

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 308

By: Quinn

COMMITTEE SUBSTITUTE

An Act relating to ad valorem tax; amending 68 O.S. 2011, Sections 2802, 2817.1 and 2876, as amended by Section 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp. 2016, Section 2876), which relate to terminology, limitations on increases in value and administration of law; modifying and adding definitions; clarifying language, procedures and terminology; 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

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~~ percentage of the fair cash value
13 of personal property, or the percentage of the taxable fair cash
14 value of real property, as prescribed by the provisions of Sections
15 8 and 8B of Article X of the Oklahoma Constitution, either of
16 individual items of personal property or parcels of real property or
17 the aggregate total of such individual taxable items or parcels
18 within a jurisdiction;

19 6. "Assessment percentage" means the percentage applied to
20 personal property and real property pursuant to Section 8 of Article
21 X of the Oklahoma Constitution;

22 7. "Assessment ratio" means the ~~relationship between assessed~~
23 ~~value and taxable fair cash value for a county or for use categories~~
24 ~~within a county expressed as a percentage~~ ratio determined in the

1 annual equalization ratio study conducted by the Oklahoma Tax
2 Commission pursuant to subsection A of Section 2865 of this title;

3 ~~7.~~ 8. "Assessment roll" means a computerized or noncomputerized
4 record required by law to be kept by the county assessor and
5 containing information about property within a taxing jurisdiction;

6 ~~8.~~ 9. "Assessment year" means the year beginning January 1 of
7 each calendar year and ending on December 31 preceding the following
8 January 1 assessment date;

9 ~~9.~~ 10. "Circuit breaker" means the form of property tax relief
10 provided by Sections 2904 through 2911 of this title;

11 ~~10.~~ 11. "Class of subjects" means a category of property
12 specifically designated pursuant to provisions of the Oklahoma
13 Constitution for purposes of ad valorem taxation;

14 ~~11.~~ 12. "Code" means the Ad Valorem Tax Code, Section 2801 et
15 seq. of this title;

16 ~~12.~~ 13. "Coefficient of dispersion" means a statistical measure
17 of assessment uniformity for a category of property or for all
18 property within a taxing jurisdiction;

19 ~~13.~~ 14. "Confidence level" means a statistical procedure for
20 determining the degree of reliability for use in reporting the
21 assessment ratio for a taxing jurisdiction;

22 ~~14.~~ 15. "Cost approach" means a method used to establish the
23 fair cash value of property involving an estimate of current
24

1 construction cost of improvements, subtracting accrued depreciation
2 and adding the value of land;

3 ~~15.~~ 16. "County board of equalization" means the board which,
4 upon hearing competent evidence, has the authority to correct and
5 adjust the assessment rolls in its respective county to conform to
6 fair cash value and such other responsibilities as prescribed in
7 Section 2801 et seq. of this title;

8 ~~16.~~ 17. "Equalization" means the process for making adjustments
9 to taxable property values within a county by analyzing the
10 relationships between assessed values and fair cash values in one or
11 more use categories within the county or between counties by
12 analyzing the relationship between assessed value and fair cash
13 value in each county;

14 ~~17.~~ 18. "Equalization ratio study" means the analysis of the
15 relationships between assessed values and fair cash values in the
16 manner provided by law;

17 ~~18.~~ ~~"Actual fair~~

18 19. "Fair cash value" means the value or price at which a
19 willing buyer would purchase property and a willing seller would
20 sell property if both parties are knowledgeable about the property
21 and its uses and if neither party is under any undue pressure to buy
22 or sell and for real property shall mean the value for the highest
23 and best use for which such property was actually used, or was
24

1 previously classified for use, during the calendar year next
2 preceding the applicable January 1 assessment date;

3 ~~19.~~ 20. "Homestead exemption" means the reduction in the
4 taxable value of a homestead as authorized by law;

5 ~~20.~~ 21. "Income and expense approach" means a method to
6 estimate fair cash value of a property by determining the present
7 value of the projected income stream;

8 ~~21.~~ 22. "List and assess" means the process by which taxable
9 property is discovered, its description recorded for purposes of ad
10 valorem taxation and its ~~actual~~ fair cash value and taxable fair
11 cash value are established;

12 ~~22.~~ 23. "Mill" or "millage" means the rate of tax imposed upon
13 taxable value. One (1) mill equals One Dollar (\$1.00) of tax for
14 each One Thousand Dollars (\$1,000.00) of taxable value;

15 ~~23.~~ 24. "Multiple regression analysis" means a statistical
16 technique for estimating unknown data on the basis of known and
17 available data;

18 ~~24.~~ 25. "Parcel" means a contiguous area of land described in a
19 single description by a deed or other instrument or as one of a
20 number of lots on a plat or plan, separately owned and capable of
21 being separately conveyed;

22 ~~25.~~ 26. "Sales comparison approach" means the collection,
23 verification, and screening of sales data, stratification of sales
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1 information for purposes of comparison and use of such information
2 to establish the fair cash value of taxable property;

3 ~~26.~~ 27. "State Board of Equalization" means the Board
4 responsible for valuation of railroad, airline and public service
5 corporation property and the adjustment and equalization of all
6 property values both centrally and locally assessed;

7 ~~27.~~ 28. "Taxable value" means the percentage of the fair cash
8 value of personal property or the taxable fair cash value of real
9 property, less applicable exemptions, upon which an ad valorem tax
10 rate is levied pursuant to the provisions of Section 8 and Section
11 8B of Article X of the Oklahoma Constitution;

