ENGROSSED HOUSE AMENDMENT
TO
ENGROSSED SENATE BILL NO. 694 By: Schulz of the Senate

and

Wright of the House

[ad valorem tax - ad valorem exemption for certain manufacturers - fair cash value - effective date]

AMENDMENT NO. 1. Strike the stricken title, enacting clause and entire bill and insert

"[revenue and taxation - procedures for determination of fair cash value and determinations by county board of equalization and district court - 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 2902.5 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For all qualifying manufacturing concerns that become eligible for the exemption authorized by Section 6B of Article X of

the Oklahoma Constitution and pursuant to Section 2902 of Title 68 of the Oklahoma Statutes for the first time on or after January 1, 2016, or the assets of a qualifying manufacturing concern which become eligible for the exemption for the first time on or after January 1, 2016, the Oklahoma Tax Commission, the county assessor of the county or counties in which the real or personal property of the qualifying manufacturing concern is located (or both such real and personal property), and the qualifying manufacturing concern shall mutually agree upon a valuation method for the real and personal property which is eligible for the exemption, including a method for depreciation.

B. The agreement among the parties described in subsection A of this section shall be in writing upon such form as the Tax Commission may prescribe for such purpose or contained in an agreement as mutually agreed to by the parties. The agreement shall contain a description of the valuation method to be used with respect to the assets described in the agreement for the period of time the exemption described in subsection A of this section is in effect, including any method for the depreciation of such property. Such agreement shall be binding upon successors in public office and upon any successor in interest if the entity which owns the assets is acquired by any other entity pursuant to purchase of its equity interests.

C. The agreement shall be signed by authorized representatives of the parties or by the parties in their official capacities. The agreement shall be kept in the records of the Tax Commission for the period of time the qualifying manufacturing concern is eligible for the exemption described in subsection A of this section and for such additional period of time as the Commission shall determine. The agreement shall also be kept in the records of the applicable county assessor for the period of time the qualifying manufacturing concern is eligible for the exemption described in subsection A of this section and for such additional period of time as the assessor shall determine.

D. If the county assessor, the Tax Commission and the qualifying manufacturing concern cannot reach a mutual agreement regarding valuation methods or depreciation methods or any other matter relevant to the agreement prior to the time the exemption period begins or not later than the date prescribed by Section 2902 of Title 68 of the Oklahoma Statutes for filing an application for the exempt treatment, the Tax Commission shall have the authority to select a valuation method, including a method for depreciation, which is consistent with the provisions of the Ad Valorem Tax Code regarding determinations of fair cash value and such method shall be binding on the county assessor and the qualifying manufacturing concern for the duration of the exemption.

E. With respect to the valuation method described in the agreement or selected by the Tax Commission pursuant to subsection D of this section, the Tax Commission shall perform the valuation of the real or personal property or both such real and personal property using the valuation method described in the agreement, including the depreciation method, and shall not use any other method for valuation or depreciation.

F. Except as provided by subsection G of this section, after the expiration of the exemption period, the valuation method as memorialized in the agreement among the parties or the valuation method selected by the Tax Commission if the parties were not able to reach a mutual agreement or a valuation method agreed to by both the county assessor and the qualifying manufacturing concern shall continue to be the valuation method used to establish the fair cash value of the real or personal property or both such real and personal property for all assessment years after the expiration of the period of exemption.

G. If a county assessor modifies the fair cash value of real or personal property or both such real and personal property in any assessment year subsequent to the last year of the exemption period in an amount which represents a significant increase or decrease from the fair cash value that would otherwise be determined according to the method described in the agreement or the method selected by the Tax Commission if the parties were not able to reach

a mutual agreement, the taxpayer may protest the fair cash value as determined by the county assessor and the valuation method, including any depreciation methods, used by the county assessor to make the determination in the manner authorized by the Ad Valorem Tax Code.

H. In any proceeding involving an issue regarding the method by which the fair cash value of the relevant assets is being determined as provided by subsection G of this section, there shall be an evidentiary presumption, which may only be overcome by clear and convincing evidence to the contrary, that the fair cash value which would be determined using the valuation methodology in the agreement or the valuation methodology as selected by the Tax Commission if the parties were unable to reach agreement is the correct fair cash value for the real or personal property or both such real and personal property.

