

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 HOUSE BILL 1917

By: Kannady

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 2802, 2817.1 and 2876, as amended
9 by Section 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp.
10 2016, Section 2876), which relates to ad valorem
11 taxation; modifying definitions; modifying procedures
12 with respect to implementation of Section 8B of
13 Article X of the Oklahoma Constitution; prohibiting
14 valuation increases under prescribed conditions;
15 modifying provisions related to valuation increase
16 notices; modifying required content of notices;
17 modifying procedures with respect to valuation
18 increase notices for personal property; modifying
19 terminology with respect to appeals; requiring
20 written decisions after informal conference;
21 prescribing procedures for notifications; and
22 providing an effective date.

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

24 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

1 jurisdiction either without direct observation of such similar
2 properties or without direct sales price information for such
3 similar properties using a reliable statistical or other method to
4 estimate the values of such properties;

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

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

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

13 5. "Assessed valuation" or "assessed value" means the ~~taxable~~
14 ~~value of real or personal property~~ percentage of the fair cash value
15 of personal property pursuant to the provisions of Section 8 of
16 Article X of the Oklahoma Constitution, or the percentage of the
17 taxable fair cash value of real property pursuant to the provisions
18 of Section 8B of Article X of the Oklahoma Constitution, either of
19 individual items of personal property or parcels of real property or
20 the aggregate total of such individual taxable items or parcels
21 within a jurisdiction;

22 6. "Assessment percentage" means the percentage applied to
23 personal property and real property pursuant to Section 8 of Article
24 X of the Oklahoma Constitution;

1 7. "Assessment ratio" means the relationship between assessed
2 value and taxable fair cash value for a county or for use categories
3 within a county expressed as a percentage determined in the annual
4 equalization ratio study;

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

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

11 ~~9.~~ 10. "Circuit breaker" means the form of property tax relief
12 provided by Sections 2904 through 2911 of this title;

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

16 ~~11.~~ 12. "Code" means the Ad Valorem Tax Code, Section 2801 et
17 seq. of this title;

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

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

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1 ~~14.~~ 15. "Cost approach" means a method used to establish the
2 fair cash value of property involving an estimate of current
3 construction cost of improvements, subtracting accrued depreciation
4 and adding the value of land;

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

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

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

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

1 used, or was previously classified for use, during the calendar year
2 next 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 fair cash value
8 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 of Article X
11 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 increase every four (4)
17 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 title to the~~
4 ~~property is transferred, changed, or conveyed to another person as~~
5 ~~defined in Section 2802.1 of this title, and in accordance with~~
6 ~~Legislative intent as set forth in subsection A of this section,~~
7 ~~under no circumstances shall the taxable fair cash value of the~~
8 ~~existing property increase by more than five percent (5%) in any~~
9 ~~taxable year. For purposes of implementing Section 8B of Article X~~
10 ~~of the Oklahoma Constitution, under no circumstances shall the~~
11 ~~taxable fair cash value of the existing real property increase by~~
12 ~~more than the applicable percentage in any taxable year unless~~
13 ~~improvements have been made to the locally assessed real property or~~
14 ~~if title to the property is transferred, changed, or conveyed to~~
15 ~~another person as defined in Section 2802.1 of this title, and in~~
16 ~~accordance with legislative intent as set forth in subsection A of~~
17 ~~this section. Improvements made to locally assessed real property~~
18 ~~shall be assessed in accordance with law by the county assessor~~
19 ~~based on the fair cash value of the improvement. The fair cash~~
20 ~~value of the improvement shall then be added to the taxable fair~~
21 ~~cash value of the property, except as otherwise provided in the~~
22 ~~Oklahoma Housing Reinvestment Program.~~

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

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

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

22 C. For cases in which the county assessor increases the
23 valuation of any personal property above that returned by the
24 taxpayer, the notice shall describe the property with sufficient

1 accuracy to notify the taxpayer as to the property included, the
2 fair cash value for the current year, the assessment percentage for
3 the current year, any penalty amount for the current year pursuant
4 to subsection C of Section 2836 of this title, and the assessed
5 value for the current year.

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

20 ~~D.~~ E. The taxpayer shall have thirty (30) days from the date
21 the notice was mailed ~~or in the event that notice was delivered from~~
22 ~~the date of delivery~~ in which to file a written ~~complaint~~ appeal
23 with the county assessor specifying objections to ~~action taken~~ the
24 increase in fair cash value or taxable value by the county assessor;

1 provided, in the case of a scrivener's error or other admitted error
2 on the part of the county assessor, the assessor may make
3 corrections to a valuation at any time, notwithstanding the thirty-
4 day period specified in this subsection. The ~~complaint~~ appeal shall
5 set out the pertinent facts in relation to the matter contained in
6 the notice in ordinary and concise language and in such manner as to
7 enable a person of common understanding to know what is intended.
8 The ~~complaint~~ appeal shall be made upon a form prescribed by the
9 Oklahoma Tax Commission.

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

15 ~~F.~~ G. The county assessor shall schedule an informal hearing
16 with the taxpayer to hear the protest as to the disputed valuation
17 or addition of omitted property. The informal hearing may be held
18 in person or may be held telephonically, if requested by the
19 taxpayer. A taxpayer that is unable to participate in a scheduled
20 informal hearing, either in person or telephonically, shall be given
21 at least two additional opportunities to participate on one of two
22 alternative dates provided by the county assessor, each on a
23 different day of the week, before the county assessor or an
24 authorized representative of the county assessor. The assessor

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

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

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