

A Look Ahead...

- April 3-6:
Unit IV, El Reno
"Income Approach"
- April 18-19:
Unit VII, Enid
"Ag Land"
- April 25-27:
Unit I, Chickasha
"Intro. To Assessors Office"



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Director's Notes...

SPRING ARRIVES AMIDST BUSY LEGISLATIVE SESSION

We're on the edge of another transition from winter to spring. I hope that we'll have a calm one this year without any wild weather.

Spring is always a mixed blessing. We have the end of personal property renditions and the homestead exemption season, and I know that everyone is relieved to have completed another cycle.

I always used to enjoy pulling away all the homestead signs that we used to post in the courthouse. With year-round filing, I hope that the last minute rush isn't as hectic as it used to be.

The 2001 legislative session has been extremely busy. We've been following a number of bills and the County Assessors' Association legislative committee is working hard to keep up with the Legislature.

There are a number of bills on ad valorem exemptions, and we've had several calls on those bills. Many bills fall by the wayside during the session, but it's a good idea to stay involved in the process.

The State Board of Equalization (SBOE) meeting in February included a discussion on the issue of central versus local assessment of pipeline gathering systems.

A number of counties and companies attended the meeting and presented their viewpoints on the issue.

The State Board of Equalization (SBOE) has set up a committee to review the issue of whether or not these properties could be centrally assessed and to address the costs incurred in the various court cases. State Board of Equalization (SBOE) members Sandy Garrett, Clif Scott, and Dennis Howard will serve on the review committee.

We are looking forward to the Oilfield Equipment Training classes in the last part of March.

We appreciate all the hard work of county assessors and deputies to provide good taxpayer service; it's a hard job and unfortunately it's sometimes under-appreciated. But always remember that ad valorem plays an extremely important role in keeping county and local government working hard in all parts of the state. Our goal should always be to pass the system on better than it was given to us.

Sincerely,

Jeff Spelman, CAE
Director, Ad Valorem Division

Tax Shifts Caused by Exemptions in Ad Valorem System

Due to a substantial interest in the topic at the recent CODA meeting, this article reviews the tax shift that occurs due to new exemptions or modifications to existing exemptions in ad valorem taxation.

The ad valorem tax is fundamentally different from other taxes because of bond issues. If an exemption is granted for sales tax or income tax or estate tax, the exemption reduces the tax dollars received. The exemption results in fewer dollars paid in. Tax collections, therefore, are less for public projects, but on the good side, the taxpayer has to pay less.

In the ad valorem system, however, for those jurisdictions that have one or more bond issues, a tax shift occurs. This is because a bond issue is an ongoing obligation or a promise to pay a bill.

Therefore, all taxpayers have to pay their share of all bond issues through a sinking fund. If someone becomes exempted from taxation, the remaining taxpayers have to pick up the slack.

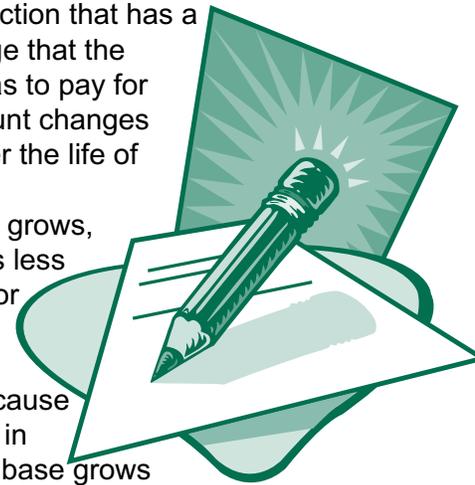
As IAAO Instructor and retired assessor, Jewette Farley always says, it's just like

dividing up the check at a restaurant. If everyone at the table pays their share, each individual amount is not that great. But after several folks leave the table, the bill doesn't get smaller. It stays the same, and the amount that the remaining people must pay becomes higher.

For any jurisdiction that has a bond issue, the millage that the individual taxpayer has to pay for the sinking fund amount changes slightly each year over the life of the bond issue.

If the tax base grows, each patron's share is less and the millage rate for the sinking fund goes down. If the tax base shrinks over time (because of exemptions or loss in market value) the tax base grows smaller and the millage requirement for the sinking fund has to increase to pay for the bonds.

This tax shift caused by exemptions is an important issue to remember when discussing changes and exemptions in the ad valorem system.



Mapping Minute with Troy Frazier

Troy Frazier has finally received his new hardware, software, and the TIGER mapping files from the 2000 Census are becoming available. Soon, he will be able to mail to each county a new set of roads, railroads, and waterways.

Troy will also be able to mail the 1995 digital aerial photos to the counties he has not visited yet. If the NRCS digital soil layer is available, he will include it as well. This data should all fit on one CD-ROM.

For each county, Troy will try to provide the new mapping layers in the format you are using (MIMS, AutoCAD Map, Intergraph, ArcView) and in State Plane Coordinates.

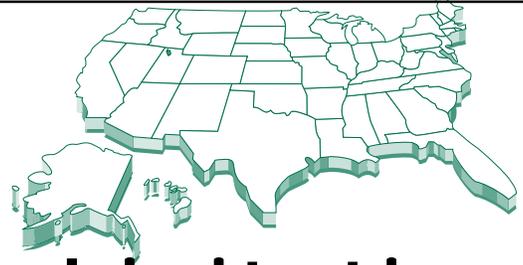
The State GIS Council is reprojecting the aerial photos in State Planes as well. This means the county mapping projects will fit on top of the aerials with no changes. To get all of this done and distributed may take some time, so please be patient.

