modifying definitions; providing for definitions; providing for application of definitions; providing for promulgation of rules; providing for implementation of Constitutional provision; establishing procedure for adding fair cash value of an improvement to existing property; amending 68 O.S. 1991, Sections 2819, 2847, as amended by Section 7, Chapter 57, O.S.L. 1995, 2862, 2863, 2864, and 2889 (68 O.S. Supp. 1996, Section 2847), which relate to the Ad Valorem Tax Code; modifying and updating Constitutional citations; deleting obsolete language; specifying certain assessment percentage; specifying certain assessment ratio; setting forth certain date in which to apply for limit on fair cash value of homestead; providing for application form; providing for definition; providing for procedure and qualifications for limitation; amending 68 O.S. 1991, Section 2915, as amended by Section 5, Chapter 323, O.S.L. 1996 (68 O.S. Supp. 1996, Section 2915), which relates to the duty to pay taxes and statement of taxes due; modifying contents of statement of taxes; modifying agency promulgating certain rules; amending 68 O.S. 1991, Section 3204, which relates to documentary stamps; permitting use of certain rubber stamps; amending 70 O.S. 1991, Section 18-102, which relates to equalized ad valorem assessments; deleting certain recognition and intent of Legislature; providing for codification; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 205, as last amended by Section 12, Chapter 3, O.S.L. 1996 (68 O.S. Supp. 1996, Section 205), is amended to read as follows:

Section 205. A. The records and files of the Oklahoma Tax Commission concerning the administration of the Uniform Tax Procedure Code, Section 201 et seq. of this title, or of any state tax law shall be considered confidential and privileged, except as otherwise provided for by law, and neither the Tax Commission nor any employee engaged in the administration of the Tax Commission or charged with the custody of any such records or files nor any person who may have secured information from the Tax Commission shall disclose any information obtained from ~~said~~ the records or files or from any examination or inspection of the premises or property of any person.

B. Neither the Tax Commission nor any employee engaged in the administration of the Tax Commission or charged with the custody of any such records or files shall be required by any court of this state to produce any of the records or files for the inspection of any person or for use in any action or proceeding, except when the records or files or the facts shown thereby are directly involved in an action or proceeding pursuant to the provisions of Section 201 et seq. of this article title or of the state tax law, or when the determination of the action or proceeding will affect the validity or the amount of the claim of the state pursuant to any state tax law, or when the information contained in the records or files constitutes evidence of violation of the provisions of Section 201 et seq. of this article title or of any state tax law.

C. The provisions of this section shall not prevent the Tax Commission from disclosing the following information and no liability whatsoever, civil or criminal, shall attach to any member of the Tax Commission or any employee thereof for any error or omission in the disclosure of such information:

1. The delivery to a taxpayer or his or her duly authorized representative of a copy of any report or any other paper filed by ~~him or her~~ the taxpayer pursuant to the provisions of the Uniform

Tax Procedure Code, Section 201 et seq. of this title, or of any state tax law;

2. ~~The Oklahoma exchange of information that is not protected by the federal Privacy Protection Act, 42 U.S.C., Section 2000aa et seq., pursuant to reciprocal agreements entered into by the Tax Commission from entering into reciprocal agreements with and other state agencies or agencies of the federal government to exchange any information that is not protected by the federal Privacy Protection Act, 42 U.S.C., Section 2000aa et seq.;~~

3. The publication of statistics so classified as to prevent the identification of a particular report and the items thereof;

4. The examination of ~~said~~ records and files by the State Auditor and Inspector or his or her duly authorized agents;

5. The disclosing of information or evidence to the Attorney General or any district attorney when ~~said~~ the information or evidence is to be used by ~~said~~ such officials to prosecute violations of the criminal provisions of Section 201 et seq. of this article title or of any state tax law. ~~Said~~ Any information disclosed to the Attorney General or any district attorney shall be kept confidential by them and not be disclosed except when presented to a court in a prosecution for violation of the tax laws of this state, and a violation by the Attorney General or district attorney by otherwise releasing the information shall be a felony;

6. The use by any division of the Tax Commission of any information or evidence in the possession of or contained in any report or return filed with any other division of the Tax Commission;

7. The furnishing, at the discretion of the Tax Commission, of any information disclosed by ~~said~~ its records or files to any official person or body of this state, any other state or of the United States who is concerned with the administration or assessment of any similar tax in this state, any other state or the United States. The provisions of this paragraph shall include the furnishing of information by the Tax Commission to a county assessor to determine the amount of gross household income

pursuant to the provisions of Section 8C of Article X of the Oklahoma Constitution or Section 2890 of this title. The Tax Commission shall promulgate rules to give guidance to the county assessors regarding the type of information which may be used by the county assessors in determining the amount of gross household income pursuant to Section 8C of Article X of the Oklahoma Constitution or Section 2890 of this title;

8. The furnishing of information to other state agencies for the limited purpose of aiding in the collection of debts owed by individuals to ~~said~~ such requesting agencies;

