STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

HOUSE BILL 2543 By: Cox

AS INTRODUCED

An Act relating to revenue and taxation; authorizing county assessor to use digital imaging technology; providing for effect of digital imaging technology with respect to visual inspection requirements; specifying technical requirements; providing for use of results in computer assisted mass appraisal; providing for use of information from permitting process; amending 68 O.S. 2011, Sections 2820 and 2821, which relate to visual inspection requirements; and providing an effective date.

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 2821.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The county assessor may employ digital image technology tools to perform the function required by Sections 2820 and 2821 of Title 68 of the Oklahoma Statutes. The use of the digital imaging technology tools as described by this section may fulfill the requirements of visual inspection.

B. The digital technology shall consist of:

1. High-resolution street-view images (at a sub-inch pixel resolution) that enables quality grade and physical condition to be verified, updated at least once each six (6) years;

2. Orthophoto images with a minimum of six-inch (6") pixel resolution in urban or suburban areas and twelve-inch (12") pixel resolution in rural areas, updated every two years in rapid growth areas or at least once every six years in slow growth areas; and

3. Low level oblique images capable of being used for measurement verification with four cardinal directions, minimum six-inch (6") pixel resolution in urban or suburban areas and twelve-inch (12") pixel resolution in rural areas, updated every two years in rapid growth areas or every six years in slow growth areas;

B. The imaging technology described in subsection A of this section shall be used to validate data gathered as part of computer-assisted mass appraisal for the county and shall incorporate change detection software that compares building dimension data in the computer-assisted mass appraisal system to georeferenced imagery or remote sensing data from sources such as Light Detection and Ranging (LiDAR) and identify potential computer-assisted mass appraisal sketch discrepancies for further investigation.

C. Changes to interior characteristics may be monitored on a regular and cyclical basis.

D. The imaging technology tools described by this section shall be used in conjunction with information obtained through the permitting process where available.

E. Personnel assigned to visual inspections tasks by the county assessor should visit assigned areas on an annual basis to observe changes in neighborhood condition, trends and property characteristics. A physical inspection is recommended when significant construction changes are detected, a property is sold or is affected by catastrophic damage.

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2820, is amended to read as follows:

Section 2820. A. ~~Each~~ Except as provided by Section 1 of this act, each county assessor shall conduct a comprehensive program for the individual visual inspection of all taxable property within his respective county. Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years.

B. The first cycle of visual inspections for property shall begin upon January 1, 1991, as prescribed by Section 2481.1 of Title 68 of the Oklahoma Statutes, and shall end upon December 31, 1994. Thereafter, each succeeding four-year cycle for visual inspections shall begin upon January 1 of the year following the fourth year of

the preceding cycle and shall end upon December 31 of the applicable four-year cycle. The county assessor shall utilize the standard parcel identification system required by law to assign each parcel of real property a unique identification code or number. The code or number shall be used to ensure that the inspection sequence for real property results in a visual inspection of each parcel at least once each four (4) years. Each successor of the county assessor shall use the same cycle as used by the assessor's predecessor in office for visual inspections of property.

C. Prior to the beginning of the first visual inspection cycle and each subsequent visual inspection cycle, the county assessor shall develop a plan that details the number of real property parcels to be inspected in each year of the cycle by use category, geographic area or other basis, the resources and budget proposed to complete the inspections and the valuation methodology to be used in determining the fair cash value of the real property and improvements thereon. The plan shall be adequate to ensure the visual inspection of all parcels of real property within the county at least once each four (4) years. The plan shall also be adequate to ensure that the information collected from the visual inspection of real property each year is sufficient to establish a representative sample from each use category in order to conduct the proper valuation of all taxable property within each use category by means of an accepted standard for mass appraisal practice. The

county assessor shall submit the proposed plan to the Oklahoma Tax Commission by the first working day in October preceding the beginning of the four-year cycle. The Oklahoma Tax Commission shall either approve the plan if the plan and resources are adequate to complete the cycle and if the plan will result in a representative sample from each use category in order to value all taxable property each year or shall correct and modify the plan in order to establish a program for visual inspection that will be completed by the end of the cycle and that will provide a representative sample from each use category in order to value all taxable property each year. An approved plan shall be made for each county as of the beginning date of each cycle and a copy of such plan shall be filed with the Oklahoma Tax Commission.

D. Each year the county assessor shall submit a progress report to the Oklahoma Tax Commission indicating the number of real property parcels inspected by use category, geographic area or other basis, the resources and budget expended in the last completed fiscal year and the valuation methodology used to determine fair cash values of the real property and improvements. The Oklahoma Tax Commission shall correct and modify any visual inspection plan during the four-year cycle if progress reports indicate that inspection of real property parcels will not be completed or will be performed in violation of legal requirements for such inspections.

The county assessor shall be required to complete the four-year cycle in accordance with such plan as corrected and modified.

E. Each county assessor shall prepare and submit to the Oklahoma Tax Commission a detailed report of the progress made in the visual inspection program in his county to the date of the report and it shall be made a matter of public record. Such report shall be submitted upon forms supplied by the Oklahoma Tax Commission and shall consist of such information as the Oklahoma Tax Commission requires. The progress report shall be submitted not later than October 15 each year or the first working day thereafter. Based in part on all such county progress reports, the Oklahoma Tax Commission shall prepare its own report from all sources and transmit a copy of its own report to the Legislature and the State Board of Equalization.

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2821, is amended to read as follows:

Section 2821. A. Each county assessor shall cause real property to be physically inspected as part of the visual inspection cycle and shall require such examination as will provide adequate data from which to make accurate valuations <u>or shall use the imaging technology described by Section 1 of this act in order to perform the duties imposed by this section</u>.

B. The information gathered from the physical inspection shall be relevant to the type of property involved, its use category, the

valuation methodology to be used for the property, whether the methodology consists of the cost approach, an income and expense approach or sales comparison approach, and shall be complete enough in order to establish the fair cash value of the property in accordance with accepted standards for mass appraisal practice.

C. Information gathered during the physical inspection shall be recorded using a standard method as prescribed by the Oklahoma Tax Commission in computerized or noncomputerized form. The information may include property ownership, location, size, use, use category, a physical description of the land and improvements or such other information as may be required.

D. In order to conduct the visual inspections of real property during the four-year cycle, each county assessor shall acquire and maintain cadastral maps and a parcel identification system. The standards for the cadastral maps and the parcel identification system shall be uniform for each county of the state and shall be in such form as developed by the Ad Valorem Task Force.

E. The county assessor shall maintain a comprehensive sales file for each parcel of real property within the county containing relevant property characteristics, sales price information, adjustments to sales price for purposes of cash equivalency, transaction terms and such other information as may be required in order to establish the fair cash value of taxable real property.

Each county assessor shall ensure that the office is equipped with adequate drafting facilities, tools, equipment and supplies in order to produce or update maps, sketches or drawings necessary to support the proper administration of the ad valorem tax and such other tools or equipment as may be required to perform duties imposed by law for the discovery and valuation of taxable property.

SECTION 4. This act shall become effective November 1, 2014.

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