

1 STATE OF OKLAHOMA

2 2nd Session of the 55th Legislature (2016)

3 SENATE BILL 1253

By: Quinn

4  
5  
6 AS INTRODUCED

7 An Act relating to ad valorem tax; amending 68 O.S.  
8 2011, Sections 2802 and 2876, as amended by Section  
9 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp. 2015,  
10 Section 2876), which relate to terminology and  
11 administration of law; modifying and adding  
12 definitions; clarifying language, procedures and  
13 terminology; amending 68 O.S. 2011, Section 2817.1,  
14 which relates to limitations on increases in value;  
15 conforming language to constitutional provision; and  
16 providing an effective date.

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

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

20 Section 2802. As used in Section 2801 et seq. of this title:

21 1. "Accepted standards for mass appraisal practice" means those  
22 standards for the collection and analysis of information about  
23 taxable properties within a taxing jurisdiction permitting the  
24 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

1 similar properties using a reliable statistical or other method to  
2 estimate the values of such properties;

3 2. "Additional homestead exemption" means the exemption  
4 provided by Section 2890 of this title;

5 3. "Assessor" means the county assessor and, unless the context  
6 clearly requires otherwise, deputy assessors and persons employed by  
7 the county assessor in performance of duties imposed by law;

8 4. "Assess and value" means to establish the ~~actual~~ fair cash  
9 value and taxable fair cash value of taxable real and personal  
10 property pursuant to requirements of law;

11 5. "Assessed valuation" or "assessed value" means the ~~taxable~~  
12 ~~value of real or personal property either of individual items of~~  
13 ~~personal property or parcels of real property or the aggregate total~~  
14 ~~of such individual taxable items or parcels within a jurisdiction~~  
15 product of the taxable fair cash value multiplied by the assessment  
16 ratio;

17 6. "Assessment ratio" means the relationship between assessed  
18 value and taxable fair cash value for a county or for use categories  
19 within a county expressed as a percentage determined in the annual  
20 equalization ratio study;

21 7. "Assessment roll" means a computerized or noncomputerized  
22 record required by law to be kept by the county assessor and  
23 containing information about property within a taxing jurisdiction;

1 8. "Assessment year" means the year beginning January 1 of each  
2 calendar year and ending on December 31 preceding the following  
3 January 1 assessment date;

4 9. "Circuit breaker" means the form of property tax relief  
5 provided by Sections 2904 through 2911 of this title;

6 10. "Class of subjects" means a category of property  
7 specifically designated pursuant to provisions of the Oklahoma  
8 Constitution for purposes of ad valorem taxation;

9 11. "Code" means the Ad Valorem Tax Code, Section 2801 et seq.  
10 of this title;

11 12. "Coefficient of dispersion" means a statistical measure of  
12 assessment uniformity for a category of property or for all property  
13 within a taxing jurisdiction;

14 13. "Confidence level" means a statistical procedure for  
15 determining the degree of reliability for use in reporting the  
16 assessment ratio for a taxing jurisdiction;

17 14. "Cost approach" means a method used to establish the fair  
18 cash value of property involving an estimate of current construction  
19 cost of improvements, subtracting accrued depreciation and adding  
20 the value of land;

21 15. "County board of equalization" means the board which, upon  
22 hearing competent evidence, has the authority to correct and adjust  
23 the assessment rolls in its respective county to conform to fair  
24

1 cash value and such other responsibilities as prescribed in Section  
2 2801 et seq. of this title;

3 16. "Equalization" means the process for making adjustments to  
4 taxable property values within a county by analyzing the  
5 relationships between assessed values and fair cash values in one or  
6 more use categories within the county or between counties by  
7 analyzing the relationship between assessed value and fair cash  
8 value in each county;

9 17. "Equalization ratio study" means the analysis of the  
10 relationships between assessed values and fair cash values in the  
11 manner provided by law;

12 18. "~~Actual fair~~ Fair cash value" means the value or price at  
13 which a willing buyer would purchase property and a willing seller  
14 would sell property if both parties are knowledgeable about the  
15 property and its uses and if neither party is under any undue  
16 pressure to buy or sell and for real property shall mean the value  
17 for the highest and best use for which such property was actually  
18 used, or was previously classified for use, during the calendar year  
19 next preceding the applicable January 1 assessment date;