9. The furnishing of information requested by any member of the general public and stated in the sworn lists or schedules of taxable property of public service corporations organized, existing, or doing business in this state which are submitted to and certified by the State Board of Equalization pursuant to the provisions of Section 2858 of this title and Section 21 of Article X of the Oklahoma Constitution, provided such information would be a public record if filed pursuant to Sections 2838 and 2839 of this title on behalf of a corporation other than a public service corporation;

10. The furnishing of information requested by any member of the general public and stated in the findings of the Oklahoma Tax Commission as to the adjustment and equalization of the valuation of real and personal property of the counties of the state, which are submitted to and certified by the State Board of Equalization pursuant to the provisions of Section 2865 of this title and Section 21 of Article X of the Oklahoma Constitution;

11. The furnishing of information to an Oklahoma wholesaler of low-point beer, licensed under the provisions of Section 163.1 et seq. of Title 37 of the Oklahoma Statutes, of the licensed retailers authorized by law to purchase low-point beer in this state or the furnishing of information to a licensed Oklahoma wholesaler of shipments by licensed manufacturers into this state;

12. The furnishing of information as to the issuance or revocation of any tax permit, license or exemption by the Tax Commission as provided for by law. Such information shall be

limited to the name of the person issued ~~said~~ the permit, license or exemption, the name of the business entity authorized to engage in business pursuant to ~~said~~ the permit, license or exemption, the address of ~~said~~ the business entity, and the grounds for ~~said~~ revocation;

13. The posting of notice of revocation of any tax permit or license upon the premises of the place of business of any business entity which has had any tax permit or license revoked by the Tax Commission as provided for by law. Such notice shall be limited to the name of the person issued ~~said~~ the permit or license, the name of the business entity authorized to engage in business pursuant to ~~said~~ the permit or license, the address of ~~said~~ the business entity, and the grounds for ~~said~~ revocation;

14. The furnishing of information upon written request by any member of the general public as to the outstanding and unpaid amount due and owing by any taxpayer of this state for any delinquent tax, together with penalty and interest, for which a tax warrant or a certificate of indebtedness has been filed pursuant to law;

15. After the filing of a tax warrant pursuant to law, the furnishing of information upon written request by any member of the general public as to any agreement entered into by the Tax Commission concerning a compromise of tax liability for an amount less than the amount of tax liability stated on such warrant;

16. The disclosure of information necessary to complete the performance of any contract authorized by Sections 255 and 262 of this title to any person with whom the ~~Oklahoma~~ Tax Commission has contracted;

17. The disclosure of information to any person for a purpose as authorized by the taxpayer pursuant to a waiver of confidentiality. The waiver shall be in writing and shall be made upon such form as the Commission may prescribe;

18. The disclosure of information required in order to comply with the provisions of Section 2369 of this title;

19. The disclosure to an employer, as defined in Sections 2385.1 and 2385.3 of this title, of information required in order to collect the tax imposed by Section 2385.2 of this title;

20. The disclosure to a plaintiff of a corporation's last-known address shown on the records of the Franchise Tax Division of the Tax Commission in order for such plaintiff to comply with the requirements of Section 2004 of Title 12 of the Oklahoma Statutes;

~~21. The disclosure to any person as determined by the Commission to be necessary if, pursuant to the provisions of Section 510 of this title, a distributor of motor fuel and diesel fuel is required to sell such fuel on a tax-paid basis;~~

~~22.~~ The disclosure of information directly involved in the resolution of the protest by a taxpayer to an assessment of tax or additional tax or the resolution of a claim for refund filed by a taxpayer, including the disclosure of the pendency of an administrative proceeding involving such protest or claim, to a person called by the Tax Commission as an expert witness or as a witness whose area of knowledge or expertise specifically addresses the issue addressed in the protest or claim for refund. ~~Said~~ Such disclosure to a witness shall be limited to information pertaining to the specific knowledge of that witness as to the transaction or relationship between taxpayer and witness;

~~23.~~ 22. The disclosure of information necessary to implement an agreement authorized by Section 2702 of this title when such information is directly involved in the resolution of issues arising out of the enforcement of a municipal sales tax ordinance. ~~Said~~ Such disclosure shall be to the governing body or to the municipal attorney, if so designated by the governing body;

~~24.~~ 23. The furnishing of information regarding incentive payments made pursuant to the provisions of Sections 3601 through 3609 of this title or incentive payments made pursuant to the provisions of Sections 3501 through 3508 of this title;

~~25.~~ 24. The furnishing to a prospective purchaser of any business, or his or her authorized representative, of information relating to any liabilities, delinquencies, assessments or

warrants of the prospective seller of the business which have not been filed of record, established, or become final and which relate solely to the seller's business. Any disclosure under this paragraph shall only be allowed upon the presentment by the prospective buyer, or ~~his~~ the buyer's authorized representative, of the purchase contract and a written authorization between the parties;

~~26. The notification to the suppliers of a motor fuel distributor who has been required by the Tax Commission to sell motor fuel or diesel fuel on a tax-paid basis pursuant to the provisions of subsection (c) of Section 510 of this title; or~~

~~27.~~ 25. The furnishing of information as to the amount of state revenue affected by the issuance or granting of any tax permit, license, exemption, deduction, credit or other tax preference by the Tax Commission as provided for by law. Such information shall be limited to the type of permit, license, exemption, deduction, credit or other tax preference issued or granted, the date and duration of such permit, license, exemption, deduction, credit or other tax preference and the amount of such revenue. The provisions of this paragraph shall not authorize the disclosure of the name of the person issued such permit, license, exemption, deduction, credit or other tax preference, or the name of the business entity authorized to engage in business pursuant to ~~said~~ the permit, license, exemption, deduction, credit or other tax preference.

