

1 STATE OF OKLAHOMA

2 2nd Session of the 54th Legislature (2014)

3 HOUSE BILL 2810

By: Moore

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5  
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2011, Section 2817, as amended by Section 1,  
9 Chapter 158, O.S.L. 2013 and 2871, as amended by  
10 Section 3, Chapter 158, O.S.L. 2013 (68 O.S. Supp.  
11 2013, Sections 2817 and 2871), which relate to the Ad  
12 Valorem Tax Code; modifying provisions related to  
13 determination of value based upon damage from certain  
14 causes; authorizing assessor to make certain value  
15 adjustments; imposing time limit; prescribing duty  
16 upon county board of tax roll corrections; requiring  
17 notice to property owners; providing for adjustments  
18 by board of tax roll corrections; imposing limitation  
19 on authority of board of tax roll corrections; and  
20 providing an effective date.

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

22 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2817, as  
23 amended by Section 1, Chapter 158, O.S.L. 2013 (68 O.S. Supp. 2013,  
24 Section 2817), is amended to read as follows:

Section 2817. A. All taxable personal property, except  
intangible personal property, personal property exempt from ad  
valorem taxation, or household personal property, shall be listed

1 and assessed each year at its fair cash value, estimated at the  
2 price it would bring at a fair voluntary sale, as of January 1.

3 The fair cash value of household personal property shall be  
4 valued at ten percent (10%) of the appraised value of the  
5 improvement to the residential real property within which such  
6 personal property is located as of January 1 each year. The  
7 assessment of household personal property as provided by this  
8 section may be altered by the taxpayer listing such property at its  
9 actual fair cash value. For purposes of establishing the value of  
10 household personal property, pursuant to the requirement of Section  
11 8 of Article X of the Oklahoma Constitution, the percentage of value  
12 prescribed by this section for the household personal property shall  
13 be presumed to constitute the fair cash value of the personal  
14 property.

15 All unmanufactured farm products shall be assessed and valued as  
16 of the preceding May 31. Every person, firm, company, association,  
17 or corporation, in making the assessment, shall assess all  
18 unmanufactured farm products owned by the person, firm, company,  
19 association or corporation on the preceding May 31, at its fair cash  
20 value on that date instead of January 1.

21 Stocks of goods, wares and merchandise shall be assessed at the  
22 value of the average amount on hand during the preceding year, or  
23 the average amount on hand during the part of the preceding year the  
24 stock of goods, wares or merchandise was at its January 1 location.

1 B. All taxable real property shall be assessed annually as of  
2 January 1, at its fair cash value, estimated at the price it would  
3 bring at a fair voluntary sale for:

4 1. The highest and best use for which the property was actually  
5 used during the preceding calendar year; or

6 2. The highest and best use for which the property was last  
7 classified for use if not actually used during the preceding  
8 calendar year.

9 When improvements upon residential real property are divided by  
10 a taxing jurisdiction line, those improvements shall be valued and  
11 assessed in the taxing jurisdiction in which the physical majority  
12 of those improvements are located.

13 The Ad Valorem Division of the Oklahoma Tax Commission shall be  
14 responsible for the promulgation of rules which shall be followed by  
15 each county assessor of the state, for the purposes of providing for  
16 the equitable use valuation of locally assessed real property in  
17 this state. Agricultural land and nonresidential improvements  
18 necessary or convenient for agricultural purposes shall be assessed  
19 for ad valorem taxation based upon the highest and best use for  
20 which the property was actually used, or was previously classified  
21 for use, during the calendar year next preceding January 1 on which  
22 the assessment is made.

23 C. The use value of agricultural land shall be based on the  
24 income capitalization approach using cash rent. The rental income

1 shall be calculated using the direct capitalization method based  
2 upon factors including, but not limited to:

3 1. Soil types, as depicted on soil maps published by the  
4 Natural Resources Conservation Service of the United States  
5 Department of Agriculture;

6 2. Soil productivity indices approved by the Ad Valorem  
7 Division of the Tax Commission;

8 3. The specific agricultural purpose of the soil based on use  
9 categories approved by the Ad Valorem Division of the Tax  
10 Commission; and

11 4. A capitalization rate to be determined annually by the Ad  
12 Valorem Division of the Tax Commission based on the sum of the  
13 average first mortgage interest rate charged by the Federal Land  
14 Bank for the immediately preceding five (5) years, weighted with the  
15 prevailing rate or rates for additional loans or equity, and the  
16 effective tax rate.

