Oklahoma ad valorem FORUM

Volume X, Issue 4
April 2001

A Look Ahead...

April 27
NW District Assessors Meeting
Blaine County

May 3-4
SE District Assessors Meeting
McCurtain County

May 10-11
SW District Assessors Meeting
Stephens County

May 15-18
Unit II - Real Property
Roman Nose

May 18-19
NE District Assessors Meeting
Cherokee County

May 22-25
Unit VI - Mapping
Stillwater

Director's Notes...

Our Life Should Be Our Message

We're all constantly bombarded with messages: advertising, television commercials, newspaper, magazines, E-mails from Mike Means and Debbie Collins, and even body language by some guy's fist shaken at you on the highway. Some are positive messages; others are not so positive.

I read last week about a famous encounter that the Indian political leader Gandhi had with a reporter. Gandhi was on a crowded train that pulled into a station near a great city. The reporter fought his way through the crowd to talk to Gandhi and get an interview. He could only get a few feet from the leader's rail car, but he managed to hold up a sign. "Do you have any special message for your followers?" Gandhi scribbled something on the back of an envelope and had the note passed from hand to hand through the crowd to reporter. Gandhi's answer was simple. "No. My life is my message."

I like that sentiment. We all send a message through our actions. What we do is much more important than what we say. Hard work, professionalism, honesty, and good taxpayer service all send a great message that doesn't really need any extra words. A good example is a powerful message.

The Legislative session is still extremely busy. We completed the last committee meetings of the session. The Senate Finance Committee and the House Revenue and Taxation Committees have completed consideration of several ad valorem tax bills, and the County Assessors' Association legislative committee has been active in tracking those bills and meeting with legislators. There are still several extremely important measures still under consideration.

The Center for Local Government Technology (CLGT) and Oklahoma Tax Commission have completed the initial effort in oil and gas related appraisal practices. I attended the first day's session in McAlester and drove to Woodward on Friday. I was pleased by the good turnout by county assessors and deputies at both sessions (If you don't think that Oklahoma is an amazing state, drive from Woodward to McAlester in one week—Lots of difference).

I'm pleased to report that we've got a new Voice Mail System on line at the Ad Valorem Division. We have the whole office on Voice Mail. If you call in for one of our staff people, you can leave a voice mail message for them. Our field personnel check their voice mail regularly so they'll get their messages promptly. Don't forget that you can still leave a message with our receptionist or secretaries and we can page our field staff. The pagers don't really cover the entire state so the Voice Mail is a good alternative.

We've had several CAMA quarterly training sessions this month. Troy Frazier has done some mapping training in Altus and he is available for additional mapping training. Don't forget that at the option of the District Chairs we will have some training during the District meetings starting at the

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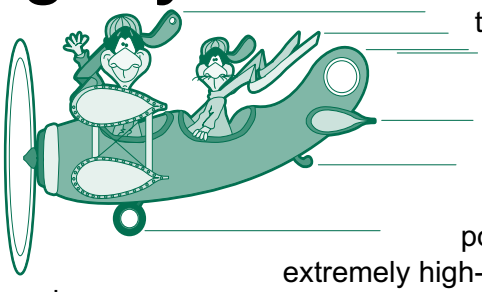
Airborne Imagery Fuels GIS Growth



Aerial photography is the basis for most maps produced within the last 80 years, and paper maps have been the backbone of geographic information for hundreds of years.

Since 1903, when the Wright brothers made the first motorized flight, the ability to acquire aerial images has continued to advance. Traditionally, governments used aerial photography for military intelligence, reconnaissance, mapping and quantifying Earth's resources.

But in the last few decades, aerial photography entered into private enterprise for development and business planning.

For many years, the function of capturing and producing aerial photography was a "service-oriented" business. Clients would hire aerial firms to acquire and produce photography for specific needs. With advancements in computing power and information needs, however, processes were developed to streamline aerial photography production and move it into the "product" stage in which "off-the-shelf" products are re-sold to multiple customers, spreading the photography's high cost to many end users and creating an affordable Product.

