

A LOOK AHEAD...

April 3-5
Unit V, Personal Property
OKC

April 16-19
Unit II, Real Property Appraisal
Tulsa

April 24-25
Unit VII, Ag Land
Stillwater

 Oklahoma
ad valorem

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DIRECTOR'S NOTES...

OVERALL COMMITMENT TO EDUCATION PART OF AD VALOREM HERITAGE

We found something amazing the other day hidden away on a wall at the ACCO building. John Ward had found someplace a picture of a group of well-dressed people: men in ties and women nicely dressed in professional business suits. The group was posed on the steps of a traditional building on a college campus.

The date on the picture was October 1945, just as World War II ended. Men outnumber women almost two to one. It is interesting to attempt to read their faces for the hopes, fears, concerns and problems reflected in their expressions.

They seem to have, or at least I imagine that they are possessed with the enormous optimism that must have filled the air that day.

World War II had just ended; GI bill veterans were returning to the campus, life was returning to normal, a horrible period of death and suffering was over, and Americans everywhere were poised on the edge of literally creating the generation of the baby boomers—that famous demographic group so talented, privileged, and yes, maybe spoiled.

The picture as you might have guessed was taken at the County Assessors' Annual School. The school that year was at Oklahoma A&M college, and the year was 1945. The conference was not as large as the Annual Conferences these days; more men were county assessors than women in those days, and their dress code was not as lenient as the "business casual" of today. There were certainly no computer labs or digital mapping presentations.

But it did make me proud and somewhat impressed that the commitment to education and training has lasted for such a long time (This picture wasn't even of the first school).

I felt an admiration for, and a connection with the serious looking people in the picture that some aspects of the ad valorem still present—the same challenges: education, training, deadlines, fair market value, taxpayer assistance, and yes, probably even a mobile home title or two that need to be corrected (Joe Hapgood scanned the picture for inclusion on some of our educational materials this year. If you have any conference or county assessor pictures please send us some).

From the Ad Valorem Division, we have a very busy schedule ahead of us. For the county assessors and deputies, you're in the busiest time of year. We've had our staff working for the last couple of weeks on legislative impacts and the start-up of this year's equalization study.

We've attended some of the Senate Finance and House Revenue and Taxation Committees. Several ad valorem bills are already under consideration. Many cover changes of some kind to the additional homestead exemption statute.

One of the biggest concerns for the coming year will be the overall impact of the state budget shortfall on the various state and county agencies. As Center for Local Government Technology (CLGT) indicated, the budget will have an impact on our efforts in the coming years.

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ARKANSAS APPROVES PROPERTY TAX RELIEF MEASURE

A Constitutional Amendment designed to grant property tax relief was approved by Arkansas voters in the General election last November.

The measure will grant a tax credit of \$300 or the full amount of taxes owed, whichever is less, on property taxes on homes. The amendment also allows the Legislature to raise the credit in the future.

Additionally, appraisals for taxes on homesteads will be “frozen” when taxpayers reach age 65 or if they become disabled. All other Arkansans will have a cap of 5 percent a year on property tax appraisals on their homes.

Increased appraisals on other property will be capped at 10 percent per year. Adoption of the amendment has triggered Act 1492 of 1999, which increases the state sales tax by a half-percent.

The Legislature put the amendment on the ballot to “take some wind out of the sails” of efforts to repeal property taxes, said Rep. Tom Courtway, D-Conway, one of the amendment’s chief authors.

A measure to abolish property taxes and

increase the sales tax was taken off the ballot by the state Supreme Court this year because of an unclear ballot title. A similar measure was removed from the 1998 ballot because of signature-gathering fraud.

Property taxes raise about \$1 billion a year in Arkansas, with \$760 million going to local school districts.

Some members of Arkansans to Protect Police, Libraries, Education and Services (APPLES) opposed amendment 2, a coalition formed to fight the repeal of the property tax.

