

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 3961

By: Echols

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 2802, which relates to definitions used in the Ad Valorem Tax Code; providing definition of rural internet service provider; amending 68 O.S. 2021, Section 2803, which relates to classification of subjects for purposes of ad valorem taxation; providing classification of certain rural internet service providers; prescribing requirements for valuation and determination of taxable values; prescribing procedures for election and revocation of election; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, 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 including any
23 loss in value that may be caused by physical deterioration,
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1 functional obsolescence or economic obsolescence and adding the
2 value of the land.

3 a. Physical deterioration is a cause of depreciation that
4 is a loss in value due to ordinary wear and tear and
5 the forces of nature.

6 b. Functional or internal obsolescence is the loss in
7 value of a property resulting from changes in tastes,
8 preferences, technical innovations or market
9 standards.

10 c. Economic or external obsolescence is a cause of
11 depreciation that is a loss in value as a result of
12 impairment in utility and desirability caused by
13 factors outside the boundaries of the property or loss
14 of value in a property (relative to the cost of
15 replacing it with a property of equal utility) that
16 stems from factors external to the property;

17 16. "County board of equalization" means the board which, upon
18 hearing competent evidence, has the authority to correct and adjust
19 the assessment rolls in its respective county to conform to fair
20 cash value and such other responsibilities as prescribed in Section
21 2801 et seq. of this title;

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

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

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

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

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

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

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

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

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

11 26. "Rural internet service provider" means a lawfully
12 recognized business entity offering internet services on a
13 subscription basis if the majority of the subscribers reside in a
14 rural census tract as defined pursuant to the laws governing the
15 preparation of the United States Census;

16 27. "Sales comparison approach" means the collection,
17 verification, and screening of sales data, stratification of sales
18 information for purposes of comparison and use of such information
19 to establish the fair cash value of taxable property;

20 ~~27.~~ 28. "State Board of Equalization" means the Board
21 responsible for valuation of railroad, airline and public service
22 corporation property and the adjustment and equalization of all
23 property values both centrally and locally assessed;
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1 ~~28.~~ 29. "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.~~ 30. "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.~~ 31. "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.~~ 32. "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.~~ 33. "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.

23 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2803, is
24 amended to read as follows:
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1 Section 2803. A. The Legislature, pursuant to authority of
2 Article X, Section 22 of the Oklahoma Constitution, hereby
3 classifies the following types of property for purposes of ad
4 valorem taxation:

5 1. Real property;

6 2. Personal property, except as provided in paragraph 3 of this
7 subsection;

8 3. Personal property which is household goods of the head of
9 families and livestock employed in support of the family in those
10 counties which have exempted such property pursuant to subsection
11 (b) of Section 6 of Article X of the Oklahoma Constitution;

12 4. Public service corporation property; ~~and~~

13 5. Railroad and air carrier property; and

14 6. Rural internet service provider property if the rural
15 internet service provider opts for local assessment by the
16 applicable county assessor pursuant to the provisions of this
17 paragraph. A rural internet service provider that files an election
18 with the county assessor of the county in which any real property or
19 personal property owned by such rural internet service provider is
20 located shall have real and personal property values for such
21 property established by the applicable county assessor and the
22 taxable value of such property shall be computed by the applicable
23 county assessor according to the same requirements as other real and
24 personal property. If an election is filed pursuant to this
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1 paragraph the election shall be filed not later than March 15 of any
2 calendar year and shall be in force and effect until revoked by the
3 rural internet service provider. A rural internet service provider
4 that does not file an election pursuant to this paragraph or which
5 revokes an election as authorized by this paragraph shall have its
6 real and personal property valued for ad valorem tax purposes by the
7 State Board of Equalization in the same manner prescribed by law for
8 the valuation of public service corporation property and the State
9 Board of Equalization shall compute the taxable value of such
10 property according to the same requirements as the property of
11 public service corporations. The Oklahoma Tax Commission shall
12 prescribe forms for the election and revocation of elections as
13 authorized by this paragraph.

14 B. Valuation of each class of subjects shall be made by a
15 method appropriate for each class or any subclass thereof, as
16 established by the Ad Valorem Division of the Oklahoma Tax
17 Commission.

18 C. Classification as provided by this section shall require
19 uniform treatment of each item within a class or any subclass as
20 provided in Article X, Section 5 of the Oklahoma Constitution.

21 SECTION 3. This act shall become effective January 1, 2025.

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