Airborne vs. Spaceborne

The most efficient method for capturing imagery has remained similar for several decades: Capture a photo with an aerial camera using nine-by-nine inch film, process the film, and produce the final product—whether a digital or photographic print. The major advancements have been in digital scanners and software-based image processing.

But now there are new ways to capture aerial images. Digital capture devices (no film or processing) and satellite imagery have advantages as well as disadvantages, but neither can yet produce the same visual quality within the same delivery time as a traditional aerial photography camera.

Imagery Issues

Aerial photography captured using traditional aircraft is an efficient, cost-effective method to obtain aerial imagery. There's a tremendous availability of qualified aerial photography firms available. In fact, this is a growing enterprise that traditionally was driven by government work, but increased awareness is fueling aerial photography use by the private sector.

Using traditional aircraft, it's possible to deploy and capture extremely high-resolution (sub-one-foot-resolution) aerial imagery in just a few hours. Aircraft are navigable, and the resolution of aerial imagery isn't federally limited.

Depending on the aerial imagery's purpose, the resolution needed will vary. If you're showing a detailed view of a specific geographic location, higher resolutions will contain more information.

Aerial photography that would allow you to read the headline on the newspaper in your driveway is currently available, but the higher the resolution, the higher the cost. For example, a single photo of one-meter-resolution photography contains more than 20 square miles of land area, and a single photo of one-foot-resolution photography contains less than 1.5 square miles of land area. Cost. Vs. resolution isn't a linear function.

The imagery capture method and quantity of its use will drive cost. Price and ease of application will drive imagery use in GIS applications. Technology advancements, common computer interfaces and increased computing power have dramatically increased, and will continue to increase, the usability of aerial photography.

In the last few years, the cost per square mile for one-meter-resolution color aerial photography has declined from hundreds of dollars to less than $10 per square mile when purchased in bulk from a few select imagery providers. In the next few years, we may see this cost reduced to less than $1 per square mile as imagery use continues to be spread across multiple users.

In addition to the cost to produce imagery, pricing also is based on the customer's rights to use the product. Customers typically are licensed to use imagery for a specific purpose—as opposed to an outright imagery purchase. Special attention should be paid to the rights granted prior to purchasing any imagery.

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Calculation of Gross Household Income Reviewed

When determining the amount of gross household income pursuant to eligibility requirements for the Additional Homestead Exemption or Senior Valuation Limitation OTC form 994 shall be used for the application.

If additional income verification is required, the county assessor may request any documentation necessary from the taxpayer. If using federal income tax returns for verification, the following should be considered:

Use the most recent return (return 2000 and after).

Form 1040: Line 22 (Total Income) LESS any amounts which appear on lines 12, 13, 14, 17, or 18. Line 22 will not be Gross Income.

Schedule F:

Add line 11 to adjusted line 22 on form 1040.

Schedule C:

Add line 7 to adjusted line 22 on form 1040.

Schedule CEZ:

Add line 1 to adjusted line 22 on form 1040.

Schedule E:

Add line 3 and 4 to adjusted line 22 on form 1040.

Form 1040A: Use line 4 (Adjusted Gross Income)

As to the Form 1040, taking line 22 and adding back certain gross income amounts from Schedules C, D, E, or F does not account for all types of gross household income as outlined in 68 O.S., Section 2890.

Specifically, include tax exempt bond interest income, Social Security, Pension or other annuity income. 68 O.S. Section 2890 requires the inclusion of the aforementioned regardless of their taxability.

Also, it should be pointed out that there are a variety of income items that are not required to be included on a Federal Income Tax Return. Some examples of this include Child Support receipts, Welfare or assistance payments (AFDC and food stamps), personal injury settlements, Federal Earned Income Tax Refunds and certain state refunds (Low Income Sales Tax Relief).

In summary, utilizing federal income tax returns will not always accurately reflect actual gross household income. It is difficult to ascertain true gross income without input from the taxpayer as to non-taxable or non-reportable income.

When requesting income verification from the Tax Commission, OTC form 996 must be used for each individual request. The application form 994 signed by the taxpayer must be attached to the request for verification form 996.

