STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

HOUSE BILL 2718

By: Reynolds

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2802, which relates to the Ad Valorem Tax Code; modifying definition of actual fair cash value; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2802, is amended to read as follows:

Section 2802. As used in Section 2801 et seq. of this 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 2890 of this 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 actual and taxable 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 taxable 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 2904 through 2911 of this title;
10. "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 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. "Actual 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, but “actual fair cash value” shall not exceed the consideration paid by a buyer whether the buyer acquires title to the property directly from the seller or whether the buyer purchases the property through a judicially ordered sale;

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 actual fair cash value and taxable fair
cash 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,
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. "Taxable fair cash value" means the actual fair cash value of locally assessed real property as capped by Section 8B of Article X of the Oklahoma Constitution;

29. "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;

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

31. "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. This act shall become effective January 1, 2013.