

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1706

By: Murdock

AS INTRODUCED

An Act relating to ad valorem taxes; amending 68 O.S. 2011, Section 2802, as amended by Section 1, Chapter 266, O.S.L. 2018 and 2875, as amended by Section 1, Chapter 142, O.S.L. 2015 (68 O.S. Supp. 2019, Sections 2802 and 2875), which relate to assessment of value for ad valorem tax purposes; modifying and adding definitions; modifying the content of certain required schedules provided to aid in assessment; 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, as amended by Section 1, Chapter 266, O.S.L. 2018 (68 O.S. Supp. 2019, 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 fair cash value  
9 and taxable fair cash value of taxable real and personal property  
10 pursuant to requirements of law;

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

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

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

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

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

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

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

12 12. "Code" means the Ad Valorem Tax Code, Section 2801 et seq.  
13 of this title;

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

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

20 15. "Cost approach" means a method used to establish the fair  
21 cash value of property involving an estimate of ~~current construction~~  
22 ~~cost of improvements, subtracting accrued depreciation and adding~~  
23 ~~the value of land~~ replacement cost or reproduction cost of the  
24 property, subtracting all loss in value caused by physical

1 deterioration, functional or internal obsolescence and economic or  
2 external obsolescence;

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

8 17. "Economic or external obsolescence" means the loss in value  
9 of a property caused by factors external to the property. External  
10 factors may include: economics of the industry, availability of  
11 financing, loss of materials, loss of labor sources, passage of  
12 legislation, changes in ordinances, increased cost of raw materials,  
13 labor or utilities without an offsetting increase in product price,  
14 reduced demand for the product, increased competition, inflation or  
15 high interest rates, or other conditions or circumstances;

16 ~~17.~~ 18. "Equalization" means the process for making adjustments  
17 to taxable property values within a county by analyzing the  
18 relationships between assessed values and fair cash values in one or  
19 more use categories within the county or between counties by  
20 analyzing the relationship between assessed value and fair cash  
21 value in each county;

22 ~~18.~~ 19. "Equalization ratio study" means the analysis of the  
23 relationships between assessed values and fair cash values in the  
24 manner provided by law;

1       ~~19.~~ 20. "Fair cash value" or "market value" means the value or  
2 price at which a willing buyer would purchase property and a willing  
3 seller would sell property if both parties are knowledgeable about  
4 the property and its uses and if neither party is under any undue  
5 pressure to buy or sell and for real property shall mean the value  
6 for the highest and best use for which such property was actually  
7 used, or was previously classified for use, during the calendar year  
8 next preceding the applicable January 1 assessment date;

9       ~~20.~~ 21. "Functional or internal obsolescence" means the loss in  
10 value or usefulness of a property caused by inefficiencies or  
11 inadequacies of the property itself, when compared to more efficient  
12 or less costly replacement property which results from the  
13 development of new technology. Functional or internal obsolescence  
14 may include the presence of excess operating expenses, excess  
15 construction or capital costs, over-capacity, inadequacy, lack of  
16 utility, or other conditions or circumstances;

17       22. "Homestead exemption" means the reduction in the taxable  
18 value of a homestead as authorized by law;

19       ~~21.~~ 23. "Income and expense approach" means a method to  
20 estimate fair cash value of a property by determining the present  
21 value of the projected income stream;

22       ~~22.~~ 24. "List and assess" means the process by which taxable  
23 property is discovered, its description recorded for purposes of ad  
24

1 valorem taxation and its fair cash value and taxable fair cash value  
2 are established;

3 ~~23.~~ 25. "Mill" or "millage" means the rate of tax imposed upon  
4 taxable value. One (1) mill equals One Dollar (\$1.00) of tax for  
5 each One Thousand Dollars (\$1,000.00) of taxable value;

6 ~~24.~~ 26. "Multiple regression analysis" means a statistical  
7 technique for estimating unknown data on the basis of known and  
8 available data;

9 ~~25.~~ 27. "Parcel" means a contiguous area of land described in a  
10 single description by a deed or other instrument or as one of a  
11 number of lots on a plat or plan, separately owned and capable of  
12 being separately conveyed;

13 28. "Physical deterioration" means the loss in value or  
14 usefulness of a property due to the depletion or expiration of its  
15 useful life caused by wear and tear, deterioration, exposure to  
16 various elements, physical stresses, and similar factors;

17 ~~26.~~ 29. "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 ~~27.~~ 30. "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       ~~28.~~ 31. "Taxable value" means the percentage of the fair cash  
2 value of personal property or the taxable fair cash value of real  
3 property, less applicable exemptions, upon which an ad valorem tax  
4 rate is levied pursuant to the provisions of Section 8 and Section  
5 8B of Article X of the Oklahoma Constitution;