The Arkansas League of Women Voters opposed Amendment 2, and its president, Brenda Thiel of Fayetteville, unsuccessfully sued to remove the measure from the ballot.

The Arkansas Supreme Court left Amendment 2 on the ballot but cited legal problems that might arise with the measure’s adoption. The court questioned whether omitting any mention of Act 1492’s sales tax increase in the amendment was legal, but also ruled the court lacked jurisdiction until and unless the amendment passed.



MAPPING MINUTE

WITH TROY FRAZIER

This is an “end-of-the-year summary” for 2001. I’m sorry it took so long to get it out to you.

The year of 2001 came and went rapidly, and it was a busy one. We accomplished a lot of things last year. I was able to visit close to 50 counties. Some of these visits were return visits because of specific needs.

We produced a CD for mapping support. Using that CD, we got the 1995 aerial photos to the counties along with a free viewer program to see them with. We had good mapping training at Tulsa. It was received so well that we probably will not change much of the mapping track for this year’s Conference.

We were able to have a couple of 2 day regional training sessions and a couple of day regional training sessions in the counties this past year. We had over half a dozen counties produce rural ownership plat books for the first time this year, bringing the total to well over a dozen.

We also saw several counties get their mapping on the Internet. Counties that are not finished with their mapping are for the most part so close to being finished that they can taste it. All in all, 2001 was a good year for mapping and I applaud your efforts.

Remember: *With mapping, the sky really is the limit!*

COMMERCIAL STRUCTURAL BUILDING FRAME REVIEW

For proper valuation of commercial structures, it is important to determine the correct structural frame of the building. This article will review the five types of structural frame, and the characteristics of each.

Class A and B frames are of fireproof construction, steel or concrete. In these buildings, especially in composite construction (combinations of materials), there must be some arbitrary breakdown between roof, floors, walls and frame.

This has been done by making the frame costs independent to the costs of other elements of the building shell. In other words, the frame costs include all supporting structure costs that are not charged to the wall, roof or floors.

The walls of class A and B buildings may rest on the frame or may be hung on it and usually bear no more than their own weight. These are known as curtain walls since they merely enclose space.

Structural frame class A buildings are usually multi-story and of the highest cost that can be found.

Structural frame class B buildings are usually multi-story and can be found in the old hotel or large bank from the 1910's or 1920's.

Class C and D buildings will be of framed construction where an independent frame supports the floors and roof.

If all walls and partitions were removed the skeleton would still stand.

This frame may consist of wood or steel posts and girders, wood poles, and laminated arches. The vertical members can be encased in fire-resistant coverings or enclosed within the walls.

This type of frame is often called an open frame, since it lacks the complete fire resistance of a class A or B frame.

Most structural frame class C buildings built recently are concrete block or tilt-up concrete. Most of the older downtown structures and pre-World War II buildings will also be class C structural frame.

Structural frame class D buildings are of wood frame, wood sides or brick veneer structures. Many newer buildings will be structural frames D or S. Most of these will have been built since 1955.

Class S frames are typically open steel skeleton members consisting of post and beam configurations. The vertical members can be enclosed within the walls, but the frame is basically non-fire resistant.

Structural frame S class buildings consist of steel frame and steel-sided structures. Class S buildings may have large areas of glass or brick veneer for ornamentation, but will have mostly areas of steel siding, except the area facing the street. These will include many office/warehouses, some convenience stores, and occasionally other freestanding retail structures. Most of these will have been built since 1970.



IAAO OKLAHOMA CHAPTER SERVES IMPORTANT FUNCTION OF ASSISTANCE

The following officers will lead the Oklahoma Chapter of IAAO for 2002:

Gail Hedgcoth, President
Doug Warr, Vice-President
Wade Patterson, Secretary-Treasurer

Executive Board members are:

Ron Sosbee, Denise Heavner, Jeff Spelman, and Charles Gill.

