

1 ENGROSSED SENATE
2 BILL NO. 1210

By: Stanley of the Senate

3 and

4 Kannady of the House

5
6 An Act relating to inspection of real property;
7 amending 68 O.S. 2021, Sections 2802 and 2821, which
8 relate to physical inspection of certain real
9 property; modifying definitions; allowing county
10 assessors to use certain technology to inspect
11 properties; and declaring an emergency.

12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2802, is
14 amended to read as follows:

15 Section 2802. As used in Section 2801 et seq. of this title:

16 1. "Accepted standards for mass appraisal practice" means those
17 standards for the collection and analysis of information about
18 taxable properties within a taxing jurisdiction permitting the
19 accurate estimate of fair cash value for similar properties in the
20 jurisdiction either without direct observation of such similar
21 properties or without direct sales price information for such
22 similar properties using a reliable statistical or other method to
23 estimate the values of such properties;

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

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

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

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

14 6. "Assessment percentage" means the percentage applied to
15 personal property and real property pursuant to Section 8 of Article
16 X of the Oklahoma Constitution;

17 7. "Assessment ratio" means the relationship between assessed
18 value and taxable fair cash value for a county or for use categories
19 within a county expressed as a percentage determined in the annual
20 equalization ratio study;

21 8. "Assessment roll" means a computerized or noncomputerized
22 record required by law to be kept by the county assessor and
23 containing information about property within a taxing jurisdiction;
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1 9. "Assessment year" means the year beginning January 1 of each
2 calendar year and ending on December 31 preceding the following
3 January 1 assessment date;

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

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

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

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

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

17 15. "Cost approach" means a method used to establish the fair
18 cash value of property involving an estimate of current construction
19 cost of improvements, subtracting accrued depreciation including any
20 loss in value that may be caused by physical deterioration,
21 functional obsolescence or economic obsolescence and adding the
22 value of the land.

- 1 a. Physical deterioration is a cause of depreciation that
2 is a loss in value due to ordinary wear and tear and
3 the forces of nature.
- 4 b. Functional or internal obsolescence is the loss in
5 value of a property resulting from changes in tastes,
6 preferences, technical innovations or market
7 standards.
- 8 c. Economic or external obsolescence is a cause of
9 depreciation that is a loss in value as a result of
10 impairment in utility and desirability caused by
11 factors outside the boundaries of the property or loss
12 of value in a property (relative to the cost of
13 replacing it with a property of equal utility) that
14 stems from factors external to the property;

15 16. "County board of equalization" means the board which, upon
16 hearing competent evidence, has the authority to correct and adjust
17 the assessment rolls in its respective county to conform to fair
18 cash value and such other responsibilities as prescribed in Section
19 2801 et seq. of this title;

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

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

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

14 20. "Fixed-wing aircraft" means a manned flying machine,
15 commonly known as an airplane, that generates lift through the
16 forward motion of the aircraft and wings that do not revolve around
17 a mast, but are fixed in relation to the fuselage of the aircraft.
18 Fixed-wing aircraft must also comply with Federal Aviation
19 Administration regulations. For the purposes of this section,
20 fixed-wing aircraft shall not include unmanned aircraft, commonly
21 referred to as drones, as defined in Section 322 of Title 3 of the
22 Oklahoma Statutes;

23 21. "Homestead exemption" means the reduction in the taxable
24 value of a homestead as authorized by law;

~~21.~~ 22. "Income and expense approach" means a method to estimate fair cash value of a property by determining the present value of the projected income stream;

~~22.~~ 23. "Inspection" means the inspection of real or personal property by using on-ground site inspections and, thereafter where applicable, by using publicly and commercially available aerial image overlays for purposes of valuation, data collection, or any other purposes related to the duties of county assessors;

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

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

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

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

~~26.~~ 28. "Sales comparison approach" means the collection, 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.~~ 29. "State Board of Equalization" means the Board
4 responsible for valuation of railroad, airline and public service
5 corporation property and the adjustment and equalization of all
6 property values both centrally and locally assessed;

7 ~~28.~~ 30. "Taxable value" means the percentage of the fair cash
8 value 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.~~ 31. "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.~~ 32. "Use category" means a subcategory of real property,
16 that is either agricultural use, residential use or
17 commercial/industrial use but does not and shall not constitute a
18 class of subjects within the meaning of the Oklahoma Constitution
19 for purposes of ad valorem taxation;

20 ~~31.~~ 33. "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.~~ 34. "Visual inspection program" means the program required
24 in order to gather data about real property from physical

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

5 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2821, is
6 amended to read as follows:

7 Section 2821. A. Each county assessor shall cause real
8 property to be ~~physically~~ inspected as part of the visual inspection
9 cycle and shall require such examination as will provide adequate
10 data from which to make accurate valuations. After an initial
11 physical inspection of property, changes to property may be
12 discovered with the use of digital aerial images taken by fixed-wing
13 aircraft complying with Federal Aviation Administration regulations;
14 the provisions in this section shall not be construed to authorize
15 the use of digital aerial images taken by unmanned aircraft,
16 commonly referred to as drones, as defined in Section 322 of Title 3
17 of the Oklahoma Statutes.

18 B. The information gathered from the physical inspection shall
19 be relevant to the type of property involved, its use category, the
20 valuation methodology to be used for the property, whether the
21 methodology consists of the cost approach, an income and expense
22 approach or sales comparison approach, and shall be complete enough
23 in order to establish the fair cash value of the property in
24 accordance with accepted standards for mass appraisal practice.

1 C. Information gathered during the physical inspection shall be
2 recorded using a standard method as prescribed by the Oklahoma Tax
3 Commission in computerized or noncomputerized form. The information
4 may include property ownership, location, size, use, use category, a
5 physical description of the land and improvements or such other
6 information as may be required.

7 D. In order to conduct the visual inspections of real property
8 during the four-year cycle, each county assessor shall acquire and
9 maintain cadastral maps and a parcel identification system. The
10 standards for the cadastral maps and the parcel identification
11 system shall be uniform for each county of the state and shall be in
12 such form as developed by the Ad Valorem ~~Task Force~~ Division of the
13 Oklahoma Tax Commission.

14 E. The county assessor shall maintain a comprehensive sales
15 file for each parcel of real property within the county containing
16 relevant property characteristics, sales price information,
17 adjustments to sales price for purposes of cash equivalency,
18 transaction terms and such other information as may be required in
19 order to establish the fair cash value of taxable real property.

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

3 SECTION 3. It being immediately necessary for the preservation
4 of the public peace, health or safety, an emergency is hereby
5 declared to exist, by reason whereof this act shall take effect and
6 be in full force from and after its passage and approval.

7 Passed the Senate the 5th day of March, 2024.

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Presiding Officer of the Senate

11 Passed the House of Representatives the ____ day of _____,
12 2024.

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Presiding Officer of the House
15 of Representatives