

# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 29, 2017

BILL NUMBER: HB 1010 STATUS AND DATE OF BILL: Engrossed 03/21/2017

AUTHORS: House Watson Senate Marlatt

TAX TYPE (S): Ad Valorem SUBJECT: Other

PROPOSAL: Amendatory

Section 1 proposes amendments to Section 2825 by adding schedules to those items required to be prepared by the OTC to assist county assessors and by providing that in addition to valuing property in accordance with the standards established by law each assessor must adhere to the rules, regulations, schedules and guides as published by the Oklahoma Tax Commission. The proposed amendments further provide that utilization of the Oklahoma Tax Commission Business Personal Property Schedule shall be uniformly applied statewide in all counties and that the mandatory application of the referenced Schedule shall not apply to property classified as agriculture-related personal property.

Section 2 proposes amendment to Section 2875 of Title 68 mandating that year to year schedules of values of personal property compiled by the OTC must be used by county assessors in the assessment of personal property.

EFFECTIVE DATE: November 1, 2017

### REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 18: None

FY 19: None

### ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 18: Unknown increase in OTC administrative costs

Mar. 28, 2017  
DATE

Rick Miller  
DIVISION DIRECTOR

cjc

3-30-17  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

3/31/17  
DATE

Imy Mint  
FOR THE COMMISSION

Section 1 provides for an amendment to Section 2825 adding schedules to those items required to be prepared by the OTC to assist county assessors. It further provides that in addition to valuing property in accordance with the standards established by law each assessor must adhere to the rules, regulations, schedules and guides as published by the Oklahoma Tax Commission.

Section 2 proposes amendment to Section 2875 of Title 68 mandating that year to year schedules of values of personal property compiled by the OTC must be used by county assessors in the assessment of personal property.

Currently, the Business Personal Property Schedule is compiled by the Tax Commission to provide general guidance and assistance to county assessors in the assessment of personal property. The Schedule is intended to provide the assessors with an approximation of value for the personalty "typical" for the class, not an absolute value. The designation of the Business Personal Property Schedule as the sole and conclusive means to be employed by the county assessor to value personal property for ad valorem taxation purposes could violate the requirement set forth in Article 10 Section 8 of the Oklahoma Constitution that property is to be assessed pursuant to its fair cash value estimated at the price it would bring at a fair voluntary sale.

Further, to require the OTC to compile comprehensive, all-inclusive schedules for all types, kinds, and models of personal property within the various property classifications including business, construction, petroleum and other equipment which are in differing states of condition and age would result in additional administrative costs incurred by the Tax Commission associated with additional staff, programing modification and software acquisition.