STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 1253

By: Quinn

AS INTRODUCED

An Act relating to ad valorem tax; amending 68 O.S. 2011, Sections 2802 and 2876, as amended by Section 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp. 2015, Section 2876), which relate to terminology and administration of law; modifying and adding definitions; clarifying language, procedures and terminology; amending 68 O.S. 2011, Section 2817.1, which relates to limitations on increases in value; conforming language to constitutional provision; 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 fair cash value 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 product of the taxable fair cash value multiplied by the assessment ratio;

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 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;

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. "Net assessed value" means the assessed value less any exemptions for which the taxpayer may qualify;

25. "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. 26. "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. 27. "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. 28. "Taxable value" means the percentage of taxable 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;

29. 29. "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;

30. 30. "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;

31. 31. "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

32. 32. "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. AMENDATORY 68 O.S. 2011, Section 2817.1, is amended to read as follows:
Section 2817.1. A. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution, the taxable fair cash value of locally assessed real property which constitutes homestead property or agricultural land shall not be automatically increased three percent (3%) each year nor shall the taxable fair cash value of all other locally assessed property be automatically increased by five percent (5%) each year, the five percent limitation on the increase. The limitations on increases in the taxable fair cash value shall not be cumulative, and the five percent applicable percentage limitation shall not be considered as a twenty percent imposed as a combined percentage increase every four (4) years.

B. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution, improvements made to locally assessed real property shall be assessed in accordance with law by the county assessor based on the fair cash value of the improvement. The assessed value of the improvement shall then be added to the existing assessed value of the property, except as otherwise provided in the Oklahoma Housing Reinvestment Program Act. The existing property shall continue to be subject to the five percent limitation on the increase in valuation as set forth in Section 8B of Article X of the Oklahoma Constitution. Except when title to the property is transferred, changed, or conveyed to another person as defined in Section 2802.1 of this title, and in accordance with Legislative intent as set forth in subsection A of this section,
under no circumstances shall the taxable fair cash value of the existing property increase by more than five percent (5%) the applicable percentage in any taxable year.

SECTION 3. AMENDATORY 68 O.S. 2011, Section 2876, as amended by Section 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp. 2015, Section 2876), is amended to read as follows:

Section 2876. A. If the county assessor shall increase the valuation of any personal property above that returned by the taxpayer, or in the case of real property increases the valuation over the assessment taxable fair cash value from the preceding year, or pursuant to the requirements of law if the assessor has added property not listed by the taxpayer, the county assessor shall notify the taxpayer in writing the person in whose name any such property is listed, giving of the amount of such valuation as increased or valuation of property so added.

B. The notice required by this section shall, for cases in which the valuation of real property has increased, For cases in which the taxable fair cash value or fair cash value of real property has increased, the notice shall include the fair cash value of the property for the current year, the taxable fair cash value as used in determining the assessment for the preceding and current year, the taxable assessed value for the preceding and current year, if different than the fair cash value, and the assessment percentage ratio for the preceding and current year.
C. The notice required by this section may **shall** be mailed or delivered to the taxpayer at the taxpayer's last-known address of the person affected or to the person in charge of or in possession of the property and shall clearly be marked with the **mailing date** upon which the notice was prepared. Any notice dated as required by this section shall be mailed or delivered within one (1) working day of such date. The notice shall describe the property with sufficient accuracy to notify the taxpayer as to the property included, together with the assessed value of the property. **Duplicate copies** of The assessor shall have the capability to **duplicate** the notice, showing the date of issuance and mailing or delivery, shall be kept in the office of the county assessor **mailing**. Such record shall be prima facie evidence as to the fact of notice having been given as required by this section.

D. The taxpayer shall have thirty (30) days from the date the notice was mailed or in the event that notice was delivered from the date of delivery in which to file a written **complaint** protest with the county assessor specifying objections to action taken the increase in fair cash value or taxable fair cash value by the county assessor; provided, in the case of a scrivener's error or other admitted error on the part of the county assessor, the assessor may make corrections to a valuation at any time, notwithstanding the thirty-day period specified in this subsection. The **complaint** protest shall set out the pertinent facts in relation to the matter.
contained in the notice in ordinary and concise language and in such manner as to enable a person of common understanding to know what is intended. The complaint protest shall be made upon a form prescribed by the Oklahoma Tax Commission.

E. A taxpayer may file a complaint protest if the valuation of property has not increased or decreased from the previous year if the complaint protest is filed on or before the first Monday in May. Such complaint protest shall be made upon a form prescribed by the Oklahoma Tax Commission.

F. The county assessor shall schedule an informal hearing with the taxpayer to hear the protest as to the disputed valuation or addition of omitted property. The informal hearing may be held in person or may be held telephonically, if requested by the taxpayer. A taxpayer that is unable to participate in a scheduled informal hearing, either in person or telephonically, shall be given at least two additional opportunities to participate on one of two alternative dates provided by the county assessor, each on a different day of the week, before the county assessor or an authorized representative of the county assessor. The assessor shall take final action upon issue a written decision in the matter disputed within five (5) working days of the date of the informal hearing and shall mail or deliver notice of final action provide by regular or electronic mail a copy of the decision to the taxpayer. The notice of final action decision shall clearly be marked with the
date upon which the notice was prepared it was mailed. Such notice
shall be mailed or delivered within one (1) working day of such
date. Within ten (10) working days of the date the decision
is mailed or delivered, the taxpayer may file an appeal with the
county board of equalization. For purposes of this section,
"working days" shall mean Monday through Friday and shall exclude
Saturday and Sunday and any legal holidays. The appeal shall be
made upon a form prescribed by the Oklahoma Tax Commission. One
copy of the form shall be mailed or delivered to the county assessor
and one copy shall be mailed or delivered to the county board of
equalization. On receipt of the notice of an appeal to the county
board of equalization by the taxpayer, the county assessor shall
provide the county board of equalization with all information
submitted by the taxpayer, data supporting the disputed valuation
and a written explanation of the results of the informal hearing.

SECTION 4. This act shall become effective November 1, 2016.

55-2-2334 JCR 2/18/2016 6:53:42 PM