6       ~~29.~~ 32. "Taxable fair cash value" means the fair cash value of  
7 locally assessed real property as capped pursuant to Section 8B of  
8 Article X of the Oklahoma Constitution;

9       ~~30.~~ 33. "Use category" means a subcategory of real property,  
10 that is either agricultural use, residential use or  
11 commercial/industrial use but does not and shall not constitute a  
12 class of subjects within the meaning of the Oklahoma Constitution  
13 for purposes of ad valorem taxation;

14       ~~31.~~ 34. "Use value" means the basis for establishing fair cash  
15 value of real property pursuant to the requirement of Section 8 of  
16 Article X of the Oklahoma Constitution; and

17       ~~32.~~ 35. "Visual inspection program" means the program required  
18 in order to gather data about real property from physical  
19 examination of the property and improvements in order to establish  
20 the fair cash values of properties so inspected at least once each  
21 four (4) years and the fair cash values of similar properties on an  
22 annual basis.

1 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2875, as  
2 amended by Section 1, Chapter 142, O.S.L. 2015 (68 O.S. Supp. 2019,  
3 Section 2875), is amended to read as follows:

4 Section 2875. A. There is hereby created within the Oklahoma  
5 Tax Commission the Ad Valorem Division. The Ad Valorem Division  
6 shall have the authority and it shall be its duty to:

7 1. Confer with and assist county assessors and county boards of  
8 equalization in the performance of their duties, to the end that all  
9 assessments of property be made relative, just and uniform and that  
10 real property and tangible personal property may be assessed at its  
11 fair cash value estimated at the price it would bring at a fair  
12 voluntary sale;

13 2. Prescribe forms with numbers ascribed thereto for the county  
14 assessors' use in assessment procedure, including property  
15 classification and appraisal forms;

16 3. Provide technical assistance to county assessors and county  
17 boards of equalization in the services of appraisal engineers;

18 4. Provide from year to year schedules ~~of values of personal~~  
19 property containing estimated replacement or reproduction costs,  
20 depreciation tables and instructions for the valuation of personal  
21 property in accordance with Uniform Standards of Professional  
22 Appraisal Practice (USPAP) and International Association of  
23 Assessing Officers (IAAO) requirements to aid county assessors in  
24 the assessment of personal property;

1           5. Conduct training schools, institutes, conferences and  
2 meetings for the purpose of improving the qualifications of county  
3 assessors and their deputies as required by law;

4           6. Prepare and furnish from time to time to county assessors an  
5 assessors' manual. Such manual shall include, but not be limited  
6 to, valuation methodologies for property in a county for which no  
7 comparable property exists in order for a county assessor to  
8 establish a value for ad valorem tax purposes. The manual shall  
9 include information concerning valuation of hazardous waste disposal  
10 facilities and such other types of facilities as may be requested by  
11 the county assessor for which the assessor does not have adequate  
12 data to value such property;

13           7. Render such other assistance as may be conducive to the  
14 proper assessment of property for ad valorem taxation;

15           8. Recommend rules to the Tax Commission establishing uniform  
16 procedures and standards for the appraisal of real property by  
17 county assessors;

18           9. Develop assessment manuals for the valuation of manufactured  
19 homes and periodic updates for such manuals for use by county  
20 assessors; and

21           10. Promptly notify county assessors, county treasurers and  
22 members of county excise and equalization boards of any changes to  
23 the laws relating to ad valorem taxation.  
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1 B. The county assessors shall not use any form not prescribed  
2 or approved by the Ad Valorem Division.

3 C. Each county assessor shall comply with the rules and guides  
4 adopted by the Oklahoma Tax Commission.

5 D. The Ad Valorem Division, upon request of any county  
6 assessor, shall furnish to the county assessor any information shown  
7 by its files and records as to any real and personal property,  
8 subject to taxation, including income and expense data as shown by  
9 income tax returns, to the end that no property shall escape  
10 taxation, and this information is to be furnished notwithstanding  
11 any statute that such files and records shall be confidential and  
12 privileged.

13 E. The Ad Valorem Division shall be authorized to obtain  
14 information relating to the ownership, location, taxable status or  
15 valuation for purposes of ad valorem taxation of real or personal  
16 property from any state agency, board, commission, department,  
17 authority or other division of state government if necessary to  
18 respond to a request by a county assessor as provided by subsection  
19 D of this section. Such information shall be confidential and  
20 privileged and shall only be released to a county assessor in order  
21 to locate, discover and correctly value taxable property as required  
22 by law.

1 SECTION 3. This act shall become effective November 1, 2020.

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