The Tax Commission verification is based on Oklahoma Gross Adjusted Income and may not represent actual gross income. If no Oklahoma Income Tax Return was filed the Tax Commission will be unable to verify the income.

Individual income tax records cannot be released under Oklahoma confidentiality statutes. If you need further clarification or assistance in determining gross household income, please contact :

Ad Valorem Division at (405) 521-3178.

Total Exempt Manufacturing Reimbursements Approach $166 Million Since Inception of Program

A grand total of $166 million—That's a lot of money. More than dozens of county budgets put together. But that's the price tag on the investment that Oklahoma's Manufacturing Exemption program has made in new or expanded industries since the State Question was adopted by the people in 1985.

Although the program is not as high profile as some other economic development incentives, county assessors working with the Oklahoma Tax Commission have helped literally thousands of industries. The program, which uses one percent of state income tax collections, has provided a tax incentive for economic development that's been fully reimbursed to county government and schools.

The ad valorem tax exemption for qualifying manufacturing concerns was created by State Question No. 588 and adopted by a vote of the people on April 10, 1985. This State Question modified Article X, Section 6B of the Oklahoma Constitution.

The five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set forth by the Oklahoma Constitution and Statutes.

Qualifying applicants must meet at least one of the following criteria:

1. Facilities engaged in the mechanical or chemical transformation of materials or substances into new products.

2. Facilities defined or classified under Division D of the Standard Industrial Classification Manual (SIC), latest revision.

3. Facilities, including repair and replacement parts, primarily engaged in aircraft repair, building and rebuilding whether or not on a factory basis.

4. Establishments which are primarily engaged in computer services and data processing as defined under industrial group number 7372 and 7373 of the SIC manual, and which derive at least 50% of annual gross revenues from the sale of a product or service to an out-of-state consumer as defined under SIC group number 7374, which derive at least 80% of gross annual revenues from the sale of a product or service to an out-of-state buyer or consumer.

5. Establishments engaged in research and development activities directly related to and conducted for the purpose of discovering, enhancing, increasing or improving future or existing products, processes or productivity.

Elmer Bright Retires as Washington County Assessor

After almost 27 years in the assessment profession, Washington County Assessor Elmer Bright retired last month.

Elmer was employed by Washington County in 1974 as a revaluation deputy. Bright was appointed assessor in 1981, upon the retirement of assessor Les Purdum. Elmer made a successful bid for the office in 1982, and served as assessor until his recent retirement.

Elmer stated in a 1996 interview for an Assessor Profile in the *Forum* that the highlight of his career was serving as Assessor Association President in 1991-1992.

Everyone at the Ad Valorem Division extends their best wishes to Elmer for an active and fulfilling retirement.

In Memoriam:

Dillon Patterson 1935-2001

Former Ottowa County Assessor Dillon Patterson died February 28th at his home after a sudden illness. He was 66. Dillon was born and raised in the northeastern Oklahoma community of Fairland.

Patterson worked at the Goodrich tire plant in Miami beginning at age 18, until the plant closed in 1986. He was elected as Ottawa County assessor in 1986, and served in that capacity until his retirement in 1998.

Dillon thoroughly enjoyed his job as assessor. In a 1996 interview conducted for an assessor profile article for the *Forum*, Patterson summed up his philosophy of dealing with people in the assessor's office with one simple thought:

"You have to be patient with people, and take the time to find out what their needs and concerns really are. Their problems may not be what your first impression told you they were."

Pretty good advice for all of us as we go about doing our jobs, wouldn't you say? Dillon Patterson will be fondly remembered by those of us involved in the assessment profession in Oklahoma. The Ad Valorem Division extends its sincere condolences to surviving family members.

Our Life...

(Continued from Page 1...)

end of April.