D. The Tax Commission shall cause to be prepared and made available for public inspection in the office of the Tax Commission in such manner as it may determine an annual list containing the name and post office address of each person, whether individual, corporate, or otherwise, making and filing an income tax return with the Tax Commission.

It is specifically provided that no liability whatsoever, civil or criminal, shall attach to any member of the Tax Commission or any employee thereof for any error or omission of any name or address in the preparation and publication of ~~said~~ the list.

E. The Tax Commission shall prepare or cause to be prepared an annual report on all provisions of state tax law that reduce state revenue through exclusions, deductions, credits, exemptions, deferrals or other preferential tax treatments. The report shall be prepared not later than November 1 of each year and shall be submitted to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The Tax Commission may prepare and submit supplements to the report at other times of the year if additional or updated information relevant to the report becomes available. The report shall include, for the previous fiscal year, the Tax Commission's best estimate of the amount of state revenue that would have been collected but for the existence of each such exclusion, deduction, credit, exemption, deferral or other preferential tax treatment allowed by law. The Tax Commission may request the assistance of other state agencies as may be needed to prepare the report.

F. It is further provided that the provisions of this section shall be strictly interpreted and shall not be construed as permitting the disclosure of any other information contained in the records and files of the Tax Commission relating to income tax or to any other taxes.

G. Unless otherwise provided for in this section, any violation of the provisions of this section shall constitute a misdemeanor and shall be punishable by the imposition of a fine not exceeding One Thousand Dollars (\$1,000.00) or by imprisonment in the county jail for a term not exceeding one (1) year, or by both ~~said~~ such fine and imprisonment, and the offender shall be removed or dismissed from office.

H. Offenses described in Section 2376 of this title shall be reported to the appropriate district attorney of this state by the Tax Commission as soon as ~~said~~ the offenses are discovered by the Tax Commission or its agents or employees. The Tax Commission shall make available to the appropriate district attorney or to the authorized agent of ~~said~~ the district attorney its records and files pertinent to ~~said~~ prosecutions, and ~~said~~ such records and

files shall be fully admissible as evidence for the purpose of ~~said~~ such prosecutions.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 2802, is amended to read as follows:

Section 2802. As used in Section 2801 et seq. of this Code title:

1. "Accepted standards for mass appraisal practice" means those standards for the collection and analysis of information about taxable properties within a taxing jurisdiction permitting the accurate estimate of fair cash value for similar properties in the jurisdiction either without direct observation of such similar properties or without direct sales price information for such similar properties using a reliable statistical or other method to estimate the values of such properties;

2. "Additional homestead exemption" means the exemption provided by Section ~~90~~ 2890 of this ~~act~~ title;

3. "Assessor" means the county assessor and, unless the context clearly requires otherwise, deputy assessors and persons employed by the county assessor in performance of duties imposed by law;

4. "Assess and value" means to establish the fair cash value of taxable real and personal property pursuant to requirements of law;

5. "Assessed valuation" or "assessed value" means the taxable value of real or personal property either of individual items of personal property or parcels of real property or the aggregate total of such individual taxable items or parcels within a jurisdiction;

6. "Assessment ratio" means the relationship between assessed value and fair cash value for a county or for use categories within a county expressed as a percentage determined in the annual equalization ratio study;

7. "Assessment roll" means a computerized or noncomputerized record required by law to be kept by the county assessor and containing information about property within a taxing jurisdiction;

8. "Assessment year" means the year beginning January 1 of each calendar year and ending on December 31 preceding the following January 1 assessment date;

9. "Circuit breaker" means the form of property tax relief provided by Sections ~~104~~ 2904 through ~~111~~ 2911 of this ~~act~~ title;

10. ~~"Code" means the Ad Valorem Tax Code;~~

~~11.~~ "Class of subjects" means a category of property specifically designated pursuant to provisions of the Oklahoma Constitution for purposes of ad valorem taxation;

11. "Code" means the Ad Valorem Tax Code, Section 2801 et seq. of this title;

12. "Coefficient of dispersion" means a statistical measure of assessment uniformity for a category of property or for all property within a taxing jurisdiction;

13. "Confidence level" means a statistical procedure for determining the degree of reliability for use in reporting the assessment ratio for a taxing jurisdiction;

14. "Cost approach" means a method used to establish the fair cash value of property involving an estimate of current construction cost of improvements, subtracting accrued depreciation and adding the value of land;

15. "County board of equalization" means the board which, upon hearing competent evidence, has the authority to correct and adjust the assessment rolls in its respective county to conform to fair cash value and such other responsibilities as prescribed in Section 2801 et seq. of this Code title;

