

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 2143

By: Alvord

AS INTRODUCED

An Act relating to ad valorem tax; amending 68 O.S. 2021, Sections 2802 and 2821, which relate to definitions and physical inspection of real property; modifying definition; defining term; authorizing the use digital visual technology for inspection of real property; updating statutory language; 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~~ the standards on mass appraisal of real property, as maintained by the International Association of Assessing Officers, 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 similar properties using a

1 reliable statistical or other method to estimate the values of such
2 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, not to include developer costs at the time of
23 construction, subtracting accrued depreciation including any loss in
24 value that may be caused by physical deterioration, functional

1 obsolescence or economic obsolescence and adding the value of the
2 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, relative~~ to the cost
15 of replacing it with a property of equal ~~utility)~~,
16 utility that stems from factors external to the
17 property;

18 16. "County board of equalization" means the board which, upon
19 hearing competent evidence, has the authority to correct and adjust
20 the assessment rolls in its respective county to conform to fair
21 cash value and such other responsibilities as prescribed in Section
22 2801 et seq. of this title;

23 17. "Equalization" means the process for making adjustments to
24 taxable property values within a county by analyzing the
25

1 relationships between assessed values and fair cash values in one or
2 more use categories within the county or between counties by
3 analyzing the relationship between assessed value and fair cash
4 value in each county;

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

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

16 20. "Fixed-wing aircraft" means a manned flying machine,
17 commonly known as an airplane, that generates lift through the
18 forward motion of the aircraft and wings that do not revolve around
19 a mast, but are fixed in relation to the fuselage of the aircraft.
20 Fixed-wing aircraft shall also comply with Federal Aviation
21 Administration regulations. For the purposes of this paragraph,
22 fixed-wing aircraft shall not include unmanned aircraft as defined
23 in Section 322 of Title 3 of the Oklahoma Statutes;
24

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

3 ~~21.~~ 22. "Income and expense approach" means a method to
4 estimate fair cash value of a property by determining the present
5 value of the projected income stream;

6 ~~22.~~ 23. "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.~~ 24. "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.~~ 25. "Multiple regression analysis" means a statistical
14 technique for estimating unknown data on the basis of known and
15 available data;

16 ~~25.~~ 26. "Parcel" means a contiguous area of land described in a
17 single description by a deed or other instrument or as one of a
18 number of lots on a plat or plan, separately owned and capable of
19 being separately conveyed;

20 ~~26.~~ 27. "Sales comparison approach" means the collection,
21 verification, and screening of sales data, stratification of sales
22 information for purposes of comparison and use of such information
23 to establish the fair cash value of taxable property;

1 ~~27.~~ 28. "State Board of Equalization" means the Board
2 responsible for valuation of railroad, airline and public service
3 corporation property and the adjustment and equalization of all
4 property values both centrally and locally assessed;

5 ~~28.~~ 29. "Taxable value" means the percentage of the fair cash
6 value of personal property or the taxable fair cash value of real
7 property, less applicable exemptions, upon which an ad valorem tax
8 rate is levied pursuant to the provisions of Section 8 and Section
9 8B of Article X of the Oklahoma Constitution;

10 ~~29.~~ 30. "Taxable fair cash value" means the fair cash value of
11 locally assessed real property as capped pursuant to Section 8B of
12 Article X of the Oklahoma Constitution;

13 ~~30.~~ 31. "Use category" means a subcategory of real property,
14 that is either agricultural use, residential use or
15 commercial/industrial use but does not and shall not constitute a
16 class of subjects within the meaning of the Oklahoma Constitution
17 for purposes of ad valorem taxation;

18 ~~31.~~ 32. "Use value" means the basis for establishing fair cash
19 value of real property pursuant to the ~~requirement~~ requirements of
20 Section 8 of Article X of the Oklahoma Constitution; and

21 ~~32.~~ 33. "Visual inspection program" means the program required
22 in order to gather data about real property from physical
23 examination of the property and improvements in order to establish
24 the fair cash values of properties so inspected at least once each

1 four (4) years and the fair cash values of similar properties on an
2 annual basis.

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

5 Section 2821. A. Each county assessor shall cause real
6 property to be ~~physically~~ inspected as part of the visual inspection
7 cycle and shall require such examination as will provide adequate
8 data from which to make accurate valuations. Changes to property
9 may be discovered with the use of digital visual technology on
10 aerial images taken by fixed-wing aircraft complying with Federal
11 Aviation Administration regulations or satellite.

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

19 C. Information gathered during the physical inspection shall be
20 recorded using a standard method as prescribed by the Oklahoma Tax
21 Commission in computerized or noncomputerized form. The information
22 may include property ownership, location, size, use, use category, a
23 physical description of the land and improvements or such other
24 information as may be required.

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

8 E. The county assessor shall maintain a comprehensive sales
9 file for each parcel of real property within the county containing
10 relevant property characteristics, sales price information,
11 adjustments to sales price for purposes of cash equivalency,
12 transaction terms and such other information as may be required in
13 order to establish the fair cash value of taxable real property.
14 Each county assessor shall ensure that the office is equipped with
15 adequate drafting facilities, tools, equipment and supplies in order
16 to produce or update maps, sketches or drawings necessary to support
17 the proper administration of the ad valorem tax and such other tools
18 or equipment as may be required to perform duties imposed by law for
19 the discovery and valuation of taxable property.

20 SECTION 3. This act shall become effective November 1, 2026.

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