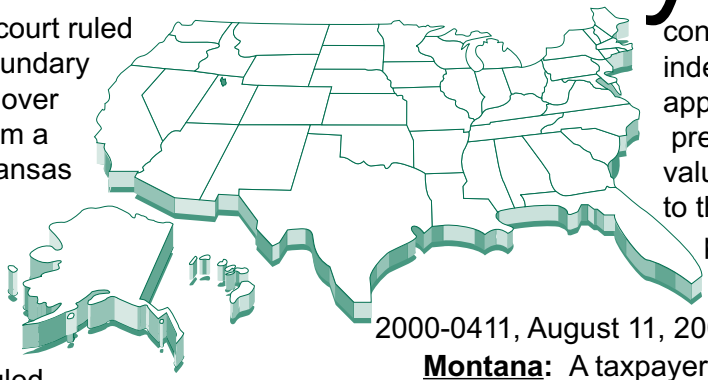
We appreciate all the hard work of county assessors and deputies to provide good taxpayer service; it's a hard job and unfortunately, it's sometimes under-appreciated, but always remember that ad valorem plays an extremely important role in keeping county and local government working hard in all parts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

Jeff Spelman
Director of the Ad Valorem Division
Oklahoma Tax Commission

PS It's all right to hold a conversation, but you should let go of it now and then. R. Armour.

PS A recent Tulsa World featured an article on Census 2000. My old county Cimarron was edged out by Pat Daniel's Harmon County for the least crowded county. A good friend of mine, Norma Gene Young, the local historian, told the reporter that the good thing about Cimarron County was the fact you had room to breathe. Harmon County has 6.1 people per square mile and Cimarron County has 1.7 people per square mile.

Property Tax News from Around the Country



Arkansas: The supreme court ruled that a judge should settle a boundary dispute between two counties over $1 million in property taxes from a hydroelectric plant on the Arkansas River.

Reversing the lower court decision that the Public Service Commission had the authority to settle border disputes, the supreme court ruled that a court will now determine the boundary lines.

Because the river has changed course over the years, each county now claims the power plant lies within its bounds.

Iowa: A new law provides a property tax exemption for barns and one-room schoolhouses (IAC 701-80.15, effective November 8, 2000).

Maryland: The largest single tax relief bill in the state's history went into effect, but thousands of taxpayers have been contacting state officials wanting to know why they have not received the checks.

The bill allows homeowners to pay property taxes every six months, rather than a year in advance. Thus, homeowners who already have a year's worth of taxes in escrow will receive about half their tax bill back from their mortgage companies.

Although the Department of Labor, Licensing, and Regulation has assigned workers to review homeowner complaints and investigate whether mortgage companies are complying with state law, many mortgage companies will send checks only after they perform a federally required annual review of each account, and many will not do that until the fourth quarter.

Taxpayers also learned that lenders and counties may charge additional administrative fees to those who choose to pay biannually.

Mississippi: Tax consultants who represent taxpayers before boards of supervisors are not required to be licensed appraisers unless such consultants engage in independent acts of making appraisals—as opposed to presenting comparative values or other data relevant to the assessed value of property (Opinion of the Attorney General No. 2000-0411, August 11, 2000).

Montana: A taxpayer is not entitled to have her property appraised at zero value, which is less than market value because this would, in effect, provide the taxpayer with tax-exempt status.

Under Tax Code Ann. Sec. 15-6-201, the only tax exemption to which the property was entitled was a 16 percent residential exemption for 1999. Although the taxpayer was entitled to an exemption for low-income residents, she failed to apply for this assistance.

Finally, although water service had been terminated to the property for about three years, which adversely affected the landscaping, this did not reduce the value to zero (Zell v. Department of Revenue, Montana State Tax Appeal Board, Dkt. No. PT—1999-10, September 1, 2000).

Nebraska: Appeals of property tax assessments statewide jumped 76 percent this year, in part due to contested valuations in two counties.

There were 199 commercial property valuation challenges in one county, and 154 appeals of agricultural land valuation in the other—or 42 percent of the total appeals filed with the Nebraska Tax Equalization and Review Commission.

Pennsylvania: A request by eight landlords to halt the mailing of $100 property-tax rebate checks to 2.5 million homeowners has been denied by a commonwealth court.