17 The final use value will be calculated using the soil  
18 productivity indices and the agricultural use classification as  
19 defined by rules promulgated by the State Board of Equalization.  
20 This subsection shall not be construed in a manner which is  
21 inconsistent with the duties, powers and authority of the Board as  
22 to valuation of the counties as fixed and defined by Section 21 of  
23 Article X of the Oklahoma Constitution.

24

1        However, in calculating the use value of buffer strips as  
2 defined in Section 2817.2 of this title, exclusive consideration  
3 shall be based only on income from production agriculture from such  
4 buffer strips, not including federal or state subsidies, when valued  
5 as required by subsection C of Section 2817.2 of this title.

6        D. The use value of nonresidential improvements on agricultural  
7 land shall be based on the cost approach to value estimation using  
8 currently updated cost manuals published by the Marshall and Swift  
9 Company or similar cost manuals approved by the Ad Valorem Division  
10 of the Tax Commission. The use value estimates for the  
11 nonresidential improvements shall take obsolescence and depreciation  
12 into consideration in addition to necessary adjustments for local  
13 variations in the cost of labor and materials. This section shall  
14 not be construed in a manner which is inconsistent with the duties,  
15 powers and authority of the Board as to equalization of valuation of  
16 the counties as determined and defined by Section 21 of Article X of  
17 the Oklahoma Constitution.

18        The use value of facilities used for poultry production shall be  
19 determined according to the following procedures:

20        1. The Ad Valorem Division of the Tax Commission is hereby  
21 directed to develop a standard system of valuation of both real and  
22 personal property of such facilities, which shall be used by all  
23 county assessors in this state, under which valuation based on the  
24

1 following shall be presumed to be the fair cash value of the  
2 property:

3 a. for real property, a ten-year depreciation schedule,  
4 at the end of which the residual value is twenty  
5 percent (20%) of the value of the facility during its  
6 first year of operation, and

7 b. for personal property, a five-year depreciation  
8 schedule, at the end of which the residual value is  
9 zero;

10 2. Such facilities shall be valued only in comparison to other  
11 facilities used exclusively for poultry production. Such a facility  
12 which is no longer used for poultry production shall be deemed to  
13 have no productive use;

14 3. During the first year such a facility is placed on the tax  
15 rolls, its fair cash value shall be presumed to be the lesser of the  
16 actual purchase price or the actual documented cost of construction;  
17 and

18 4. For the purpose of determining the valuation of  
19 nonresidential improvements used for poultry production, the  
20 provisions of this subsection shall be applicable and such  
21 improvements shall not be considered to be commercial property.

22 E. The value of investment in property used exclusively by an  
23 oil refinery that is used wholly as a facility, device or method for  
24 the desulphurization of gasoline or diesel fuel as defined in

1 Section 2817.3 of this title shall not be included in the  
2 capitalization used in the determination of fair market value of  
3 such oil refinery if such property would qualify as exempt property  
4 pursuant to Section 2902 of this title, whether or not an  
5 application for such exemption is made by an otherwise qualifying  
6 manufacturing concern owning the property described by Section  
7 2817.3 of this title.

8 F. The use value of a lot in any platted addition or a  
9 subdivision in a city, town or county zoned for residential,  
10 commercial, industrial or other use shall be deemed to be the fair  
11 cash value of the underlying tract of land platted, divided by the  
12 number of lots contained in the platted addition or subdivision  
13 until the lot shall have been conveyed to a bona fide purchaser or  
14 the lot with building or buildings located thereon shall have been  
15 occupied other than as a sales office by the owner thereof, or shall  
16 have been leased, whichever event shall first occur. One who  
17 purchases a lot for the purposes of constructing and selling a  
18 building on such lot shall not be deemed to be a bona fide purchaser  
19 for purposes of this section. However, if the lot is held for a  
20 period longer than two (2) years before construction, then the  
21 assessor may consider the lot to have been conveyed to a bona fide  
22 purchaser. The cost of any land or improvements to any real  
23 property required to be dedicated to public use, including, but not  
24 limited to, streets, curbs, gutters, sidewalks, storm or sanitary

1 sewers, utilities, detention or retention ponds, easements, parks or  
2 reserves shall not be utilized by the county assessor in the  
3 valuation of any real property for assessment purposes.

4 G. The transfer of real property without a change in its use  
5 classification shall not require a reassessment thereof based  
6 exclusively upon the sale value of the property. However, if the  
7 county assessor determines:

8 1. That by reason of the transfer of a property there is a  
9 change in the actual use or classification of the property; or

10 2. That by reason of the amount of the sales consideration it  
11 is obvious that the use classification prior to the transfer of the  
12 property is not commensurate with and would not justify the amount  
13 of the sales consideration of the property;  
14 then the assessor shall, in either event, reassess the property for  
15 the new use classification for which the property is being used, or,  
16 the highest and best use classification for which the property may,  
17 by reason of the transfer, be classified for use.