Troy is still working with the GIS Council to get the 2002 digital aerial photos to you as soon as possible.

Remember: Everything will be done in its due time. The State just takes longer!



National View of Ad Valorem Structure and Tax Limitations



In the United States, the power to tax property basically resides with the states. Local governments have considerable fiscal autonomy. That is, they may do such things as determine how much money they want to raise from property tax and to set tax rates.

In a typical state, there is an array of overlapping regional and local governments with the power to tax property. They include general-purpose governments like counties, towns or townships, and municipalities and special-purpose governments like school districts.

Usually, the state enacts limits on the fiscal autonomy of local taxing districts. The array of measures is increasingly imaginative and sophisticated. Upper (and sometimes lower) limits on property tax rates have been a long-standing feature of property tax systems.

Since the 1970s, limits on increases in local government budgets and property tax levies have become increasingly prominent. Table 1 displays reported information about property tax rate and levy increase limits.

Property tax laws often allow voters to approve an override of property tax rate and levy limits to incur debt. Table 2 presents information on the vote required to incur bonded indebtedness. In some states, more than one vote is required, reflecting specific provisions affecting different types of taxing districts.

Sixteen states limit increases in property tax levies following revaluations. Truth-in-Taxation laws allow more flexibility and build in an element of accountability for levy increases that follow reassessments. Twenty states have such laws.

Despite their tendency to prolong assessment inequities, assessment increase limits, which cushion the impact of revaluations on individual properties, also are common. Fourteen states now have such limits.

Category	Number of States
States with with rate or levy increase limits	26
Exclusions:	36
Newly constructed <i>taxable</i> property	27
Newly constructed property, taxable or exempt	09
Inflation in value of existing taxable property	05
Annexed property	16
Voters may override limits	11
Total number of states responding:	43

Category	Number of States
Simple Majority	16
At least 60 percent	05
At least two-thirds	05
Other percentage	03
Other system	10
Total number of states responding:	34

ATTITUDE IS EVERYTHING

We live in a world of words—no matter what happens, there is a word for it. Some words mean a great deal to us—words such as love, happiness, success, achievement, joy and ability—but one word controls them all...

ATTITUDE.

If your attitude is good, you obtain good results; if it is excellent, you get excellent results; if bad, then bad results. If your attitude is so-so, your results are so-so.

If you wish to test your attitude, answer this question, "Do you feel the world is treating you well?" If your reply is a "yes," your attitude is good. If it's "no," your attitude is bad, and if you have trouble deciding, you need help.

The world is nothing more than a reflection of your own attitude. One of the sad aspects of society is the large percentage of people who become discontented because they focus on what they don't have and don't look at what they do have.

It would be impossible to estimate the

number of jobs lost, promotions missed, sales not made, marriages ruined—all due to a poor attitude—because people waited for others to change towards them instead of being wise enough to realize that they needed to change.

Sir Walter Scott once said, "Success or failure in any undertaking is caused by mental attitude even more than by mental capacities."

In 30 days you can change your world, your sales record, your environment by a simple method. For 30 days treat every person you meet, without exception, as the most important person on earth. You will find that they will begin treating you the same.

Live in a world for others, not for yourself, and you will find that you come out ahead. A generous attitude with a keen sense of humor is far better medicine than any tranquilizer or psychiatrist's couch.

To quote the lyrics from a song by contemporary music group Sister Hazel, "If you want to be somebody else, then change your mind."

How Well Do You Know Property Appraisal Fundamentals?

Sure, it seems like you've been appraising property forever. But how well do you know some of the basic mechanics and theory of appraisal? The following questions will help to test your knowledge in this area. By the way—no peeking at the answers until **after** you complete the questions!

1. An assessed value not at 100 percent of market value is known as a _____ assessment.
2. The relationship between the assessed value and the market value of a property is known as an assessment _____.
3. The taxable location of personal property is referred to as its _____.
4. Corrections are made on the north and/or west side of townships and sections. Sections in which corrections are made are termed _____.
5. A township is divided into _____ sections, each section _____ mile(s) square, containing _____ acres.
6. The units of comparison generally used in land valuation of commercial retail properties are _____ and _____.
7. _____ is the cost of producing a building with like utility, using today's materials and methods of construction.
8. _____ is loss in value due to inability of the structure to perform adequately the function for which it is used, as of the appraisal date.
9. Adjustments in the sales comparison approach are always made to the _____ property and never to the _____ property.
10. _____ is the loss in value from cost new due to all causes except depletion, as of the date of the appraisal.

ANSWERS: 1. Fractional; 2. Ratio/level; 3. Situs; 4. Fractional sections; 5. 36, 1, 640; 6. Front foot, square foot; 7. Replacement cost; 8. Functional obsolescence; 9. Comparable, subject; 10. Depreciation.

How well did you do? If you scored 9-10, you're an appraisal wizard! You really know your stuff. If you scored 7-8, you have a good basic knowledge, but might want to brush up on a few details. If you scored 6 or less, you are probably new to the office, and will need to learn more about the appraisal process.