

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

HOUSE BILL 3191

By: Pfeiffer

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2011, Sections 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 the Ad Valorem Tax Code; modifying definition; modifying provisions related to valuation of personal property; modifying duties of the Ad Valorem Division of the Oklahoma Tax Commission; 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

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

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

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

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

12 5. "Assessed valuation" or "assessed value" means the
13 percentage of the fair cash value of personal property, or the
14 percentage of the taxable fair cash value of real property, pursuant
15 to the provisions of Sections 8 and 8B of Article X of the Oklahoma
16 Constitution, either of individual items of personal property,
17 parcels of real property or the aggregate total of such individual
18 taxable items or parcels 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
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1 within a county expressed as a percentage determined in the annual
2 equalization ratio study;

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

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

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

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

19 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 15. "Cost approach" means a method used to establish the fair
23 cash value of property involving an estimate of current ~~construction~~
24 ~~cost of improvements~~ replacement cost or reproduction cost of the

1 property, subtracting accrued depreciation and adding the value of
2 land and all loss in value caused by physical deterioration, functional
3 obsolescence and economic obsolescence:

4 a. physical deterioration is the loss in value or
5 usefulness of a property due to the using up or
6 expiration of its useful life caused by wear and tear,
7 deterioration, exposure to various elements, physical
8 stresses, and similar factors,

9 b. functional or internal obsolescence is the loss in
10 value or usefulness of a property caused by
11 inefficiencies or inadequacies of the property itself,
12 when compared to a more efficient or less costly
13 replacement property that new technology has
14 developed. Symptoms suggesting the presence of
15 functional obsolescence are excess operating expenses,
16 excess construction or capital costs, overcapacity,
17 inadequacy, lack of utility, or other conditions or
18 circumstances,

19 c. economic or external obsolescence is the loss in value
20 of a property caused by factors external to the
21 property. These may include such things as the
22 economics of the industry, availability of financing,
23 loss of materials and/or labor sources, passage of new
24 legislation, changes in ordinances, increased cost of

1 raw materials, labor or utilities (without an
2 offsetting increase in product price), reduced demand
3 for the product, increased competition, inflation or
4 high interest rates, or other conditions or
5 circumstances;

6 16. "County board of equalization" means the board which, upon
7 hearing competent evidence, has the authority to correct and adjust
8 the assessment rolls in its respective county to conform to fair
9 cash value and such other responsibilities as prescribed in Section
10 2801 et seq. of this title;

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

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

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

1 for the highest and best use for which such property was actually
2 used, or was previously classified for use, during the calendar year
3 next preceding the applicable January 1 assessment date;

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

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

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

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

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

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

23 26. "Sales comparison approach" means the collection,
24 verification, and screening of sales data, stratification of sales

1 information for purposes of comparison and use of such information
2 to establish the fair cash value of taxable property;

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

7 28. "Taxable value" means the percentage of the 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 and Section
11 8B of Article X of the Oklahoma Constitution;

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

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

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

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

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

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

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

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

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

21 4. Provide from year to year schedules ~~of values of personal~~
22 property containing estimated replacement cost or reproduction cost,
23 depreciation tables and instructions for the valuation of personal
24 property in accordance with Uniform Standards of Professional

1 Appraisal Practice (USPAP) and International Association of
2 Assessing Officers (IAAO) requirements to aid county assessors in
3 the assessment of personal property;

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

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

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

18 8. Recommend rules to the Tax Commission establishing uniform
19 procedures and standards for the appraisal of real property by
20 county assessors;

21 9. Develop assessment manuals for the valuation of manufactured
22 homes and periodic updates for such manuals for use by county
23 assessors; and
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1 10. Promptly notify county assessors, county treasurers and
2 members of county excise and equalization boards of any changes to
3 the laws relating to ad valorem taxation.

4 B. The county assessors shall not use any form not prescribed
5 or approved by the Ad Valorem Division.

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

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

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

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

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