

65th Oklahoma Tax Commission Educational Conference

ASSESSMENT ADMINISTRATION

Introductory/Overview Session

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Assessment Administration

Ad Valorem History: (ad valorem = as to value)

- Oldest tax system. Dates back to ancient times
- 1889 counties were numbered 1st – 6th by territorial Governor George Steel.
- Later counties were given alpha letters.
- Organic Act of 1890 created township assessors.
- 1907: new state had 75 counties named for territorial leaders, eminent Americans or Indian tribes/leaders. Two more counties immediately after statehood
- Gov. Cruce appointed 77 county assessors in 1911. Elections were held 2 years later.

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Time of abnormal prosperity 1907 to 1929

- Land available; opportunities; people with money came to make money; oil and gas wells across the state.
- Railroads, cities, \$ for public improvements.
- “Riches and fortunes which inevitably resulted were the wonder of the civilized world.”
- Government grew at all levels as did taxes.
- Attitude was this era or prosperity was permanent.

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1929: Stock Market Crash & The Great Depression

- Product prices declined far below cost to manufacture
- Banks failed
- Mortgage foreclosures multiplied
- Property tax collections decreased
- Delinquent tax sales increased
- But, the ad valorem tax rates remained stationary or increased
- Something had to be done to save the governmental structure from ruin. People were overtaxed and ready to follow a leader with a plan to fix this plight.

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William “Alfalfa Bill” Murray’s observations:

- State government increased \$3,000,000 to \$30,000,000 as did other taxing entities.
- Public service companies could hide property from State Board of Equalization & omitted property from their returns.
- Visible land increased 2 to 4 times in value since statehood.
- Millages went from 20 to 50 mills; more than the average earning power of the property

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- Constitution allowed for “special taxes” such as income tax, but the Legislature had made no serious attempt at special taxes, so the property tax took the brunt of the tax burden.
- Income tax attempt in 1915, amended in 1921, but laws were lax. NO income tax imposed on corporations. Lobbyists had been successful for them. Preferential treatment was apparent.
- Public utility companies could increase rates to cover their expenses and increase profit. Land owners could not do this. SBOE was failing to do its job.

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- Alfalfa Bill's platform:
- Equalize and redistribute the existing ad valorem tax burdens; create the OTC.
- Lower the cost of government.

Overtaxed citizens were behind this platform to make corporations responsible for a proportional share of the tax burden.

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Oklahoma Tax Commission created in 1931

1. Value public utility property

- Only 10% of assets reported to SBOE and didn't match numbers reported to Corp. Commission
- "Valuation engineer" to determine p.u. values.

2. Recommend laws to lower the ad valorem tax rate

3. Collect all taxes done by other agencies

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Taxes already in place in 1931:

- Gross Production – 1910 (very lucrative)
- Personal Income Tax – 1915
- Motor Vehicle License – 1917 (in-lieu ad valorem)
- Gasoline – 1923

Collections by: Corporation Commission, Highway Commission, State Game & Fish Commission, State Auditor

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Other taxes came along:

- Corporate Income Tax – 1933
- State sales tax – 1933 Property owners backed sales tax as a relief measure for ad valorem oppression
- Beer – 1933
- Motor Vehicle excise tax – 1935 (in-lieu sales tax)
- Cigarettes 3¢ per pack – 1935
- Diesel tax – 1939
- Beverage (wine) - 1959
- Mixed beverages – 1985

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Perception of OTC today

- Income tax, sales tax, motor vehicle
- Not generally thought of as Ad Valorem although the main reason for OTC creation
- No state property tax
- Ad Valorem Division brings no money to state coffers except freight car tax (goes to ODOT)

What's the purpose of the Ad Valorem Div.?

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Creation of Ad Valorem Division

(68 O.S. Section 2875)

- Only OTC division statutorily named
- Division not altered during reorganization
- Defines director's qualifications
- Prescribes the division's responsibilities

Assessment Administration

- Confer/assist assessors & Co. Board of Equal.
- Prescribe numbered forms
- Technical assistance to assessors & CBOE
- Personal Property Schedule
- Conducts schools, meetings, conferences
- Instruction on law
- Assessor manual including methodology
- OTC Rules and Regulations
- Public Utility Valuation
- Manuf. Home Valuation
- Reports to SBOE
- Prog. Rept to Legislature on Visual Inspection
- 5-Yr. Mfg. Program
- Other assistance

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Sections in the Ad Valorem Division

1. Public Utility Section
2. CAMA & Mapping
3. Equalization & Compliance
4. Statistical & Technical Reports (additional homestead, freight car tax, abstracts, legislative data, etc.)
5. Administrative Section
6. Network Support (in-office)

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TRAINING & EDUCATION:

Accreditation Program

- Initial and Advanced – 7 units
 - Units 1 & 7 unique to Oklahoma; 2 – 6 substitutes available
- Who must be accredited?
- Accreditation Committee – 3 members
(AVD director, CLGT director, Assessor Assoc. Pres.)
- Continuing Education Units (CEU) 30 hrs/3 yrs
- Approval of outside CEU training

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Oklahoma Tax Commission training

- CAMA & mapping training
- Educational conference
- District meetings
- New assessors' orientation
- Specialized sessions

Called meetings by state agency carry a requirement for assessors to attend unless excused in keeping with 19 O.S. Section 166.

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Specialized Assistance

- CAMA
- Appraisal of unique properties
- Mapping assistance
- Requests for special assistance are made in writing to the division director.

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Forms

- **68 O.S. Section 2875E** “The county assessors shall not use any form not prescribed or approved by the Ad Valorem Division.”
- **68 O.S. Section 2875-D2** “Prescribe forms with numbers ascribed thereto for the county assessors’ use in assessment procedures, including classification and appraisal forms.”
- Watch for “revised” (R) date on forms. Use current forms.

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Handbook

- Compiled by Assessors, OTC and CLGT
- Updated periodically as needed
- Handbook not an encyclopedia
- Quick reference guide
- Provided by CLGT

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Publications

- Ad Valorem Forum (e-mail version)
 - Variety of topics
 - Means of communication
- Brochures to help explain ad valorem process to property owners.
 - OTC has designed some
 - IAAO is an excellent source

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International Association of Assessing Officers

- IAAO is a leading trade organization for county assessment & administration officials
- Benefits of membership:
 - Education programs, appraisal designations, extensive library, networking, symbol of a professional, flaunt the logo on your letterhead & business cards
- Oklahoma Chapter: Mike Morrison, President
- Outstanding Chapter award winner in 2006.

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- Bill Carroll, CAE (President Elect)
 - Retired from Williamson Appraisal District, TX
 - Spoke in the Administrative Track on Wednesday

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Your hand-out materials:

Statutes

History Pages

Assessors' Accreditation Program

Timeline

List of Counties by Districts

List of Ad Valorem Division Staff

OTC website: www.oktax.state.ok.us