

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 HOUSE BILL 1338

By: Bailey

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2001, Sections 2802, as amended by Section 3,
9 Chapter 116, O.S.L. 2005 and 2803 (68 O.S. Supp.
10 2008, Section 2802), which relate to the Ad Valorem
11 Tax Code; modifying definitions; modifying provisions
12 related to classification of property; and providing
13 an effective date.

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

15 SECTION 1. AMENDATORY 68 O.S. 2001, Section 2802, as
16 amended by Section 3, Chapter 116, O.S.L. 2005 (68 O.S. Supp. 2008,
17 Section 2802), is amended to read as follows:

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

19 1. "Accepted standards for mass appraisal practice" means those
20 standards for the collection and analysis of information about
21 taxable properties within a taxing jurisdiction permitting the
22 accurate estimate of fair cash value for similar properties in the
23 jurisdiction either without direct observation of such similar
24 properties or without direct sales price information for such

1 similar properties using a reliable statistical or other method to
2 estimate the values of such properties;

3 2. "Additional homestead exemption" means the exemption
4 provided by Section 2890 of this title;

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

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

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

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

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

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

1 9. "Circuit breaker" means the form of property tax relief
2 provided by Sections 2904 through 2911 of this title;

3 10. "Class of subjects" means a category of property
4 specifically designated pursuant to provisions of the Oklahoma
5 Constitution for purposes of ad valorem taxation;

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

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

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

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

18 15. "County board of equalization" means the board which, upon
19 hearing competent evidence, has the authority to correct and adjust
20 the assessment rolls in its respective county to conform to fair
21 cash value and such other responsibilities as prescribed in Section
22 2801 et seq. of this title;

23 16. "Equalization" means the process for making adjustments to
24 taxable property values within a county by analyzing the

1 relationships between assessed values and fair cash values in one or
2 more use categories within the county or between counties by
3 analyzing the relationship between assessed value and fair cash
4 value in each county;

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

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

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

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

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

1 22. "Managed timber property" means trees, either naturally
2 growing or intentionally planted upon real property, having a
3 commercial value and which are capable of being severed from the
4 real property by a business entity for purposes of manufacturing
5 paper, furniture, or other wood products or products derived from
6 the severed timber. As used in this paragraph, only trees located
7 upon real property owned by a lawfully recognized business entity
8 shall be considered managed timber property. Trees located upon
9 real property owned by a natural person or persons shall not be
10 considered managed timber property;

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

14 ~~23.~~ 24. "Multiple regression analysis" means a statistical
15 technique for estimating unknown data on the basis of known and
16 available data;

17 ~~24.~~ 25. "Parcel" means a contiguous area of land described in a
18 single description by a deed or other instrument or as one of a
19 number of lots on a plat or plan, separately owned and capable of
20 being separately conveyed;

21 ~~25.~~ 26. "Sales comparison approach" means the collection,
22 verification, and screening of sales data, stratification of sales
23 information for purposes of comparison and use of such information
24 to establish the fair cash value of taxable property;

1 ~~26.~~ 27. "State Board of Equalization" means the Board
2 responsible for valuation of railroad, airline and public service
3 corporation property and the adjustment and equalization of all
4 property values both centrally and locally assessed;

5 ~~27.~~ 28. "Taxable value" means the percentage of fair cash
6 value, less applicable exemptions, upon which an ad valorem tax rate
7 is levied pursuant to the provisions of Section 8 of Article X of
8 the Oklahoma Constitution;

9 ~~28.~~ 29. "Taxable fair cash value" means the actual fair cash
10 value of locally assessed real property as capped by Section 8B of
11 Article X of the Oklahoma Constitution;

12 ~~29.~~ 30. "Use category" means a subcategory of real property,
13 that is either agricultural use, residential use or
14 commercial/industrial use but does not and shall not constitute a
15 class of subjects within the meaning of the Oklahoma Constitution
16 for purposes of ad valorem taxation;

17 ~~30.~~ 31. "Use value" means the basis for establishing fair cash
18 value of real property pursuant to the requirement of Section 8 of
19 Article X of the Oklahoma Constitution; and

20 ~~31.~~ 32. "Visual inspection program" means the program required
21 in order to gather data about real property from physical
22 examination of the property and improvements in order to establish
23 the fair cash values of properties so inspected at least once each
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1 four (4) years and the fair cash values of similar properties on an
2 annual basis.

3 SECTION 2. AMENDATORY 68 O.S. 2001, Section 2803, is
4 amended to read as follows:

5 Section 2803. A. The Legislature, pursuant to authority of
6 Article X, Section 22 of the Oklahoma Constitution, hereby
7 classifies the following types of property for purposes of ad
8 valorem taxation:

9 1. Real property;

10 2. Personal property, except as provided in paragraph 3 of this
11 subsection;

12 3. Personal property which is household goods of the head of
13 families and livestock employed in support of the family in those
14 counties which have exempted such property pursuant to subsection
15 (b) of Section 6 of Article X of the Oklahoma Constitution;

16 4. Public service corporation property; ~~and~~

17 5. Railroad and air carrier property; and

18 6. Managed timber property owned by a lawfully recognized
19 business entity.

20 B. ~~Valuation~~ Except as provided by subsection D of this
21 section, valuation of each class of subjects shall be made by a
22 method appropriate for each class or any subclass thereof, as
23 established by the Ad Valorem Division of the Oklahoma Tax
24 Commission.

1 C. Classification as provided by this section shall require
2 uniform treatment of each item within a class or any subclass as
3 provided in Article X, Section 5 of the Oklahoma Constitution.

4 D. Managed timber property may be valued using:

5 1. A combination of comparable sales of parcels of real
6 property consisting of managed timber, whether such sales occur
7 within or without the state;

8 2. An income and expense methodology;

9 3. A modification of the soil productivity index used by the Ad
10 Valorem Division of the Oklahoma Tax Commission and made available
11 to the county assessor; or

12 4. All of the methods described by paragraphs 1 through 3 of
13 this subsection.

14 E. The Cooperative Extension Service of Oklahoma State
15 University in conjunction with the Center for Local Government
16 Technology shall modify the soil productivity data used by county
17 assessors in a manner that reflects the commercial use of managed
18 timber property.

19 SECTION 3. This act shall become effective January 1, 2010.

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