I. The evidentiary presumption described by subsection H of this section shall govern any proceedings in district court in appeals from final determinations of the county board of equalization.

J. Upon the appeal of a judgment of a district court in cases arising as a result of modifications to fair cash value of assets by a county assessor after the expiration of the exemption period, the findings and conclusions or judgment of the district court shall only be reversed if the appellate court finds that the evidentiary

presumption described by subsection H of this section was rebutted by the presentation of relevant and admissible evidence and that the evidence was clear and convincing.

K. The Tax Commission shall have the authority and duty to prescribe forms and to promulgate rules as may be necessary to carry out and administer the terms and provisions of this section.

SECTION 2. AMENDATORY 68 O.S. 2011, Section 2902, as last amended by Section 1 of Enrolled Senate Bill No. 387 of the 1st Session of the 55th Oklahoma Legislature, is amended to read as follows:

Section 2902. A. Except as otherwise provided by subsection H of Section 3658 of this title pursuant to which the exemption authorized by this section may not be claimed, a qualifying manufacturing concern, as defined by Section 6B of Article X of the Oklahoma Constitution, and as further defined herein, shall be exempt from the levy of any ad valorem taxes upon new, expanded or acquired manufacturing facilities, including facilities engaged in research and development, for a period of five (5) years. The provisions of Section 6B of Article X of the Oklahoma Constitution requiring an existing facility to have been unoccupied for a period of twelve (12) months prior to acquisition shall be construed as a qualification for a facility to initially receive an exemption, and shall not be deemed to be a qualification for that facility to continue to receive an exemption in each of the four (4) years

following the initial year for which the exemption was granted. Such facilities are hereby classified for the purposes of taxation as provided in Section 22 of Article X of the Oklahoma Constitution.

B. For purposes of this section, the following definitions shall apply:

1. "Manufacturing facilities" means facilities engaged in the mechanical or chemical transformation of materials or substances into new products and shall include:

a. establishments which have received a manufacturer exemption permit pursuant to the provisions of Section 1359.2 of this title,

b. facilities, including repair and replacement parts, primarily engaged in aircraft repair, building and rebuilding whether or not on a factory basis,

c. establishments primarily engaged in computer services and data processing as defined under Industrial Group Numbers 5112 and 5415, and U.S. Industry Number 334611 and 519130 of the NAICS Manual, latest revision, and which derive at least fifty percent (50%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer, and as defined under Industrial Group Number 5142 of the NAICS Manual, latest revision, which derive at least eighty percent (80%) of their annual gross revenues

from the sale of a product or service to an out-of-state buyer or consumer. Eligibility as a manufacturing facility pursuant to this subparagraph shall be established, subject to review by the Oklahoma Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and such other information as required by the Tax Commission. For purposes of determining whether annual gross revenues are derived from sales to out-of-state buyers, all sales to the federal government shall be considered to be an out-of-state buyer,

d. for which the investment cost of the construction, acquisition or expansion of the manufacturing facility is Two Hundred Fifty Thousand Dollars ($250,000.00) or more. Provided, "investment cost" shall not include the cost of direct replacement, refurbish, repair or maintenance of existing machinery or equipment, and

e. establishments primarily engaged in distribution as defined under Industry Numbers 49311, 49312, 49313 and 49319 and Industry Sector Number 42 of the NAICS Manual, latest revision, and which meet the following qualifications:

(1) construction with an initial capital investment of at least Five Million Dollars ($5,000,000.00),

(2) employment of at least one hundred (100) full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission,

(3) payment of wages or salaries to its employees at a wage which equals or exceeds one hundred seventy-five percent (175%) of the federally mandated minimum wage, as certified by the Oklahoma Employment Security Commission, and

(4) commencement of construction on or after November 1, 2007, with construction to be completed within three (3) years from the date of the commencement of construction.

Eligibility as a manufacturing facility pursuant to this subparagraph shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and containing such other information as required by the Tax Commission.

Provided, eating and drinking places, as well as other retail establishments, shall not qualify as manufacturing facilities for purposes of this section, nor shall centrally assessed properties.