Members of the IAAO Oklahoma Chapter meet several times a year to discuss current events, often with a guest speaker making a presentation on an assessment or valuation topic. The Chapter joins with the Assessors' Association to sponsor the "bowling and pizza" night during the annual educational conference in Tulsa.

The Chapter is considering fund-raising activities in the coming year. The proceeds may be used for a variety of activities. Previously the Chapter has sponsored a chapter member by paying a portion of expenses to attend the annual IAAO convention.

Other uses may be to sponsor attendance at IAAO courses or make donations to IAAO members who are in need or have a special circumstance.

Under the direction of the 2001 President, Charles Gill, the Chapter hosted the IAAO Standards and Ethics course in October, 2001, which was instructed by Jewette Farley, CAE. The IAAO State Chapter anticipates sponsoring other IAAO courses in the future.

IAAO promotes professionalism and provides a variety of invaluable services to the appraisal and assessment community. Contact Doug Warr at (405) 744-6049 for IAAO membership information, and any of the State IAAO Chapter officers for additional information on IAAO Oklahoma activities.

The State Chapter membership dues are only \$10.00 per year, and can be submitted to Wade Patterson, Secretary/Treasurer. With your participation, the IAAO State Chapter can be an even better organization, helping Oklahoma assessment professionals to do their jobs more effectively.

COUNTY ASSESSOR FOR PRESIDENT?

Who says county assessors aren't popular people? Dawson County, Ga. Assessor Dawn Pruett received two presidential write-in votes in last November's Presidential election.

Of course, other famous folks received write-in votes also, including Donald Duck, Homer Simpson, Goofy, and Mickey Mouse.

At last report, however, Pruett remained focused on her assessment job while laying any presidential ambitions to rest for the time being.

After all, who wants to be president when they can serve as county assessor?!



EVERYTHING YOU WANTED TO KNOW ABOUT EXEMPTIONS **BUT WERE AFRAID TO ASK**

So you want to know a little bit more about ad valorem exemptions, but couldn't muster up enough courage to ask a "veteran" coworker or Ad Valorem Division staff member?

Not to fear! We'll review the basic types of exemptions and how exemption statutes work in relation to the State Constitution.

How Property Obtains Taxable Status:

Ad valorem taxability of property is addressed in part by 68 O.S., Section 2804, which states that all property in Oklahoma, whether real or personal, shall be subject to ad valorem taxation.

Property may be exempted from ad valorem taxation if exempted by law or by reason of payment of an in lieu tax (in lieu tax is payment instead of ad valorem tax).

Additionally, the Constitution prescribes that "the legislature shall pass no law exempting any property within [Oklahoma] from taxation, except as otherwise provided in this Constitution."

We will address those exemptions that are provided for through the Constitution (self-executing), and future articles will address property exempt by reason of classification or "in-lieu", which are statutory exemptions.

Self-Executing Constitutional Exemptions:

Property is never exempt from taxation unless by special constitutional and definite provision of law. The Legislature may qualify, curtail, or annul any exemption unless the constitutional provision that grants the exemption is self-executing.

A self-executing provision means that the provision is operative without enabling or supplemental legislation.

Constitutional provisions are considered self-executing that exempt certain classes of property or direct that the Legislature shall not tax designated property. The Legislature cannot grant exemptions that are constitutionally unrecognized or enlarge constitutional exemptions.

Furthermore, the Legislature may not change or extend a Constitutional provision that is a self-executing grant of power to the taxpayers if the provision is self-complete.

Self-executing constitutional exemptions are not subject to taxation and any tax assessed would be illegal and void.

Voluntary payment by the taxpayer of an invalid tax does not constitute a waiver or ratify the tax if a timely application for refund is filed pursuant to law.

Classes Of Constitutional Exemptions:

The Constitution recognizes two separate classes of exemptions:

- (1) Property exempt by use and
- (2) Property exempt by ownership.

Examples of both will be given in future exemption articles.