16. "Equalization" means the process for making adjustments to taxable property values within a county by analyzing the relationships between assessed values and fair cash values in one or more use categories within the county or between counties by analyzing the relationship between assessed value and fair cash value in each county;

17. "Equalization ratio study" means the analysis of the relationships between assessed values and fair cash values in the manner provided by law;

18. "Fair cash value" means the value or price at which a willing buyer would purchase property and a willing seller would sell property if both parties are knowledgeable about the property and its uses and if neither party is under any undue pressure to buy or sell and for real property shall mean the value for the highest and best use for which such property was actually used, or was previously classified for use, during the calendar year next preceding the applicable January 1 assessment date;

19. "Homestead exemption" means the reduction in the taxable value of a homestead as authorized by law;

20. "Income and expense approach" means a method to estimate fair cash value of a property by determining the present value of the projected income stream;

21. "List and assess" means the process by which taxable property is discovered, its description recorded for purposes of ad valorem taxation and its fair cash value and taxable value are established;

22. "Mill" or "millage" means the rate of tax imposed upon taxable value. One (1) mill equals One Dollar (\$1.00) of tax for each One Thousand Dollars (\$1,000.00) of taxable value;

23. "Multiple regression analysis" means a statistical technique for estimating unknown data on the basis of known and available data;

24. "Parcel" means a contiguous area of land described in a single description by a deed or other instrument or as one of a number of lots on a plat or plan, separately owned and capable of being separately conveyed;

25. "Sales comparison approach" means the collection, verification, and screening of sales data, stratification of sales information for purposes of comparison and use of such information to establish the fair cash value of taxable property;

26. "State Board of Equalization" means the Board responsible for valuation of railroad, airline and public service corporation property and the adjustment and equalization of all property values both centrally and locally assessed;

27. "Taxable value" means the percentage of fair cash value ~~whether one hundred percent (100%) or less as required by law,~~ less applicable exemptions, upon which an ad valorem tax rate is levied pursuant to the provisions of Section 8 of Article X of the Oklahoma Constitution;

28. "Use category" means a subcategory of real property, that is either agricultural use, residential use or commercial/industrial use but does not and shall not constitute a class of subjects within the meaning of the Oklahoma Constitution for purposes of ad valorem taxation;

29. "Use value" means the basis for establishing fair cash value of real property pursuant to the requirement of Section 8 of Article X, ~~Section 8~~ of the Oklahoma Constitution; and

30. "Visual inspection program" means the program required in order to gather data about real property from physical examination of the property and improvements in order to establish the fair cash values of properties so inspected at least once each four (4) years and the fair cash values of similar properties on an annual basis.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2802.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution:

1. "Any person" means any person or entity, whether real or artificial, other than the present owner;

2. "Any year when title to the property is transferred, changed, or conveyed to another person or when improvements have been made to the property" means the year next preceding the January 1 assessment date;

3. "Improvement" means a valuable addition made to property amounting to more than normal repairs, replacement, maintenance or upkeep; and

4. "Transfers, change or conveyance of title" means all types of transfers, changes or conveyances of any interest, whether

legal or equitable. However, "transfers, change or conveyance of title" shall not include the following:

- a. deeds recorded prior to January 1, 1996,
- b. deeds which secure a debt or other obligation,
- c. deeds which, without additional consideration, confirm, correct, modify or supplement a deed previously recorded,
- d. deeds between husband and wife, or parent and child, or any persons related within the second degree of consanguinity, without actual consideration therefor, or deeds between any person and an express revocable trust created by such person or such person's spouse,
- e. deeds of release of property which is security for a debt or other obligation,
- f. deeds of partition, unless, for consideration, some of the parties take shares greater in value than their undivided interests,
- g. deeds made pursuant to mergers of partnerships, limited liability companies or corporations,
- h. deeds made by a subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock, or
- i. any deed executed pursuant to a foreclosure proceeding in which the grantee is the holder of a mortgage on the property being foreclosed, or any deed executed pursuant to a power of sale in which the grantee is the party exercising such power of sale or any deed executed in favor of the holder of a mortgage on the property in consideration for the release of the borrower from liability on the indebtedness secured by such mortgage except as to cash consideration paid.

B. This section shall be applied effective from the date of the passage of Section 8B of Article X of the Oklahoma Constitution.

C. The Oklahoma Tax Commission shall promulgate rules necessary to implement Section 8B of Article X of the Oklahoma Constitution and this section.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2817.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution, the fair cash value of locally assessed real property shall not be automatically increased five percent (5%) each year, the five-percent limitation on the increase in the fair cash value shall not be cumulative, and the five-percent limitation shall not be considered as a twenty-percent increase every four (4) years.

B. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution, improvements made to locally assessed real property shall be assessed in accordance with law by the county assessor based on the fair cash value of the improvement. The assessed value of the improvement shall then be added to the existing assessed value of the property. The existing property shall continue to be subject to the five-percent limitation on the increase in valuation as set forth in Section 8B of Article X of the Oklahoma Constitution. Except when title to the property is transferred, changed, or conveyed to another person as defined in Section 3 of this act, and in accordance with Legislative intent as set forth in subsection A of this section, under no circumstances shall the fair cash value of the existing property increase by more than five percent (5%) in any taxable year.

