

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL NO. 192

By: Howard

COMMITTEE SUBSTITUTE

An Act relating to the Ad Valorem Tax Code; amending 68 O.S. 2011, Sections 2802, as amended by Section 1, Chapter 266, O.S.L. 2018, 2818 and 2821 (68 O.S. Supp. 2020, Section 2802), which relate to definitions, value of return and inspection of real property; adding definitions; allowing for inspection of property using certain imagery; requiring permission before using certain aircraft; making language gender neutral; 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. 2020, 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  
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1 cost of improvements, subtracting accrued depreciation and adding  
2 the value of land;

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

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

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

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

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

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

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

13       24. "Multiple regression analysis" means a statistical  
14 technique for estimating unknown data on the basis of known and  
15 available data;

16       25. "Oblique imagery" means high resolution aerial or satellite  
17 images captured approximately at a 45-degree angle from the ground;

18       26. "Orthoimagery" means high resolution images of a uniform  
19 scale where corrections and variations are made to remove  
20 distortion;

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

1       ~~26.~~ 28. "Sales comparison approach" means the collection,  
2 verification, and screening of sales data, stratification of sales  
3 information for purposes of comparison and use of such information  
4 to establish the fair cash value of taxable property;

5       ~~27.~~ 29. "State Board of Equalization" means the Board  
6 responsible for valuation of railroad, airline and public service  
7 corporation property and the adjustment and equalization of all  
8 property values both centrally and locally assessed;

9       ~~28.~~ 30. "Taxable value" means the percentage of the fair cash  
10 value of personal property or the taxable fair cash value of real  
11 property, less applicable exemptions, upon which an ad valorem tax  
12 rate is levied pursuant to the provisions of Section 8 and Section  
13 8B of Article X of the Oklahoma Constitution;

14       ~~29.~~ 31. "Taxable fair cash value" means the fair cash value of  
15 locally assessed real property as capped pursuant to Section 8B of  
16 Article X of the Oklahoma Constitution;

17       32. "Unmanned aircraft" means an aircraft without occupants  
18 that is flown by a pilot via a ground control system or autonomously  
19 through use of an onboard computer and other additional equipment  
20 necessary to operate the aircraft and includes unmanned aircraft  
21 commonly called drones;

22       ~~30.~~ 33. "Use category" means a subcategory of real property,  
23 that is either agricultural use, residential use or  
24 commercial/industrial use but does not and shall not constitute a

1 class of subjects within the meaning of the Oklahoma Constitution  
2 for purposes of ad valorem taxation;

3 ~~31.~~ 34. "Use value" means the basis for establishing fair cash  
4 value of real property pursuant to the requirement of Section 8 of  
5 Article X of the Oklahoma Constitution; and

6 ~~32.~~ 35. "Visual inspection program" means the program required  
7 in order to gather data about real property from physical  
8 examination of the property and improvements in order to establish  
9 the fair cash values of properties so inspected at least once each  
10 four (4) years and the fair cash values of similar properties on an  
11 annual basis.

12 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2818, is  
13 amended to read as follows:

14 Section 2818. A. The return of the taxpayer shall not be  
15 conclusive as to the value or amount of any property. The county  
16 assessor shall have the authority and it shall be his or her duty to  
17 raise or lower the returned value:

18 1. Of any personal property, to conform to the fair cash value  
19 thereof, estimated at the price it would bring at a fair voluntary  
20 sale; or

21 2. Of any real property so that the assessment thereof shall be  
22 made in accordance with the provisions of Section 2817 of this title  
23 and with all provisions of the Ad Valorem Tax Code applicable to the  
24 valuation of real property.

1       B. The county assessor shall assess and value all property,  
2 both real and personal, which is subject to assessment by him or  
3 her, and shall place a separate value on the land and improvements  
4 in assessing real estate; and he or she shall do all things  
5 necessary, including the viewing and inspecting of property, by  
6 physical inspection or inspection by use of available change  
7 detection techniques or software that uses oblique imagery,  
8 orthoimagery or high resolution street level imagery, to enable him  
9 or her to assess and value all taxable property, determine the  
10 accuracy of assessment lists filed with him or her, discover and  
11 assess omitted property, and determine the taxable status of any  
12 property which is claimed to be exempt from ad valorem taxation for  
13 any reason. The county assessor shall obtain written permission, on  
14 a form prescribed by the assessor, from the owner of the property  
15 before using an unmanned aircraft to inspect that property.

