

1 **SENATE FLOOR VERSION**

2 February 16, 2016

3 **AS AMENDED**

4 SENATE BILL NO. 1253

5 By: Quinn of the Senate

6
7 **[ad valorem tax - terminology and administration of**
8 **law - increases in value - effective date]**
9

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

11 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2802, is
12 amended to read as follows:

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

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

22 2. "Additional homestead exemption" means the exemption
23 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 ~~actual~~ fair cash
5 value and taxable fair cash value of taxable real and personal
6 property pursuant to requirements of law;

7 5. "Assessed valuation" or "assessed value" means the ~~taxable~~
8 ~~value of real or personal property either of individual items of~~
9 ~~personal property or parcels of real property or the aggregate total~~
10 ~~of such individual taxable items or parcels within a jurisdiction~~
11 product of the taxable fair cash value multiplied by the assessment
12 ratio;

13 6. "Assessment ratio" means the relationship between assessed
14 value and taxable fair cash value for a county or for use categories
15 within a county expressed as a percentage determined in the annual
16 equalization ratio study;

17 7. "Assessment roll" means a computerized or noncomputerized
18 record required by law to be kept by the county assessor and
19 containing information about property within a taxing jurisdiction;

20 8. "Assessment year" means the year beginning January 1 of each
21 calendar year and ending on December 31 preceding the following
22 January 1 assessment date;

23 9. "Circuit breaker" means the form of property tax relief
24 provided by Sections 2904 through 2911 of this title;

1 10. "Class of subjects" means a category of property
2 specifically designated pursuant to provisions of the Oklahoma
3 Constitution for purposes of ad valorem taxation;

4 11. "Code" means the Ad Valorem Tax Code, Section 2801 et seq.
5 of this title;

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

9 13. "Confidence level" means a statistical procedure for
10 determining the degree of reliability for use in reporting the
11 assessment ratio for a taxing jurisdiction;

12 14. "Cost approach" means a method used to establish the fair
13 cash value of property involving an estimate of current construction
14 cost of improvements, subtracting accrued depreciation and adding
15 the value of land;

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

21 16. "Equalization" means the process for making adjustments to
22 taxable property values within a county by analyzing the
23 relationships between assessed values and fair cash values in one or
24 more use categories within the county or between counties by

1 analyzing the relationship between assessed value and fair cash
2 value in each county;

3 17. "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 18. "~~Actual fair~~ Fair cash value" means the value or price at
7 which a willing buyer would purchase property and a willing seller
8 would sell property if both parties are knowledgeable about the
9 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 19. "Homestead exemption" means the reduction in the taxable
15 value of a homestead as authorized by law;

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

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

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1 22. "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 23. "Multiple regression analysis" means a statistical
5 technique for estimating unknown data on the basis of known and
6 available data;

7 24. "Net assessed value" means the assessed value less any
8 exemptions for which the taxpayer may qualify;

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

13 ~~25.~~ 26. "Sales comparison approach" means the collection,
14 verification, and screening of sales data, stratification of sales
15 information for purposes of comparison and use of such information
16 to establish the fair cash value of taxable property;

17 ~~26.~~ 27. "State Board of Equalization" means the Board
18 responsible for valuation of railroad, airline and public service
19 corporation property and the adjustment and equalization of all
20 property values both centrally and locally assessed;

21 ~~27.~~ 28. "Taxable value" means the percentage of taxable fair
22 cash value, ~~less applicable exemptions,~~ upon which an ad valorem tax
23 rate is levied pursuant to the provisions of Section 8 of Article X
24 of the Oklahoma Constitution;

1 ~~28.~~ 29. "Taxable fair cash value" means the ~~actual~~ fair cash
2 value of locally assessed real property as capped by Section 8B of
3 Article X of the Oklahoma Constitution;

4 ~~29.~~ 30. "Use category" means a subcategory of real property,
5 that is either agricultural use, residential use or
6 commercial/industrial use but does not and shall not constitute a
7 class of subjects within the meaning of the Oklahoma Constitution
8 for purposes of ad valorem taxation;

9 ~~30.~~ 31. "Use value" means the basis for establishing fair cash
10 value of real property pursuant to the requirement of Section 8 of
11 Article X of the Oklahoma Constitution; and

12 ~~31.~~ 32. "Visual inspection program" means the program required
13 in order to gather data about real property from physical
14 examination of the property and improvements in order to establish
15 the fair cash values of properties so inspected at least once each
16 four (4) years and the fair cash values of similar properties on an
17 annual basis.

18 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2817.1, is
19 amended to read as follows:

20 Section 2817.1. A. For purposes of implementing Section 8B of
21 Article X of the Oklahoma Constitution, the taxable fair cash value
22 of locally assessed real property which constitutes homestead
23 property or agricultural land shall not be automatically increased
24 three percent (3%) each year nor shall the taxable fair cash value

1 of all other locally assessed property be automatically increased by
2 five percent (5%) each year, ~~the five-percent limitation on the~~
3 ~~increase.~~ The limitations on increases in the taxable fair cash
4 value shall not be cumulative, and the ~~five-percent~~ applicable
5 percentage limitation shall not be ~~considered as a twenty-percent~~
6 imposed as a combined percentage increase every four (4) years.