SECTION 5. AMENDATORY 68 O.S. 1991, Section 2819, is amended to read as follows:

Section 2819. Taxable values of real and personal property shall be established in accordance with the requirements of Sections 8, 8B and 8C of Article X, ~~Section 8~~ of the Oklahoma Constitution. The county assessor shall determine the taxable

value of all taxable property that the assessor is required by law to assess and value and shall determine such taxable value in accordance with the requirements of Sections 8, 8B and 8C of Article X, ~~Section 8~~ of the Oklahoma Constitution.

SECTION 6. AMENDATORY 68 O.S. 1991, Section 2847, as amended by Section 7, Chapter 57, O.S.L. 1995 (68 O.S. Supp. 1996, Section 2847), is amended to read as follows:

Section 2847. A. The property of all railroads, air carriers and public service corporations shall be assessed annually by the State Board of Equalization at its fair cash value estimated at the price it would bring at a fair voluntary sale.

B. Taxable values of real and personal property of all railroads, air carriers and public service corporations shall be established in accordance with the requirements of Section 8 of Article X, ~~Section 8~~ of the Oklahoma Constitution. The State Board of Equalization shall determine the taxable value of all taxable property that the Board is required by law to assess and value, and shall determine such taxable value in accordance with the requirements of Section 8 of Article X, ~~Section 8~~ of the Oklahoma Constitution.

C. The percentage of fair cash value for real and personal property of railroads, air carriers and public service corporations required by the Oklahoma Constitution to be taxable, ~~if less than one hundred percent (100%), shall be selected by the State Board of Equalization~~ the percentage at which it was assessed on January 1, 1996, in accordance with the provisions of paragraph 3 of subsection A of Section 8 of Article X of the Oklahoma Constitution, and, subject to the requirements of federal law, shall be uniformly applied to calculate the taxable values of public service corporation property within the state for the applicable assessment year.

SECTION 7. AMENDATORY 68 O.S. 1991, Section 2862, is amended to read as follows:

Section 2862. A. The members of the county board of equalization for each county in the state, before entering upon

their duties, shall subscribe to the oath required of other county officers.

B. Each member of the county board of equalization ~~holding office on or after January 1, 1991,~~ shall be required to attend and successfully complete a course for purposes of instructing the members about the duties imposed on the board by law. The course shall be developed by the Oklahoma State University Center for Local Government Technology and shall include subjects similar to those prescribed by law for certification of county assessors and their deputies. Failure of a county board of equalization member to successfully complete such course within eighteen (18) months of the date as of which the member was appointed shall result in forfeiture of the office and the vacancy shall be filled in the manner provided by law.

C. The members of ~~said~~ county boards of equalization in all counties having an assessed valuation of Fifty Million Dollars (\$50,000,000.00) or more shall receive reimbursement for expenses at the rate of Twenty-five Dollars (\$25.00) per day in addition to compensation for their services at the rate of Twenty-five Dollars (\$25.00) per day. Members of boards in all other counties may receive as compensation an amount not to exceed Fifty Dollars (\$50.00) per day, ~~said~~ such amount to be established by the boards.

~~D. If the net assessed valuation of a county is established based upon a system in which one hundred percent (100%) of fair cash value, prior to exemption, is taxable, the dollar amount of net assessed value prescribed by subsection C of this section shall be Five Hundred Million Dollars (\$500,000,000.00).~~

~~E.~~ All reimbursement for expenses in addition to compensation, upon certificates of the county clerk, shall be paid in like manner as the salaries of other county officials are paid. In addition, the members of ~~said~~ county boards of equalization residing outside of the county seat shall be reimbursed for each mile of travel to and from their residences to the place of meeting of ~~said~~ the board for each session attended at the rate provided for other county officers. The members ~~of said boards~~

shall ~~be~~ also be reimbursed for each mile of necessary travel in the performance of their official duties at the same rate.

~~F.~~ E. The total number of days in each year for which the members of ~~said~~ a county board of equalization may be paid shall be as follows:

1. In counties having an assessed valuation of Forty Million Dollars (\$40,000,000.00) ~~and~~ or less, not to exceed forty (40) days;

2. In counties having an assessed valuation of more than Forty Million Dollars (\$40,000,000.00) and not more than Eighty Million Dollars (\$80,000,000.00), not to exceed forty-five (45) days; and

3. In counties having an assessed valuation of more than Eighty Million Dollars (\$80,000,000.00), not to exceed ninety (90) days.