18 H. When the term "fair cash value" or the language "fair cash  
19 value, estimated at the price it would bring at a fair voluntary  
20 sale" is used in the Ad Valorem Tax Code, in connection with and in  
21 relation to the assessment of real property, it is defined to mean  
22 and shall be given the meaning ascribed and assigned to it in this  
23 section and when the term or language is used in the Code in  
24

1 connection with the assessment of personal property it shall be  
2 given its ordinary or literal meaning.

3 I. Where any real property is zoned for a use by a proper  
4 zoning authority, and the use of the property has not been changed,  
5 the use and not zoning shall determine assessment. Any reassessment  
6 required shall be effective January 1 following the change in use.  
7 Taxable real property need not be listed annually with the county  
8 assessor.

9 J. If any real property shall become taxable after January 1 of  
10 any year, the county assessor shall assess the same and place it  
11 upon the tax rolls for the next ensuing year. When any building is  
12 constructed upon land after January 1 of any year, the value of the  
13 building shall be added by the county assessor to the assessed  
14 valuation of the land upon which the building is constructed at the  
15 fair cash value thereof for the next ensuing year. However, after  
16 the building has been completed it shall be deemed to have a value  
17 for assessment purposes of the fair cash value of the materials used  
18 in such building only, until the building and the land on which the  
19 building is located shall have been conveyed to a bona fide  
20 purchaser or shall have been occupied or used for any purpose other  
21 than as a sales office by the owner thereof, or shall have been  
22 leased, whichever event shall first occur. The county assessor  
23 shall continue to assess the building based upon the fair market  
24 value of the materials used therein until the building and land upon

1 which the building is located shall have been conveyed to a bona  
2 fide purchaser or is occupied or used for any purpose other than as  
3 a sales office by the owner thereof, or is leased, whichever event  
4 shall first occur.

5 K. In ~~case~~ the event improvements on land or personal property  
6 located therein or thereon are destroyed or partially destroyed, or  
7 the land itself is impaired or partially impaired by fire,  
8 lightning, storm, winds, floodwaters, overflow of streams or other  
9 cause, ~~or the value of land is impaired, damaged or destroyed by~~  
10 ~~fire, lightning, storm, winds, floodwaters, overflow of streams or~~  
11 ~~other cause,~~ (all such destruction or impairments being referred to  
12 herein as "damage") during any year, the county assessor shall  
13 determine the amount of damage and shall reassess the property for  
14 that year at the fair cash value of the property, ~~as defined herein,~~  
15 taking into account the actual loss of functional use of the  
16 property ~~damage~~ occasioned by ~~fire, lightning, storm, winds,~~  
17 ~~floodwaters, overflow of streams or other cause~~ and shall present  
18 ~~the reassessment to the board of tax roll corrections for its~~  
19 ~~consideration~~ such damage. The assessor shall make the appropriate  
20 value adjustments to the property for that tax year up to the time  
21 at which the assessor publishes the "Assessor's Report to the Excise  
22 Board" as required by subsection D of Section 2867 of this title.  
23 After such time, adjustments can be made only by the county board of  
24 tax roll corrections and only after the assessor has certified the

1 tax roll for that year. The board secretary shall notify property  
2 owners in advance of the time and place at which the value  
3 adjustment to their property will be heard by the board. The board  
4 of tax roll corrections is authorized only to approve or reject the  
5 value adjustment submitted by the county assessor.

6 L. All taxable personal property used in the exploration of  
7 oil, natural gas, or other minerals, including drilling equipment  
8 and rigs, shall be assessed annually at the value set forth in the  
9 first Hadco International monthly bulletin published for the tax  
10 year, using the appropriate depth rating assigned to the drawworks  
11 by its manufacturer and the actual condition of the rig.

12 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2871, as  
13 amended by Section 3, Chapter 158, O.S.L. 2013 (68 O.S. Supp. 2013,  
14 Section 2871), is amended to read as follows:

15 Section 2871. A. After delivery of the tax rolls to the county  
16 treasurer of any county, no correction or alteration as to any item  
17 contained therein as of such date of delivery shall ever be made,  
18 except by the county treasurer and on authority of a proper  
19 certificate authorized by law or pursuant to order or decree of  
20 court in determination of a tax appeal or other proper case.