Eligibility as a manufacturing facility pursuant to this subparagraph shall be established, subject to review by the Tax

Commission, by annually filing an application with the Tax Commission stating that the facility so qualifies and containing such other information as required by the Tax Commission;

2. "Facility" and "facilities" means and includes the land, buildings, structures, improvements, machinery, fixtures, equipment and other personal property used directly and exclusively in the manufacturing process; and

3. "Research and development" means activities directly related to and conducted for the purpose of discovering, enhancing, increasing or improving future or existing products or processes or productivity.

C. The following provisions shall apply:

1. A manufacturing concern shall be entitled to the exemption herein provided for each new manufacturing facility constructed, each existing manufacturing facility acquired and the expansion of existing manufacturing facilities on the same site, as such terms are defined by Section 6B of Article X of the Oklahoma Constitution and by this section;

2. Except as otherwise provided in paragraph 5 of this subsection, no manufacturing concern shall receive more than one five-year exemption for any one manufacturing facility unless the expansion which qualifies the manufacturing facility for an additional five-year exemption meets the requirements of paragraph 4

of this subsection and the employment level established for any previous exemption is maintained;

3. Any exemption as to the expansion of an existing manufacturing facility shall be limited to the increase in ad valorem taxes directly attributable to the expansion;

4. Except as provided in paragraphs 5 and 6 of this subsection, all initial applications for any exemption for a new, acquired or expanded manufacturing facility shall be granted only if:

a. there is a net increase in annualized base payroll over the initial payroll of at least Two Hundred Fifty Thousand Dollars ($250,000.00) if the facility is located in a county with a population of fewer than seventy-five thousand (75,000), according to the most recent Federal Decennial Census, while maintaining or increasing base payroll in subsequent years, or at least One Million Dollars ($1,000,000.00) if the facility is located in a county with a population of seventy-five thousand (75,000) or more, according to the most recent Federal Decennial Census, while maintaining or increasing base payroll in subsequent years; provided the payroll requirement of this subparagraph shall be waived for claims for exemptions, including claims previously denied or on appeal on March 3, 2010, for all initial applications

for exemption filed on or after January 1, 2004, and on or before March 31, 2009, and all subsequent annual exemption applications filed related to the initial application for exemption, for an applicant, if the facility has been located in Oklahoma for at least fifteen (15) years engaged in marine engine manufacturing as defined under U.S. Industry Number 333618 of the NAICS Manual, latest revision, and has maintained an average employment of five hundred (500) or more full-time-equivalent employees over a ten-year period. Any applicant that qualifies for the payroll requirement waiver as outlined in the previous sentence and subsequently closes its Oklahoma manufacturing plant prior to January 1, 2012, may be disqualified for exemption and subject to recapture. For an applicant engaged in paperboard manufacturing as defined under U.S. Industry Number 322130 of the NAICS Manual, latest revision, union master payouts paid by the buyer of the facility to specified individuals employed by the facility at the time of purchase, as specified under the purchase agreement, shall be excluded from payroll for purposes of this section.

In order to provide certainty with respect to investments in manufacturing facilities pertaining to all initial applications for exemption filed on or after January 1, 2016, the following definitions shall apply:

(1) "base payroll" shall mean total payroll adjusted for any nonrecurring bonuses, exercise of stock option or stock rights and other nonrecurring, extraordinary items included in total payroll, and

(2) "initial payroll" shall mean base payroll for the year immediately preceding the initial construction, acquisition or expansion.

The Tax Commission shall verify payroll information through the Oklahoma Employment Security Commission by using reports from the Oklahoma Employment Security Commission for the calendar year immediately preceding the year for which initial application is made for base-line payroll, which must be maintained or increased for each subsequent year; provided, a manufacturing facility shall have the option of excluding from its payroll, for purposes of this section:

i. payments to sole proprietors, members of a partnership, members of a limited liability company who own at least ten percent (10%) of the capital of the limited liability company or stockholder-employees of a corporation who own at least ten percent (10%) of the stock in the corporation, and

ii. any nonrecurring bonuses, exercise of stock option or stock rights or other nonrecurring, extraordinary items included in total payroll numbers as reported by the Oklahoma Employment Security Commission. A manufacturing facility electing either option shall indicate such election upon its application for an exemption under this section. Any manufacturing facility electing either option shall submit such information as the Tax Commission may require in order to verify payroll information. Payroll information submitted pursuant to the provisions of this paragraph shall be submitted to

the Tax Commission and shall be subject to the provisions of Section 205 of this title, and

b. the facility offers, or will offer within one hundred eighty (180) days of the date of employment, a basic health benefits plan to the full-time-equivalent employees of the facility, which is determined by the Department of Commerce to consist of the elements specified in subparagraph b of paragraph 1 of subsection A of Section 3603 of this title or elements substantially equivalent thereto.

