

ENGROSSED HOUSE
BILL NO. 2075

By: Steidley of the House
and
Williams of the Senate

(revenue and taxation - amending 68 O.S., Sections 2802,
2819 and 3204 - ad valorem taxes - real and personal
property - codification - emergency)

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

SECTION 1. 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 2. 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:

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 or a betterment in its condition, amounting to more than mere repairs or replacement of waste, costing labor or capital, and intended to enhance its value, beauty, utility or income or to adapt it for a new or further purpose;

4. "Increased value to the property as a result of improvement" means the new fair cash value of the entire property including the improvement; and

5. "Transfers, change or conveyance of title" means all types of transfers, changes or conveyances of any interest, whether legal or equitable, except those between existing joint tenants or termination of a joint tenancy or life tenancy pursuant to the

provisions of Section 912 of Title 58 of the Oklahoma Statutes or those conveyances of real property to revocable express trusts.

SECTION 3. 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 4. 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 5. 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.

Passed the House of Representatives the 11th day of March, 1997.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1997.

President of the Senate