~~G. If the assessed valuation of a county is established based upon a system in which one hundred percent (100%) of fair cash value, prior to exemption, is taxable, the amounts specified in paragraphs 1 through 3 of subsection F of this section shall be as follows:~~

~~1. Paragraph 1 of subsection F shall be Four Hundred Million Dollars (\$400,000,000.00);~~

~~2. Paragraph 2 of subsection F shall be Four Hundred Million Dollars (\$400,000,000.00) and Eight Hundred Million Dollars (\$800,000,000.00);~~

~~3. Paragraph 3 of subsection F shall be Eight Hundred Million Dollars (\$800,000,000.00).~~

SECTION 8. AMENDATORY 68 O.S. 1991, Section 2863, is amended to read as follows:

Section 2863. A. The county boards of equalization shall hold sessions commencing on April 1, or the first working day thereafter, and ending not later than May 31, for the purpose of correcting and adjusting the assessment rolls in their respective counties to conform to the fair cash value of the property assessed, as defined by law. ~~In~~ However, in counties having an assessed valuation in excess of One Billion Dollars

(\$1,000,000,000.00), ~~said~~ sessions shall commence on the fourth Monday in January and end not later than May 31. If the number of protests pending ~~of said date~~ would in the estimation of the board make it impracticable for the county board of equalization to complete hearing and adjudication of such protests on or before May 31, a special session may be called, for such time as is necessary to complete consideration of ~~said~~ the protests, subject to the approval of the county budget board, between June 1 and no later than July 31. Such approval of the county budget board must be requested no later than May 15. The county board of equalization may meet in special session between March 1 and ~~through~~ March 31 for the purpose of considering protests pending ~~at~~ on or before the date of notice of such special session, if the number of protests pending ~~of said date~~ would in the estimation of the board make it impracticable for the county board of equalization to complete hearing and adjudication of such protests on or before May 31. At any such special session called between March 1 and March 31, ~~said~~ the board shall conduct no other business than the hearing or adjudication of such protests pending pursuant to the provisions of Section 2801 et seq. of this Code title. Except for special sessions, the meetings of each board shall be called by the ~~chairman~~ chair or, in the event of the refusal or inability of the ~~chairman~~ chair, by a majority membership of ~~said~~ the board. The secretary of the board of equalization shall fix the dates of the extended special session hearings provided for in this section.

B. It shall be the duty of ~~said~~ the boards and they shall have the authority to:

1. ~~raise~~ Raise or lower appraisals to conform to the fair cash value of ~~said~~ the property, as defined by law in response to a protest filed as prescribed by law; ~~and~~
2. ~~add~~ Add omitted property; ~~and~~
3. ~~cancel~~ Cancel assessments of property not taxable; and
4. ~~hear~~ Hear all grievances and protests filed with the board secretary as outlined in Section 2877 of this title.

C. It shall be the duty of each county board of equalization to cooperate with and assist the county assessor in performing the duties imposed upon ~~said~~ the assessor by the provisions of Section 2840 of this title, to the end that the records required by the provisions of such section shall be fully and accurately prepared and maintained and shall reflect the assessed valuations of the real property of the county. After ~~said~~ such records have been prepared and the assessed valuations adjusted in accordance with the provisions of this section, the county board of equalization shall not raise or lower the assessed valuation of any parcel or tract of real estate without hearing competent evidence justifying such change or until at least one member of ~~said~~ the board or a person designated by the board has made a personal inspection of such property and submitted a written report to the board. In no event shall any such change be made by the county board of equalization if such change would be inconsistent with the equalized value of other similar property in the county.

D. In counties with a net assessed valuation in excess of Five Hundred Million Dollars (\$500,000,000.00), the county board of equalization may, subject to the approval of the county budget board, appoint sufficient hearing officers to assist in the hearing of protests filed before the county board of equalization. Such hearing officers shall be knowledgeable in the field of mass appraisal, real estate or related experience. Hearing officers shall receive the same compensation as county board of equalization members. The secretary of the county budget board shall appoint such personnel necessary to assist the hearing officers in the performance of their duties.

Such hearing officers shall review protests assigned to them by the board of equalization, hold hearings, receive testimony from the taxpayer and county assessor and submit a written recommendation to the county board of equalization as to the fair market value of the protested property. Upon submission of the hearing officer's written recommendation, the county board of equalization shall take final action on the protest by either adopting, amending or rejecting the final report. The county

board of equalization may also re-hear the protest itself, request additional testimony from the taxpayer or county assessor or request additional review by a hearing officer.

All proceedings before any hearing officer shall be subject to the provisions of the Oklahoma Open Records Act and the Oklahoma Open ~~Meetings~~ Meeting Act.

~~E. If the net assessed valuation of a county is established based upon a system in which one hundred percent (100%) of fair cash value, prior to exemption, is taxable, the dollar amount of Five Hundred Million Dollars (\$500,000,000.00) prescribed in this section shall be Five Billion Dollars (\$5,000,000,000.00).~~

SECTION 9. AMENDATORY 68 O.S. 1991, Section 2864, is amended to read as follows:

Section 2864. A. The Governor, State Auditor and Inspector, State Treasurer, Lieutenant Governor, Attorney General, Superintendent of Public Instruction and President of the Board of Agriculture shall constitute the State Board of Equalization, and the State Board of Equalization must hold a session at the Capitol of the state, commencing at ten o'clock a.m. on December 1, or the first working day thereafter, of each year for the purpose of equalizing the taxable property values of the several counties for the next following assessment year. The State Auditor and Inspector shall notify all other members of ~~said the~~ the Board of the time and place of ~~said the~~ the annual session as herein required. The Governor shall serve as ~~chairman~~ chair and the State Auditor and Inspector shall serve as secretary of ~~said the~~ the Board, and a ~~vice-chairman~~ vice-chair shall be elected from the other members. In case of the absence or failure of ~~said chairman~~ the chair and secretary, or either of them, to so act on the statutory meeting date, any four or more members thereof shall proceed on ~~said such~~ such date to conduct the Board's session and carry on its work as herein required. Any official action by ~~said the~~ the Board shall require approval by a majority of all members of the Board.