For purposes of this section, calculation of the amount of increased base payroll shall be measured from the start of initial construction or expansion to the completion of such construction or expansion or for three (3) years from the start of initial construction or expansion, whichever occurs first. The amount of increased base payroll shall include payroll for full-time-equivalent employees in this state who are employed by an entity other than the facility which has previously or is currently qualified to receive an exemption pursuant to the provisions of this section and who are leased or otherwise provided to the facility, if such employment did not exist in this state prior to the start of initial construction or expansion of the facility. The manufacturing concern shall submit an affidavit to the Tax

Commission, signed by an officer, stating that the construction, acquisition or expansion of the facility will result in a net increase in the annualized base payroll as required by this paragraph and that full-time-equivalent employees of the facility are or will be offered a basic health benefits plan as required by this paragraph. If, after the completion of such construction or expansion or after three (3) years from the start of initial construction or expansion, whichever occurs first, the construction, acquisition or expansion has not resulted in a net increase in the amount of annualized base payroll, if required, or any other qualification specified in this paragraph has not been met, the manufacturing concern shall pay an amount equal to the amount of any exemption granted, including penalties and interest thereon, to the Tax Commission for deposit to the Ad Valorem Reimbursement Fund;

5. If a facility fails to meet the base payroll requirement of subparagraph a of paragraph 4 of this subsection, the payroll requirement shall be waived for claims for exemptions, including claims previously denied or on appeal on June 1, 2009, for all initial applications for exemption filed on or after January 1, 2004, and on or before March 31, 2009, and all subsequent annual exemption applications filed related to such initial application for exemption, for an applicant, if the facility:

a. has been located for at least five (5) years as of March 31, 2009, in a county in Oklahoma with a population of six hundred thousand (600,000) or more,

b. is owned by an applicant that has been engaged in manufacturing as defined under U.S. Industry Numbers 323110, 323111, 323121 and 323122 of the NAICS Manual, latest revision,

c. is owned by an applicant that maintains a workforce of at least three hundred ~~(300)~~ employees on June 1, 2009,

d. is owned by an applicant that has filed multiple applications for exemption pursuant to this section, and

e. is owned by an applicant that operates at least one facility in this state of at least seven hundred thirty thousand (730,000) square feet on June 1, 2009.

In the event that any applicant obtaining a waiver of the payroll requirement pursuant to this paragraph ceases to operate all of its facilities in this state on or before a date that is four (4) years after any initial application for an exemption is filed by such applicant, all sums of property taxes exempted under this paragraph through a waiver of the payroll requirement that relate to such application shall become due and payable as if such sums were

assessed in the year in which the applicant ceases to operate all of its facilities in the state;

6. Any new, acquired or expanded automotive final assembly manufacturing facility which does not meet the requirements of paragraph 4 of this subsection shall be granted an exemption only if all other requirements of this section are met and only if the investment cost of the construction, acquisition or expansion of the manufacturing facility is Three Hundred Million Dollars ($300,000,000.00) or more and the manufacturing facility retains an average employment of one thousand seven hundred fifty (1,750) or more full-time-equivalent employees in the year in which the exemption is initially granted and in each of the four (4) subsequent years only if an average employment of one thousand seven hundred fifty (1,750) or more full-time-equivalent employees is maintained in the subsequent year. Any property installed to replace property damaged by the tornado or natural disaster that occurred May 8, 2003, may continue to receive the exemption provided in this paragraph for the full five-year period based on the value of the previously qualifying assets as of January 1, 2003. The exemption shall continue in effect as long as all other qualifications in this paragraph are met. If the average employment of one thousand seven hundred fifty (1,750) or more full-time-equivalent employees is reduced as a result of temporary layoffs because of a tornado or natural disaster on May 8, 2003, then the

average employment requirement shall be waived for year 2003 of the exemption period. Calculation of the number of employees shall be made in the same manner as required under Section 2357.4 of this title for an investment tax credit. As used in this paragraph, "expand" and "expansion" shall mean and include any increase to the size or scope of a facility as well as any renovation, restoration, replacement or remodeling of a facility which permits the manufacturing of a new or redesigned product;

