

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3191
Version:	CS
Request Number:	11509
Author:	Rep. Pfeiffer
Date:	2/28/2020
Impact:	Tax Commission:

No State Impact

Research Analysis

The committee substitute for HB3191 amends the cost approach formula that is used to establish the fair cash value of property subject to ad valorem taxation. The definition of *cost approach* is amended so that consideration is given to any loss in value that may be caused by physical deterioration, functional obsolescence or economic obsolescence. A loss in value attributable to these factors must be subtracted from the fair cash value of a property being evaluated under the amended cost approach formula.

The measure also requires the yearly personal property valuation schedules provided to county assessors, by the Ad Valorem Division of the Oklahoma Tax Commission, to conform to the requirements of the Uniform Standards of Professional Appraisal Practice and International Association of Assessing Officers.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

HB 3191 proposes to amend 68 O.S. §§ 2802 & 2875 altering definitions under the Oklahoma Ad Valorem Tax Code and detailing requirements for the schedules that must be provided by the Ad Valorem Division of the Oklahoma Tax Commission to the county assessors to aid in assessment of personal property.

Section 1 of HB 3191 proposes to amend 68 O.S. § 2802 altering the definition of cost approach and adding the definitions of physical deterioration, functional or internal obsolescence, and economic or external obsolescence.

Section 2 of HB 3191 proposes to amend 68 O.S. § 2875 specifying requirements for the schedule provided by the Ad Valorem Division of the Oklahoma Tax Commission to the county assessors to aid in the assessment of personal property. Currently, the Ad Valorem Division is required to provide from year to year a schedule of values of personal property to aid county assessors in the assessment of personal property. HB 3191 proposes to specify that the schedules provided by the Ad Valorem Division must contain estimated replacement or reproduction costs, depreciation tables and instructions for the valuation of personal property in accordance with Uniform Standards of Professional Appraisal Practice (“USPAP”) and International Association of Assessing Officers (“IAAO”) requirements.

There is no revenue impact to the State associated with HB 3191.

Prepared By: Mark Tygret

Other Considerations

None.