21 B. A board of tax roll corrections is hereby created and shall  
22 consist of the chair of the board of county commissioners as chair  
23 or, in the chair's absence, the vice-chair of the board of county  
24 commissioners or their statutory designee, the chair of the county

1 equalization board or, in the chair's absence, the vice-chair of the  
2 county equalization board as vice-chair, the county clerk as  
3 nonvoting member and secretary, and the county assessor, a majority  
4 of whom shall constitute a quorum. The board is hereby authorized  
5 to hear and determine allegations of error, mistake or difference as  
6 to any item or items so contained in the tax rolls, in any instances  
7 hereinafter enumerated, on application of any person or persons  
8 whose interest may in any manner be affected thereby, or by his or  
9 her agent or attorney, verified by affidavit and showing that the  
10 complainant was not at fault through failure to fulfill any duty  
11 enjoined upon him or her by law, or upon discovery by the county  
12 treasurer or assessor before the tax has been paid or attempted to  
13 be paid and disclosure by statement of fact in writing signed by the  
14 treasurer or assessor and verified by the assessor or treasurer as  
15 the case may be. Such right shall not be available to anyone  
16 attempting to acquire, or who has acquired, the lien of the county  
17 for such tax, whether by purchase, assignment, deed or otherwise.  
18 In counties with two county boards of equalization, the chair of  
19 each such board shall serve, in alternating years, as the vice-chair  
20 of the board of tax roll corrections. When a complaint is pending  
21 before the board of tax roll corrections, such taxes as may be owed  
22 by the protesting taxpayer shall not become due until thirty (30)  
23 days after the decision of the board of tax roll corrections. When  
24 a complaint is filed on a tax account which has been delinquent for

1 more than one (1) year, and upon showing that the tax is delinquent,  
2 the complaint shall be dismissed, with prejudice.

3 C. If, upon such hearing, it appears that:

4 1. Any personal or real property has been assessed to any  
5 person, firm, or corporation not owning or claiming to own the same;

6 2. Property exempt from taxation has been assessed;

7 3. Exemption deductions allowed by law have not been taken into  
8 account;

9 4. The same property, whether real or personal, has been  
10 assessed more than once for the taxes of the same year;

11 5. Property, whether real or personal, has been assessed in the  
12 county for the taxes of a year to which the same was not subject;

13 6. Improvements to real estate or other property assessed have  
14 been destroyed by fire, or that the value of land has been impaired,  
15 damaged or destroyed by wildfires, floods or overflow of streams,  
16 and the county assessor has made and entered an adjustment to  
17 assessments previously made and entered;

18 7. Lands or lots have in any manner been erroneously described;

19 8. Any valuation or valuations assessed and entered are at  
20 variance with the valuation finally equalized;

21 9. Any valuation or valuations returned for assessment and not  
22 increased by the county assessor have been entered on the assessment  
23 rolls for equalization at variance with the value returned, or in  
24 the event of increase by either the county assessor or the county

1 board of equalization and no notice thereof was sent; provided,  
2 offer of proof of failure to receive notice may not be heard;

3 10. Any valuation assessed and entered included, in whole or in  
4 part, as of the date of assessment under the law relating thereto,  
5 any property that had no taxable situs in the county, did not exist  
6 or had been erroneously placed;

7 11. Any property subject to taxation as of January 1 of any  
8 year was thereafter acquired by conveyance of title, including tax  
9 title, by the county, or any city, town or school district therein;

10 12. An error resulted from inclusion in the total of levies  
11 computed against the valuation entered, a tax levy or levies  
12 certified and final for none or part of which such property was  
13 liable in fact and the same be self-evident on recomputation, and  
14 involve no question of law;

15 13. As to personal tax, if there has been an error in the name  
16 of the person assessed, or, as to real property, the record owner at  
17 the time of assessment desires that his or her name be entered in  
18 lieu of whatever other name may have been entered as "owner" upon  
19 the roll;

20 14. There has been any error in the tax extended against the  
21 valuation entered, whether by erroneous computation or otherwise;

22 15. There has been any error in transcribing from the county  
23 assessor's permanent survey record to the assessment rolls either as  
24 to area or value of lands or lots or as to improvements thereon;

1       16. The county treasurer has, of his or her own volition,  
2 restored to the tax rolls any tax or assessment where the entry upon  
3 the tax rolls shows the same theretofore to have been stricken or  
4 reduced by certificate issued by constituted authority, except where  
5 restored by specific court order or in conformity to general decree  
6 of the Supreme Court of Oklahoma invalidating in mass all such  
7 certificates of a class certain, and except if the owner of such  
8 property demand its restoration and make payment, in which instance  
9 the county treasurer shall require that the owner sign on the face  
10 of the owner's receipt a statement that the owner "paid voluntarily  
11 without demand, request or duress"; or