7. Any new, acquired, or expanded computer data processing, data preparation, or information processing services provider classified in Industrial Group Number 7374 of the SIC Manual, latest revision, and U.S. Industry Number 514210 of the North American Industrial Classification System (NAICS) Manual, latest revision, may apply for exemptions under this section for each year in which new, acquired, or expanded capital improvements to the facility are made if:

a. there is a net increase in annualized payroll of the applicant at any facility or facilities of the applicant in this state of at least Two Hundred Fifty Thousand Dollars ($250,000.00), which is attributable to the capital improvements, or a net increase of Seven Million Dollars ($7,000,000.00) or more in capital improvements, while maintaining or increasing

payroll at the facility or facilities in this state which are included in the application, and

b. the facility offers, or will offer within one hundred eighty (180) days of the date of employment of new employees attributable to the capital improvements, a basic health benefits plan to the full-time-equivalent employees of the facility, which is determined by the Department of Commerce to consist of the elements specified in subparagraph b of paragraph 1 of subsection A of Section 3603 of this title or elements substantially equivalent thereto;

8. An entity engaged in electric power generation by means of wind, as described by the North American Industry Classification System, No. 221119, which does not meet the requirements of paragraph 4 of this subsection shall be granted an exemption only if all other requirements of this section are met and only if there is a net increase in annualized payroll at the facility of at least Two Hundred Fifty Thousand Dollars ($250,000.00) or a net increase of Two Million Dollars ($2,000,000.00) or more in capital improvements while maintaining or increasing payroll; and

9. An entity or applicant engaged in an industry as defined under U.S. Industry Number 324110 of the NAICS Manual, latest revision, which has applied for or been granted an exemption for a time period which began on or after calendar year 2012 and before

calendar year 2016 but which did not meet the payroll requirements of subparagraph a of paragraph 4 of this subsection because of nonrecurring bonuses, exercise of stock option or stock rights or other nonrecurring, extraordinary items included in total payroll in the previous year, shall be allowed an exemption, beginning with calendar year 2016, for the number of years, including the calendar year for which the exemption was denied, remaining in the entity's five-year exemption period, provided such entity attains or increases payroll at or above the initial or base payroll established for the exemption.

D. 1. Except as provided in paragraph 2 of this subsection, the five-year period of exemption from ad valorem taxes for any qualifying manufacturing facility property shall begin on January 1 following the initial qualifying use of the property in the manufacturing process.

2. The five-year period of exemption from ad valorem taxes for any qualifying manufacturing facility, as defined in subparagraph c of paragraph 1 of subsection B of this section which is located within a tax incentive district created pursuant to the Local Development Act by a county having a population of at least five hundred thousand (500,000), according to the most recent Federal Decennial Census, shall begin on January 1 following the expiration or termination of the ad valorem exemption, abatement, or other incentive provided through the tax incentive district.

E. Any person, firm or corporation claiming the exemption herein provided for shall file each year for which exemption is claimed, an application therefor with the county assessor of the county in which the new, expanded or acquired facility is located. The application shall be on a form or forms prescribed by the Tax Commission, and shall be filed on or before March 15, except as provided in Section 2902.1 of this title, of each year in which the facility desires to take the exemption or within thirty (30) days from and after receipt by such person, firm or corporation of notice of valuation increase, whichever is later. In a case where completion of the facility or facilities will occur after January 1 of a given year, a facility may apply to claim the ad valorem tax exemption for that year. If such facility is found to be qualified for exemption, the ad valorem tax exemption provided for herein shall be granted for that entire year and shall apply to the ad valorem valuation as of January 1 of that given year. For applicants which qualify under the provisions of subparagraph b of paragraph 1 of subsection B of this section, the application shall include a copy of the affidavit and any other information required to be filed with the Tax Commission.