20 19. "Homestead exemption" means the reduction in the taxable  
21 value of a homestead as authorized by law;

22 20. "Income and expense approach" means a method to estimate  
23 fair cash value of a property by determining the present value of  
24 the projected income stream;

1 21. "List and assess" means the process by which taxable  
2 property is discovered, its description recorded for purposes of ad  
3 valorem taxation and its actual fair cash value and taxable fair  
4 cash value are established;

5 22. "Mill" or "millage" means the rate of tax imposed upon  
6 taxable value. One (1) mill equals One Dollar (\$1.00) of tax for  
7 each One Thousand Dollars (\$1,000.00) of taxable value;

8 23. "Multiple regression analysis" means a statistical  
9 technique for estimating unknown data on the basis of known and  
10 available data;

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

13 25. "Parcel" means a contiguous area of land described in a  
14 single description by a deed or other instrument or as one of a  
15 number of lots on a plat or plan, separately owned and capable of  
16 being separately conveyed;

17 ~~25.~~ 26. "Sales comparison approach" means the collection,  
18 verification, and screening of sales data, stratification of sales  
19 information for purposes of comparison and use of such information  
20 to establish the fair cash value of taxable property;

21 ~~26.~~ 27. "State Board of Equalization" means the Board  
22 responsible for valuation of railroad, airline and public service  
23 corporation property and the adjustment and equalization of all  
24 property values both centrally and locally assessed;

1       ~~27.~~ 28. "Taxable value" means the percentage of taxable fair  
2 cash value, ~~less applicable exemptions,~~ upon which an ad valorem tax  
3 rate is levied pursuant to the provisions of Section 8 of Article X  
4 of the Oklahoma Constitution;

5       ~~28.~~ 29. "Taxable fair cash value" means the ~~actual~~ fair cash  
6 value of locally assessed real property as capped by Section 8B of  
7 Article X of the Oklahoma Constitution;

8       ~~29.~~ 30. "Use category" means a subcategory of real property,  
9 that is either agricultural use, residential use or  
10 commercial/industrial use but does not and shall not constitute a  
11 class of subjects within the meaning of the Oklahoma Constitution  
12 for purposes of ad valorem taxation;

13       ~~30.~~ 31. "Use value" means the basis for establishing fair cash  
14 value of real property pursuant to the requirement of Section 8 of  
15 Article X of the Oklahoma Constitution; and

16       ~~31.~~ 32. "Visual inspection program" means the program required  
17 in order to gather data about real property from physical  
18 examination of the property and improvements in order to establish  
19 the fair cash values of properties so inspected at least once each  
20 four (4) years and the fair cash values of similar properties on an  
21 annual basis.

22       SECTION 2.       AMENDATORY       68 O.S. 2011, Section 2817.1, is  
23 amended to read as follows:  
24

1 Section 2817.1. A. For purposes of implementing Section 8B of  
2 Article X of the Oklahoma Constitution, the taxable fair cash value  
3 of locally assessed real property which constitutes homestead  
4 property or agricultural land shall not be automatically increased  
5 three percent (3%) each year nor shall the taxable fair cash value  
6 of all other locally assessed property be automatically increased by  
7 five percent (5%) each year, ~~the five-percent limitation on the~~  
8 ~~increase.~~ The limitations on increases in the taxable fair cash  
9 value shall not be cumulative, and the ~~five-percent~~ applicable  
10 percentage limitation shall not be ~~considered as a twenty-percent~~  
11 imposed as a combined percentage increase every four (4) years.

12 B. For purposes of implementing Section 8B of Article X of the  
13 Oklahoma Constitution, improvements made to locally assessed real  
14 property shall be assessed in accordance with law by the county  
15 assessor based on the fair cash value of the improvement. The  
16 assessed value of the improvement shall then be added to the  
17 existing assessed value of the property, except as otherwise  
18 provided in the Oklahoma Housing Reinvestment Program Act. The  
19 existing property shall continue to be subject to the ~~five-percent~~  
20 limitation on the increase in valuation as set forth in Section 8B  
21 of Article X of the Oklahoma Constitution. Except when title to the  
22 property is transferred, changed, or conveyed to another person as  
23 defined in Section 2802.1 of this title, and in accordance with  
24 Legislative intent as set forth in subsection A of this section,

1 under no circumstances shall the taxable fair cash value of the  
2 existing property increase by more than ~~five percent (5%)~~ the  
3 applicable percentage in any taxable year.