7 B. For purposes of implementing Section 8B of Article X of the
8 Oklahoma Constitution, improvements made to locally assessed real
9 property shall be assessed in accordance with law by the county
10 assessor based on the fair cash value of the improvement. The
11 assessed value of the improvement shall then be added to the
12 existing assessed value of the property, except as otherwise
13 provided in the Oklahoma Housing Reinvestment Program Act. The
14 existing property shall continue to be subject to the ~~five-percent~~
15 limitation on the increase in valuation as set forth in Section 8B
16 of Article X of the Oklahoma Constitution. Except when title to the
17 property is transferred, changed, or conveyed to another person as
18 defined in Section 2802.1 of this title, and in accordance with
19 Legislative intent as set forth in subsection A of this section,
20 under no circumstances shall the taxable fair cash value of the
21 existing property increase by more than ~~five-percent (5%)~~ the
22 applicable percentage in any taxable year.

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1 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2876, as
2 amended by Section 1, Chapter 387, O.S.L. 2014 (68 O.S. Supp. 2015,
3 Section 2876), is amended to read as follows:

4 Section 2876. A. If the county assessor ~~shall increase~~
5 increases the valuation of any personal property above that returned
6 by the taxpayer, or in the case of real property ~~increase~~ increases
7 the ~~valuation over the assessment~~ taxable fair cash value from the
8 preceding year, or pursuant to the requirements of law if the
9 assessor has added property not listed by the taxpayer, the county
10 assessor shall notify the taxpayer in writing ~~the person in whose~~
11 ~~name any such property is listed,~~ giving of the amount of such
12 valuation as increased or valuation of property so added.

13 B. ~~The notice required by this section shall, for cases in~~
14 ~~which the valuation of real property has increased,~~ For cases in
15 which the taxable fair cash value or fair cash value of real
16 property has increased, the notice shall include the fair cash value
17 of the property for the current year, the taxable fair cash value as
18 used in determining the assessment for the preceding and current
19 year, the ~~taxable~~ assessed value for the preceding and current year,
20 ~~if different than the fair cash value,~~ and the assessment ~~percentage~~
21 ratio for the preceding and current year.

22 C. The notice ~~required by this section may~~ shall be mailed ~~or~~
23 ~~delivered~~ to the taxpayer at the taxpayer's last-known address ~~of~~
24 ~~the person affected or to the person in charge of or in possession~~

1 ~~of the property~~ and shall clearly be marked with the mailing date
2 ~~upon which the notice was prepared.~~ Any notice dated as required by
3 ~~this section shall be mailed or delivered within one (1) working day~~
4 ~~of such date.~~ The notice shall describe the property with
5 sufficient accuracy to notify the taxpayer as to the property
6 included, together with the assessed value of the property.
7 ~~Duplicate copies of~~ The assessor shall have the capability to
8 duplicate the notice, showing the date of ~~issuance and mailing or~~
9 ~~delivery, shall be kept in the office of the county assessor~~
10 mailing. Such record shall be prima facie evidence as to the fact
11 of notice having been given as required by this section.

12 D. The taxpayer shall have thirty (30) days from the date the
13 notice was mailed ~~or in the event that notice was delivered from the~~
14 ~~date of delivery~~ in which to file a written ~~complaint~~ protest with
15 the county assessor specifying objections to ~~action taken~~ the
16 increase in fair cash value or taxable fair cash value by the county
17 assessor; provided, in the case of a scrivener's error or other
18 admitted error on the part of the county assessor, the assessor may
19 make corrections to a valuation at any time, notwithstanding the
20 thirty-day period specified in this subsection. The ~~complaint~~
21 protest shall set out the pertinent facts in relation to the matter
22 contained in the notice in ordinary and concise language and in such
23 manner as to enable a person of common understanding to know what is

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1 intended. The ~~complaint~~ protest shall be made upon a form
2 prescribed by the Oklahoma Tax Commission.

3 E. A taxpayer may file a ~~complaint~~ protest if the valuation of
4 property has not increased or decreased from the previous year if
5 the ~~complaint~~ protest is filed on or before the first Monday in May.
6 Such ~~complaint~~ protest shall be made upon a form prescribed by the
7 Oklahoma Tax Commission.

8 F. The county assessor shall schedule an informal hearing with
9 the taxpayer to hear the protest as to the disputed valuation or
10 addition of omitted property. The informal hearing may be held in
11 person or may be held telephonically, if requested by the taxpayer.
12 A taxpayer that is unable to participate in a scheduled informal
13 hearing, either in person or telephonically, shall be given at least
14 two additional opportunities to participate on one of two
15 alternative dates provided by the county assessor, each on a
16 different day of the week, before the county assessor or an
17 authorized representative of the county assessor. The assessor
18 shall ~~take final action upon~~ issue a written decision in the matter
19 disputed within five (5) working days of the date of the informal
20 hearing and shall ~~mail or deliver notice of final action~~ provide by
21 regular or electronic mail a copy of the decision to the taxpayer.
22 The ~~notice of final action~~ decision shall clearly be marked with the
23 date ~~upon which the notice was prepared~~ it was mailed. Such ~~notice~~
24 ~~shall be mailed or delivered within one (1) working day of such~~

1 ~~date.~~ Within ten (10) working days of the date the ~~notice~~ decision
2 is mailed ~~or delivered~~, the taxpayer may file an appeal with the
3 county board of equalization. For purposes of this section,
4 "working days" shall mean Monday through Friday and shall exclude
5 Saturday and Sunday and any legal holidays. The appeal shall be
6 made upon a form prescribed by the Oklahoma Tax Commission. One
7 copy of the form shall be mailed or delivered to the county assessor
8 and one copy shall be mailed or delivered to the county board of
9 equalization. On receipt of the notice of an appeal to the county
10 board of equalization by the taxpayer, the county assessor shall
11 provide the county board of equalization with all information
12 submitted by the taxpayer, data supporting the disputed valuation
13 and a written explanation of the results of the informal hearing.

14 SECTION 4. This act shall become effective November 1, 2016.

15 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
16 February 16, 2016 - DO PASS AS AMENDED
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