F. The application shall be examined by the county assessor and approved or rejected in the same manner as provided by law for approval or rejection of claims for homestead exemptions. The taxpayer shall have the same right of review by and appeal from the

county board of equalization, in the same manner and subject to the same requirements as provided by law for review and appeals concerning homestead exemption claims. Approved applications shall be filed by the county assessor with the Tax Commission no later than June 15, except as provided in Section 2902.1 of this title, of the year in which the facility desires to take the exemption. Incomplete applications and applications filed after June 15 will be declared null and void by the Tax Commission. In the event that a taxpayer qualified to receive an exemption pursuant to the provisions of this section shall make payment of ad valorem taxes in excess of the amount due, the county treasurer shall have the authority to credit the taxpayer's real or personal property tax overpayment against current taxes due. The county treasurer may establish a schedule of up to five (5) years of credit to resolve the overpayment.

G. Nothing herein shall in any manner affect, alter or impair any law relating to the assessment of property, and all property, real or personal, which may be entitled to exemption hereunder shall be valued and assessed as is other like property and as provided by law. The valuation and assessment of property for which an exemption is granted hereunder shall be performed by the Tax Commission. <u>The agreement with respect to valuation methods or, in the absence of such a mutual agreement, the valuation method selected by the Tax Commission pursuant to the provisions of Section</u>

1 of this act shall be deemed to satisfy the requirements of this subsection.

H. The Tax Commission shall have the authority and duty to prescribe forms and to promulgate rules as may be necessary to carry out and administer the terms and provisions of this section.

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2877, as last amended by Section 23 of Enrolled Senate Bill No. 831 of the 1st Session of the 55th Oklahoma Legislature, is amended to read as follows:

Section 2877. A. Upon receipt of an appeal from action by the county assessor on the form prescribed by the Oklahoma Tax Commission, the secretary of the county board of equalization shall fix a date of hearing, at which time said board shall be authorized and empowered to take evidence pertinent to said appeal; and for that purpose, is authorized to compel the attendance of witnesses and the production of books, records, and papers by subpoena, and to confirm, correct, or adjust the valuation of real or personal property or to cancel an assessment of personal property added by the assessor not listed by the taxpayer if the personal property is not subject to taxation or if the taxpayer is not responsible for payment of ad valorem taxes upon such property. The evidentiary presumption required by subsection H of Section 1 of this act for purposes of determining the fair cash value of the real or personal property or both such real and personal property of a qualifying

manufacturing concern shall be applicable to proceedings involving the valuation of such property. The secretary of the board shall fix the dates of the hearings provided for in this section in such a manner as to ensure that the board is able to hear all complaints within the time provided for by law. In any county with a population less than three hundred thousand (300,000) according to the latest Federal Decennial Census, the county board of equalization shall provide at least three dates on which a taxpayer may personally appear and make a presentation of evidence. At least ten (10) days shall intervene between each such date. No final determination regarding valuation protests shall be made by a county board of equalization until the taxpayer shall have failed to appear for all three such dates. The county board of equalization shall be required to follow the procedures prescribed by the Ad Valorem Tax Code or administrative rules and regulations promulgated pursuant to such Code governing the valuation of real and personal property. The county board of equalization shall not modify a valuation of real or personal property as established by the county assessor unless such modification is explained in writing upon a form prescribed by the Oklahoma Tax Commission. The affidavits prescribed in subsection E of this section will be maintained by the county board of equalization as part of the hearing record. Each decision of the county board of equalization shall be explained in writing upon a form prescribed by the Oklahoma Tax Commission. The

county board of equalization shall make a record of each proceeding involving an appeal from action by the county assessor either in transcribed or tape recorded form.

B. In all cases where the county assessor has, without giving the notice required by law, increased the valuation of property as listed by the taxpayer, and the taxpayer has knowledge of such adjustment or addition, the taxpayer may at any time prior to the adjournment of the board, file an appeal in the form and manner provided for in Section 2876 of this title. Thereafter, the board shall fix a date of hearing, notify the taxpayer, and conduct the hearing as required by this section.

C. The taxpayer or agent may appear at the scheduled hearing either in person, by telephone or other electronic means, or by affidavit.