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

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

16 B. ~~The notice required by this section shall, for cases in~~  
17 ~~which the valuation of real property has increased,~~ For cases in  
18 which the taxable fair cash value or fair cash value of real  
19 property has increased, the notice shall include the fair cash value  
20 of the property for the current year, the taxable fair cash value as  
21 used in determining the assessment for the preceding and current  
22 year, the ~~taxable~~ assessed value for the preceding and current year,  
23 ~~if different than the fair cash value,~~ and the assessment percentage  
24 ratio for the preceding and current year.

1 C. The notice ~~required by this section may~~ shall be mailed ~~or~~  
2 ~~delivered~~ to the taxpayer at the taxpayer's last-known address ~~of~~  
3 ~~the person affected or to the person in charge of or in possession~~  
4 ~~of the property~~ and shall clearly be marked with the mailing date  
5 ~~upon which the notice was prepared.~~ Any notice dated as ~~required by~~  
6 ~~this section shall be mailed or delivered within one (1) working day~~  
7 ~~of such date.~~ The notice shall describe the property with  
8 sufficient accuracy to notify the taxpayer as to the property  
9 included, together with the assessed value of the property.  
10 ~~Duplicate copies of~~ The assessor shall have the capability to  
11 duplicate the notice, showing the date of ~~issuance and mailing or~~  
12 ~~delivery,~~ shall be kept in the office of the county assessor  
13 mailing. Such record shall be prima facie evidence as to the fact  
14 of notice having been given as required by this section.

15 D. The taxpayer shall have thirty (30) days from the date the  
16 notice was mailed ~~or in the event that notice was delivered from the~~  
17 ~~date of delivery~~ in which to file a written ~~complaint~~ protest with  
18 the county assessor specifying objections to ~~action taken~~ the  
19 increase in fair cash value or taxable fair cash value by the county  
20 assessor; provided, in the case of a scrivener's error or other  
21 admitted error on the part of the county assessor, the assessor may  
22 make corrections to a valuation at any time, notwithstanding the  
23 thirty-day period specified in this subsection. The ~~complaint~~  
24 protest shall set out the pertinent facts in relation to the matter

1 contained in the notice in ordinary and concise language and in such  
2 manner as to enable a person of common understanding to know what is  
3 intended. The ~~complaint~~ protest shall be made upon a form  
4 prescribed by the Oklahoma Tax Commission.

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

10 F. The county assessor shall schedule an informal hearing with  
11 the taxpayer to hear the protest as to the disputed valuation or  
12 addition of omitted property. The informal hearing may be held in  
13 person or may be held telephonically, if requested by the taxpayer.  
14 A taxpayer that is unable to participate in a scheduled informal  
15 hearing, either in person or telephonically, shall be given at least  
16 two additional opportunities to participate on one of two  
17 alternative dates provided by the county assessor, each on a  
18 different day of the week, before the county assessor or an  
19 authorized representative of the county assessor. The assessor  
20 shall ~~take final action upon~~ issue a written decision in the matter  
21 disputed within five (5) working days of the date of the informal  
22 hearing and shall ~~mail or deliver notice of final action~~ provide by  
23 regular or electronic mail a copy of the decision to the taxpayer.  
24 The ~~notice of final action~~ decision shall clearly be marked with the

1 date ~~upon which the notice was prepared~~ it was mailed. Such ~~notice~~  
2 ~~shall be mailed or delivered within one (1) working day of such~~  
3 ~~date~~. Within ten (10) working days of the date the ~~notice~~ decision  
4 is mailed ~~or delivered~~, the taxpayer may file an appeal with the  
5 county board of equalization. For purposes of this section,  
6 "working days" shall mean Monday through Friday and shall exclude  
7 Saturday and Sunday and any legal holidays. The appeal shall be  
8 made upon a form prescribed by the Oklahoma Tax Commission. One  
9 copy of the form shall be mailed or delivered to the county assessor  
10 and one copy shall be mailed or delivered to the county board of  
11 equalization. On receipt of the notice of an appeal to the county  
12 board of equalization by the taxpayer, the county assessor shall  
13 provide the county board of equalization with all information  
14 submitted by the taxpayer, data supporting the disputed valuation  
15 and a written explanation of the results of the informal hearing.

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

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