12 ~~28.~~ 29. "Taxable fair cash value" means the ~~actual~~ fair cash
13 value of locally assessed real property as capped ~~by~~ pursuant to
14 Section 8B of Article X of the Oklahoma Constitution;

15 ~~29.~~ 30. "Use category" means a subcategory of real property,
16 that is either agricultural use, residential use or
17 commercial/industrial use but does not and shall not constitute a
18 class of subjects within the meaning of the Oklahoma Constitution
19 for purposes of ad valorem taxation;

20 ~~30.~~ 31. "Use value" means the basis for establishing fair cash
21 value of real property pursuant to the requirement of Section 8 of
22 Article X of the Oklahoma Constitution; and

23 ~~31.~~ 32. "Visual inspection program" means the program required
24 in order to gather data about real property from physical

1 examination of the property and improvements in order to establish
2 the fair cash values of properties so inspected at least once each
3 four (4) years and the fair cash values of similar properties on an
4 annual basis.

5 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2817.1, is
6 amended to read as follows:

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

18 B. For purposes of implementing Section 8B of Article X of the
19 Oklahoma Constitution, ~~improvements made to locally assessed real~~
20 ~~property shall be assessed in accordance with law by the county~~
21 ~~assessor based on the fair cash value of the improvement. The~~
22 ~~assessed value of the improvement shall then be added to the~~
23 ~~existing assessed value of the property, except as otherwise~~
24 ~~provided in the Oklahoma Housing Reinvestment Program Act. The~~

1 ~~existing property shall continue to be subject to the five percent~~
2 ~~limitation on the increase in valuation as set forth in Section 8B~~
3 ~~of Article X of the Oklahoma Constitution. Except when under no~~
4 ~~circumstances shall the taxable fair cash value of the existing real~~
5 ~~property increase by more than the applicable percentage in any~~
6 ~~taxable year unless improvements have been made to the locally~~
7 ~~assessed real property or if title to the property is transferred,~~
8 ~~changed, or conveyed to another person as defined in Section 2802.1~~
9 ~~of this title, and in accordance with Legislative intent as set~~
10 ~~forth in subsection A of this section, under no circumstances shall~~
11 ~~the taxable fair cash value of the existing property increase by~~
12 ~~more than five percent (5%) in any taxable year. Improvements made~~
13 ~~to locally assessed real property shall be assessed in accordance~~
14 ~~with law by the county assessor based on the fair cash value of the~~
15 ~~improvement. The fair cash value of the improvement shall then be~~
16 ~~added to the taxable fair cash value of the property, except as~~
17 ~~otherwise provided in the Oklahoma Housing Reinvestment Program Act.~~

18 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2876, as
19 amended by Section 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp. 2016,
20 Section 2876), is amended to read as follows:

21 Section 2876. A. If the county assessor ~~shall increase~~
22 increases the valuation of any personal property above that returned
23 by the taxpayer, or in the case of real property ~~increase~~ increases
24 the ~~valuation over the assessment~~ taxable fair cash value from the

1 preceding year, or pursuant to the requirements of law if the
2 assessor has added property not listed by the taxpayer, the county
3 assessor shall notify the taxpayer in writing ~~the person in whose~~
4 ~~name any such property is listed,~~ giving of the amount of such
5 valuation as increased or valuation of property so added.

6 B. ~~The notice required by this section shall, for cases in~~
7 ~~which the valuation of real property has increased,~~ For cases in
8 which the taxable fair cash value or fair cash value of real
9 property has increased, the notice shall include the fair cash value
10 of the property ~~as used in determining the assessment~~ for the
11 current year, the taxable fair cash value for the preceding and
12 current year, the ~~taxable~~ assessed value for the preceding and
13 current year, ~~if different than the fair cash value,~~ and the
14 assessment percentage for the preceding and current year.

15 C. For cases in which the county assessor increases the
16 valuation of any personal property above that returned by the
17 taxpayer, the notice shall describe the property with sufficient
18 accuracy to notify the taxpayer as to the property included, the
19 fair cash value for the current year, the assessment percentage for
20 the current year, any penalty for the current year pursuant to
21 subsection C of Section 2836 of this title and the assessed value
22 for the current year.

23 D. The notice ~~required by this section may~~ shall be mailed ~~or~~
24 ~~delivered~~ to the taxpayer at the taxpayer's last-known address ~~of~~

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

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

1 intended. The ~~complaint~~ protest shall be made upon a form
2 prescribed by the Oklahoma Tax Commission.

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

8 ~~F.~~ G. The county assessor shall schedule an informal hearing
9 with the taxpayer to hear the protest as to the disputed valuation
10 or addition of omitted property. The informal hearing may be held
11 in person or may be held telephonically, if requested by the
12 taxpayer. A taxpayer that is unable to participate in a scheduled
13 informal hearing, either in person or telephonically, shall be given
14 at least two additional opportunities to participate on one of two
15 alternative dates provided by the county assessor, each on a
16 different day of the week, before the county assessor or an
17 authorized representative of the county assessor. The assessor
18 shall ~~take final action upon~~ issue a written decision in the matter
19 disputed within five (5) working days of the date of the informal
20 hearing and shall ~~mail or deliver notice of final action~~ provide by
21 regular or electronic mail a copy of the decision to the taxpayer.
22 The ~~notice of final action~~ decision shall clearly be marked with the
23 date ~~upon which the notice was prepared~~ it was mailed. Such notice
24 ~~shall be mailed or delivered within one (1) working day of such~~

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

14 SECTION 4. This act shall become effective November 1, 2017.

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