12       17. Any personal property assessment and personal tax charge  
13 has been entered upon the assessment and tax rolls except upon  
14 proper return of assessment by the taxpayer or increase thereof with  
15 due notice, or as a delinquent assessment made by the county  
16 assessor or deputies in detail either on view or reliable  
17 information; then, in the event any of the grounds stated in this  
18 subsection are present, it shall be the duty of the board of tax  
19 roll corrections to make and the secretary to enter its findings of  
20 fact and to correct such error, if such exists, by issuing its  
21 order, in words and figures, to accomplish such:

22           a. if such error increases the amount of tax charged, the  
23 county clerk shall issue a certificate of error to the  
24 county assessor ordering the assessor to certify such

1 correction or increase to the county treasurer for  
2 entry on the tax rolls, and

3 b. if such error does not increase the amount of tax  
4 charged, the county clerk shall issue a certificate of  
5 error to the county treasurer if the tax be not paid,  
6 stating the amount or other effect of such order, and  
7 it shall be the duty of such county treasurer to make  
8 and enter such correction upon the tax rolls and, if  
9 there be a decrease to the amount of tax charged, to  
10 enter a credit, in lieu of cash, for the amount of  
11 decrease of tax shown in such certificate.

12 D. If, prior to such hearing by the board, as provided by this  
13 section, the tax has been paid, no certificate shall issue; but if  
14 less than one (1) year shall have elapsed after the payment of the  
15 tax and before the filing of such application for correction of  
16 error, and after such hearing the findings of fact disclose that  
17 less tax was due to have been paid than was paid, then the person  
18 who paid the tax, or such person's heirs, successors, or assigns,  
19 may execute a cash voucher claim setting forth facts and findings,  
20 verify it, and file it with the county clerk, who shall thereupon  
21 deliver such claim to the county treasurer for designation of the  
22 fund from which the claim must be paid and approval of the claim as  
23 to availability of funds by the county treasurer. If taxes have  
24 been paid under protest, the county treasurer must designate the

1 refund to be paid from such protest fund. If taxes have been paid  
2 but not paid under protest and if there are funds available in  
3 current collections of the taxing unit which received the taxes  
4 paid, then the county treasurer must designate the refund to be paid  
5 from such current collections of such taxing unit. The county clerk  
6 shall thereupon issue a cash voucher against the appropriate fund of  
7 the county, directing the county treasurer to pay to such person the  
8 amount so found to be erroneous. The word "person" as used in this  
9 subsection shall comprehend the person, firm, or corporation who  
10 paid such tax and the heirs, assigns or successors, as the case may  
11 be. No such claim for refund shall be allowed and paid unless the  
12 same be filed within six (6) months after the effective date of the  
13 order of correction.

14 E. If there be any error in the taxes collected from any  
15 person, the overpayment or duplicate payment of any such taxes  
16 collected in error may be recovered by the taxpayer, and the county  
17 treasurer may make such payment from the resale property fund of the  
18 county if funds are not available as stated in subsection D of this  
19 section.

20 F. Beginning January 1, 1987, notwithstanding the one-year  
21 limitations period for filing a claim for refund as provided in  
22 subsection D of this section, if there be any error in taxes  
23 collected from any person on property constitutionally exempt under  
24 Section 6B of Article X of the Oklahoma Constitution, by the county

1 treasurer in counties with a population in excess of five hundred  
2 thousand (500,000) persons, according to the latest Federal  
3 Decennial Census, to the extent that such county has been reimbursed  
4 from the Ad Valorem Reimbursement Fund provided by Section 193 of  
5 Title 62 of the Oklahoma Statutes, the overpayment or duplicate  
6 payment of any such taxes collected in error may be recovered by the  
7 taxpayer as provided by law.

8 G. Upon dismissal of a complaint or denial of relief to the  
9 taxpayer, the county clerk, as secretary of the board of tax roll  
10 corrections, shall prepare a letter order of dismissal or denial  
11 which shall be mailed to the taxpayer or person at the address found  
12 on the complaint.

13 H. Both the taxpayer and the county assessor shall have the  
14 right of appeal from any order of the board of tax roll corrections  
15 to the district court of the same county. In case of appeal the  
16 trial in the district court shall be de novo.

17 I. Notice of appeal shall be served upon the county clerk, as  
18 secretary of the board of tax roll corrections, and a copy served  
19 upon the county assessor. The appeal shall be filed in the district  
20 court within fifteen (15) days of the date of the mailing of the  
21 order of the board of tax roll corrections to the taxpayer.

22 SECTION 3. This act shall become effective November 1, 2014.  
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