16       C. In the performance of his or her duties, the county  
17 assessor, or his or her duly appointed and authorized deputy, shall  
18 have the power and authority to:

19       1. Go upon any premises and enter any business building or  
20 structure and view the same and the property therein, and to view,  
21 inspect or appraise any property located within his or her county;  
22 however, the county assessor shall not have the power or authority  
23 to enter the private dwelling of a taxpayer except as provided for  
24 in subsection D of this section; and



1        2. Examine any person under oath in regard to the amount or  
2 value of his or her property.

3        D. In the event of a dispute concerning the valuation of  
4 household personal property, a taxpayer may request the county  
5 assessor to perform a visual inspection of such property.

6        E. Prior to entering the business or commercial premises of any  
7 taxpayer for purposes of discovering personal property, the county  
8 assessor or deputy shall request permission to enter the business or  
9 commercial premises and shall state the reason for the inspection.  
10 If access to the business or commercial premises is denied, the  
11 county assessor or deputy shall be required to obtain a search  
12 warrant in order to conduct an inspection of the interior of the  
13 business or commercial premises. A search warrant may be obtained  
14 upon a showing of probable cause that personal property located  
15 within particularly described business or commercial premises is  
16 subject to ad valorem taxation, but not listed or assessed for ad  
17 valorem taxation as required by law.

18        SECTION 3.        AMENDATORY        68 O.S. 2011, Section 2821, is  
19 amended to read as follows:

20        Section 2821. A. Each county assessor shall cause real  
21 property to be ~~physically~~ inspected, by physical inspection or  
22 inspection by use of available change detection techniques or  
23 software that uses oblique imagery, orthoimagery or high resolution  
24 street level imagery, as part of the visual inspection cycle and

1 shall require such examination as will provide adequate data from  
2 which to make accurate valuations. The county assessor shall obtain  
3 written permission, on a form prescribed by the assessor, from the  
4 owner of the property before using an unmanned aircraft to inspect  
5 that property.

6 B. The information gathered from the ~~physical~~ inspection shall  
7 be relevant to the type of property involved, its use category, the  
8 valuation methodology to be used for the property, whether the  
9 methodology consists of the cost approach, an income and expense  
10 approach or sales comparison approach, and shall be complete enough  
11 in order to establish the fair cash value of the property in  
12 accordance with accepted standards for mass appraisal practice.

13 C. Information gathered during the ~~physical~~ inspection shall be  
14 recorded using a standard method as prescribed by the Oklahoma Tax  
15 Commission in computerized or noncomputerized form. The information  
16 may include property ownership, location, size, use, use category, a  
17 physical description of the land and improvements or such other  
18 information as may be required.

19 D. In order to conduct the visual inspections of real property  
20 during the four-year cycle, each county assessor shall acquire and  
21 maintain cadastral maps and a parcel identification system. The  
22 standards for the cadastral maps and the parcel identification  
23 system shall be uniform for each county of the state and shall be in  
24 such form as developed by the Ad Valorem Task Force.

1 E. The county assessor shall maintain a comprehensive sales  
2 file for each parcel of real property within the county containing  
3 relevant property characteristics, sales price information,  
4 adjustments to sales price for purposes of cash equivalency,  
5 transaction terms and such other information as may be required in  
6 order to establish the fair cash value of taxable real property.

7 Each county assessor shall ensure that the office is equipped  
8 with adequate drafting facilities, tools, equipment and supplies in  
9 order to produce or update maps, sketches or drawings necessary to  
10 support the proper administration of the ad valorem tax and such  
11 other tools or equipment as may be required to perform duties  
12 imposed by law for the discovery and valuation of taxable property.

13 SECTION 4. This act shall become effective November 1, 2021.

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