B. It shall be the duty of ~~said the~~ the State Board to examine the various county assessments and to equalize, correct and adjust the same as between and within the counties by determining the

ratio of the aggregate assessed value of the property or any class thereof, in any or all of them, to the fair cash value thereof as herein defined, and to order and direct the assessment rolls of any county in this state to be so corrected as to adjust and equalize the valuation of the real and personal property among the several counties during the next succeeding assessment year.

C. In determining the assessment ratio for all air carrier property and all railroad property, the State Board shall ~~only consider the ratio of the aggregate assessed value to the fair cash value of the locally assessed commercial/industrial real property of the state~~ be subject to the provisions of paragraph 3 of subsection A of Section 8 of Article X of the Oklahoma Constitution.

D. In order to equalize, correct and adjust the various county assessments within the counties as required by this section, the State Board of Equalization shall analyze the relationship between the assessed value and the fair cash value for each use category of real property and separately analyze the relationship between the assessed value and the fair cash value for the agricultural use category, the residential use category and the commercial/industrial use category. ~~If Article X, Section 8 of the Oklahoma Constitution provides for a system in which less than one hundred percent (100%) of value is taxable, the~~ The State Board of Equalization shall order any increase or decrease determined by the State Board of Equalization to be necessary for equalization of property values within the county, including, but not limited to, the authority to require an assessment ratio for a use category bearing a specific relationship to the percentage used to determine taxable value of real property in the county for the applicable assessment year pursuant to the provisions of Section 8 of Article X of the Oklahoma Constitution. ~~If Article X, Section 8 of the Oklahoma Constitution provides for a system in which one hundred percent (100%) of value is taxable, the State Board of Equalization shall make such order as authorized by Article X, Section 8 of the Oklahoma Constitution.~~

E. The State Board of Equalization shall equalize, correct and adjust the various county assessments as between the counties as required by this section by ordering any increase or decrease required as prescribed by this subsection. ~~If Article X, Section 8 of the Oklahoma Constitution provides for a system in which less than one hundred percent (100%) of value is taxable, the~~ The State Board of Equalization shall order any increase or decrease required to comply with the minimum or maximum acceptable assessment ratio in effect for the applicable assessment year pursuant to the provisions of Section 8 of Article X of the Oklahoma Constitution. ~~If Article X, Section 8 of the Oklahoma Constitution provides for a system in which one hundred percent (100%) of value is taxable, the State Board of Equalization shall order any increase or decrease required to ensure that the assessment ratio for any county is not less than ninety-two percent (92%) and not greater than one hundred percent (100%) as provided by Article X, Section 8 of the Oklahoma Constitution.~~

SECTION 10. AMENDATORY 68 O.S. 1991, Section 2889, is amended to read as follows:

Section 2889. Homesteads, as defined in Section ~~88~~ 2888 of this ~~act~~ title, are hereby classified for the purpose of taxation as provided in Section 22, of Article X of, ~~and subsequent amendments to,~~ the Oklahoma Constitution of the State of Oklahoma; ~~and all.~~ All homesteads in this state shall be assessed for taxation the same as other real property therein, except that each homestead, as defined by Section 2801 et seq. of this Code title, shall be exempted from all forms of ad valorem taxation to the extent of One Thousand Dollars (\$1,000.00) of the assessed valuation thereof, ~~as hereinafter provided. 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 shall be exempted from all forms of ad valorem taxation to the extent of Ten Thousand Dollars (\$10,000.00) of the assessed valuation thereof.~~

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2890.1 of Title 68, Req. No. 7763Page 22

unless there is created a duplication in numbering, reads as follows:

A. The application for a limit on the fair cash value of homestead property as provided for in Section 8C of Article X of the Oklahoma Constitution shall be made before March 15. The application shall be made upon a form prescribed by the Oklahoma Tax Commission, which shall require the taxpayer to certify as to the amount of gross household income. As used in Section 8C of Article X of the Oklahoma Constitution, "gross household income" shall be as defined in Section 2890 of Title 68 of the Oklahoma Statutes. Upon request of the county assessor, the Oklahoma Tax Commission shall assist in verifying the correctness of the amount of the gross income.

