

ENGROSSED HOUSE
BILL NO. 2077

By: Steidley of the House

and

Williams of the Senate

(revenue and taxation - amending 68 O.S., Section 2847 -
ad valorem taxes - percentage of fair cash value -
codification - emergency)

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 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 2. 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 3. 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 Board of the time and place of ~~said~~ 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 Board, and a ~~vice-chairman~~ vice-chair shall be elected from the other members. In case of the absence or failure of ~~said~~ the ~~chairman~~ 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 date to conduct the Board's session and carry on its work as herein required. Any official action by ~~said~~ the Board shall require approval by a majority of all members of the Board.

B. It shall be the duty of ~~said~~ 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 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2889.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

In every county which approves an exemption from ad valorem taxation of household goods of the heads of families and livestock employed in support of the family pursuant to the provisions of Section 6 of Article X of the Oklahoma Constitution, a supplemental homestead exemption of Two Hundred Dollars (\$200.00) of the assessed valuation is granted to all enlisted and commissioned personnel, whether on active duty or honorably discharged, who served in the U.S. Armed Forces. The surviving spouse of the person entitled to such an exemption shall be entitled to the exemption upon the death of the person.

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