

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2775
Version:	INT
Request Number:	6740
Author:	Rep. Pfeiffer
Date:	2/15/2021
Impact:	Tax Commission:

\$0

Research Analysis

HB 2775 amends the definition of *cost approach* as related to the Ad Valorem Tax Code to mean a method of establishing the fair cash value of property involving an estimate of current construction cost of improvements, subtracting accrued depreciation including any loss in value that may be caused by physical deterioration, or functional or economic obsolescence and adding the value of the land. The measure further defines *physical deterioration*, *functional or internal obsolescence*, and *economic or external obsolescence*.

The measure also requires the Ad Valorem Division of the Oklahoma Tax Commission to provide schedules of values of personal property in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) and International Association of Assessing Officers (IAAO) requirements.

Prepared By: Emily McPherson

Fiscal Analysis

Analysis by the Tax Commission:

Section 1 of HB 2775 proposes to amend 68 O.S. § 2802 altering the definition of cost approach and adding the definitions of physical deterioration, functional or internal obsolescence, and economic or external obsolescence.

Section 2 of HB 2775 proposes to amend 68 O.S. § 2875 specifying requirements for the schedule provided by the Ad Valorem Division of the Oklahoma Tax Commission to the county assessors to aid in the assessment of personal property. Currently, the Ad Valorem Division is required to provide from year to year a schedule of values of personal property to aid county assessors in the assessment of personal property. HB 2775 proposes to specify that the schedules provided by the Ad Valorem Division must be in accordance with Uniform Standards of Professional Appraisal Practice (“USPAP”) and International Association of Assessing Officers (“IAAO”) requirements.

There is no revenue impact to the State associated with HB 2775.

Prepared By: Mark Tygret

Other Considerations

None.

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