B. For persons who have previously qualified for the limitation on the fair cash value of homestead property as provided for in Section 8C of Article X of the Oklahoma Constitution, no annual application shall be required in order to be subject to the limitation. However:

1. Any such person whose gross household income in any calendar year exceeds Twenty-five Thousand Dollars (\$25,000.00) shall notify the county assessor and the limitation shall not be allowed for the applicable year; and

2. Any such person who makes improvements to the property shall notify the county assessor and the improvements shall be assessed in accordance with law by the county assessor and added to the assessed value of the property as provided in Section 8C of Article X of the Oklahoma Constitution.

C. Any executor or administrator of an estate within which is included a homestead property subject to the limitation of the fair cash value of homestead property as provided for in Section 8C of Article X of the Oklahoma Constitution 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 limitation of the fair cash value of homestead property.

SECTION 12. AMENDATORY 68 O.S. 1991, Section 2915, as amended by Section 5, Chapter 323, O.S.L. 1996 (68 O.S. Supp. 1996, Section 2915), is amended to read as follows:

Section 2915. A. It shall be the duty of every person subject to taxation under ~~this~~ the Ad Valorem Tax Code, Section 2801 et seq. of this title, to attend the treasurer's office and pay taxes~~;~~ and and if any person neglects ~~se~~ to attend and pay 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 the tax claim to the treasurer of the county to which the person has removed, and 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 the taxes.

B. The county treasurer of each county shall, within thirty (30) days after the tax rolls have been completed and delivered to 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 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~~ current year ~~from the previous year's tax payment~~ on the subject property. The ~~Oklahoma Tax Commission~~ State Auditor and Inspector 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 13. AMENDATORY 68 O.S. 1991, Section 3204, is amended to read as follows:

Section 3204. A. The Oklahoma Tax Commission shall design such stamps in such denominations as in its judgment it deems necessary for the administration of this tax. The Oklahoma Tax Commission shall distribute the stamps to the county clerks of the counties of ~~the State of Oklahoma~~ this state, and ~~said~~ the county clerks shall have the responsibility of selling these stamps and shall have the further duty of accounting for the stamps to the Oklahoma Tax Commission on the last day of each month. Stamp metering machines or rubber stamps as prescribed by the Oklahoma Tax Commission may be used by the county clerk, and the expenses thereof shall be paid by the county concerned. The use of meters ~~will~~ or rubber stamps shall be governed by the Oklahoma Tax Commission.

B. The county clerks shall account for all collections from the sales of such tax stamps to the Oklahoma Tax Commission, on the last day of each month. The first fifty-five cents (\$0.55) of each seventy-five cents (\$0.75) collected shall be apportioned as follows:

1. The county clerks shall retain five percent (5%) of all monies collected for such stamps as their cost of administration and shall pay the same into the county general fund.

2. The remaining ninety-five percent (95%) of the collections shall be transferred by the Oklahoma Tax Commission to the General Revenue Fund of the State Treasury to be expended pursuant to legislative appropriation.

C. The remaining twenty cents (\$0.20) of each seventy-five cents (\$0.75) collected shall be paid into the county general fund.

SECTION 14. AMENDATORY 70 O.S. 1991, Section 18-102, is amended to read as follows:

Section 18-102. ~~The Legislature recognizes that it would be unfair to the taxpaying citizens of the state to base a system of state financial aid to schools upon the amounts of local ad valorem taxes collected for education as this act does without equalizing ad valorem assessments throughout the state. It is the intention of the Legislature to equalize ad valorem assessments so that every parcel and item of taxable property in the state will be assessed at the same percentage of its fair cash value. To provide the information necessary for the accomplishment of this goal of equalization the~~ The following procedure is hereby established-;

1. At the time a deed or other instrument of conveyance is presented to the county clerk for filing, the clerk will present to the grantee a form to be mailed within fifteen (15) days to the Oklahoma Tax Commission on which the grantee will state the consideration paid. ~~Said~~ The statement shall not be revealed to the county clerk, county assessor, nor any other official, but ~~is~~ ~~to~~ shall be mailed direct to ~~said~~ the Tax Commission where the information will be treated as confidential and privileged. The purpose of the reports is ~~so that said~~ to provide the Tax Commission ~~may have said~~ with information necessary to prepare statistics showing the sales assessment ratio in each county-;

2. The county clerk will forward to the Tax Commission each ninety (90) days a report showing each conveyance transaction in ~~their~~ the county for ~~said~~ such period of time listing the name and address of the grantee and the description of the property involved-; and

3. If the consideration is not a total cash transaction, the grantee will show the cash consideration paid and the amount of any mortgage assumed or owed on the form, which will be prepared by the Tax Commission. ~~Said~~ The form shall have a proviso as follows: "If the above consideration which was paid does not represent the true market value of the property involved, please state why." This will give the grantee the right to state in his or her own words the reason why ~~he~~ the grantee might have paid more than the actual or usual price for the property involved. The Tax Commission shall use the information collected for no other reason than to prepare statistical information on each county and school district, to be presented to the Oklahoma Legislature. In preparing these statistical tables for each county, the Tax Commission will not use as a basis for ~~their~~ ratios, land sold for industrial use, for development purposes or highway purchases, as regards the value of the balance of adjacent lands of the grantor.

SECTION 15. 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.

46-1-7763

JAF