D. If the taxpayer or agent fails to appear before the county board of equalization at the scheduled hearing, unless advance notification is given for the reason of absence, the county shall be authorized to assess against the taxpayer the costs incurred by the county in preparation for the scheduled hearing. If such costs are assessed, payment of the costs shall be a prerequisite to the filing of an appeal to the district court. A taxpayer that gives advance notification of ~~their~~ his or her absence shall be given the opportunity to reschedule the hearing date.

E. 1. In order to increase taxpayer transparency, a member of the board of equalization shall not directly or indirectly communicate with the county assessor or any deputy assessor or designated agent on any matter relating to any pending appeal before the board of equalization prior to the actual hearing.

2. Prior to the presentation of any evidence at a county board of equalization hearing, each member of the board hearing the protest must sign an affidavit stating the member is not in violation of paragraph 1 of this subsection.

3. Prior to the presentation of any evidence at a county board of equalization hearing, all parties to the proceeding must sign an affidavit stating that the evidence being presented is true to the best of their belief and knowledge.

4. The provisions of paragraph 1 of this subsection shall not apply to a routine communication between the county assessor and the board of equalization that relates to the administration of an appraisal roll, including a communication made in connection with the certification, correction, or collection of an account that is not the subject of a pending appeal.

5. The affidavit required in paragraph 2 of this subsection shall be in the following form: "My name is [insert name]. I have not communicated with another person in violation of subsection E of Section 2877 of Title 68 of the Oklahoma Statutes."

6. The affidavit required in paragraph 3 of this subsection shall be in the following form: "My name is [insert name]. The information I will present today is true and correct to the best of my belief and knowledge."

SECTION 4. AMENDATORY 68 O.S. 2011, Section 2880.1, is amended to read as follows:

Section 2880.1 A. Both the taxpayer and the county assessor shall have the right of appeal from any order of the county board of equalization to the district court of the same county, and right of appeal of either may be either upon questions of law or fact including value, or upon both questions of law and fact. In case of appeal the trial in the district court shall be de novo. <u>The evidentiary presumption required by subsection H of Section 1 of this act for purposes of determining the fair cash value of the real or personal property or both such real and personal property of a qualifying manufacturing concern shall be applicable to proceedings involving the valuation of such property.</u> Provided, the county assessor shall not be permitted to appeal an order of the county board of equalization upon a question of the constitutionality of a law upon which the board based its order, but the county assessor is hereby authorized in such instance to request a declaratory judgment to be rendered by the district court.

B. Notice of appeal shall be filed with the county clerk as secretary of the county board of equalization, which appeal shall be

filed in the district court within ten (10) days after the final adjournment of the board. It shall be the duty of the county clerk to preserve all complaints and to make a record of all orders of the board and both the complaint and orders shall be a part of the record in any case appealed to the district court from the county board of equalization.

C. Either the taxpayer or the county assessor may appeal from the district court to the Supreme Court, as provided for in the Code of Civil Procedure, but no matter shall be reviewed on such appeal which was not presented to the district court. The findings and conclusions or the judgment of the district court with respect to determinations of fair cash value of real or personal property or both such real and personal property of qualifying manufacturing concerns may only be reversed according to the standard of review as prescribed by subsection J of Section 1 of this act.

D. In such appeals to the district court and to the Supreme Court and in requests for declaratory judgment it shall be the duty of the district attorney to appear for and represent the county assessor. The General Counsel or an attorney for the Tax Commission may appear in such appeals or requests for declaratory judgment on behalf of the county assessor, either upon request of the district attorney for assistance, or upon request of the county assessor. It shall be the mandatory duty of the board of county commissioners and the county excise board to provide the necessary funds to enable the

county assessor to pay the costs necessary to be incurred in perfecting appeals and requests for declaratory judgment made by the county assessor to the courts.

E. In all appeals taken by the county assessor the presumption shall exist in favor of the correctness of the county assessor's valuation and the procedure followed by the county assessor.

SECTION 5. This act shall become effective January 1, 2016."

Passed the House of Representatives the 21st day of April, 2015.

_____
Presiding Officer of the House of Representatives

Passed the Senate the ____ day of _____, 2015.

_____
Presiding Officer of the Senate