The landlords complain that that the homeowners Century Tax Rebate is unconstitutional because the principle of uniformity has been violated. The rebates are limited to

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California County Broadens Lien-Buying Base

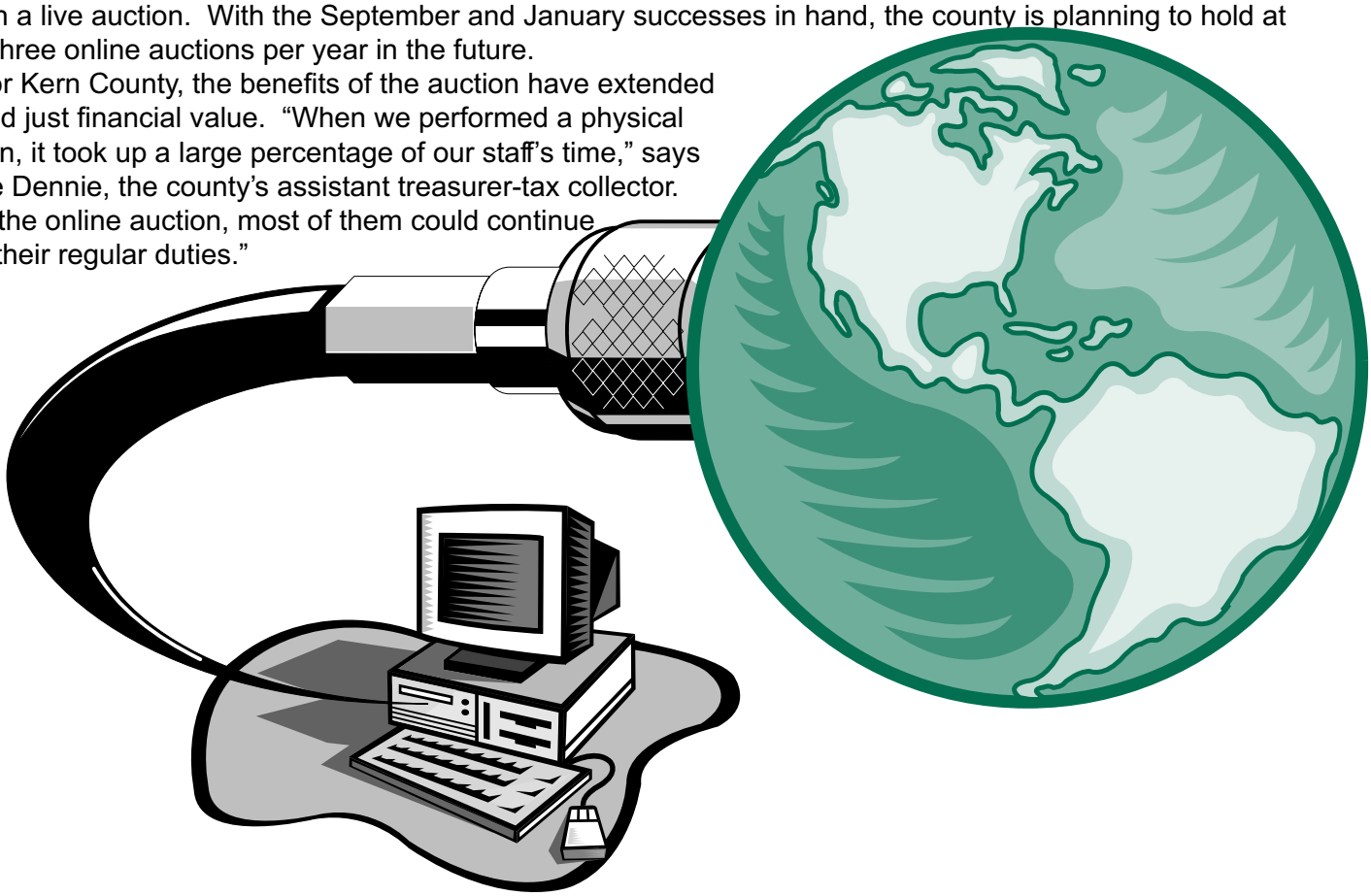
The difference was dramatic: In its January online auction, Kern County, California sold 88 percent of the 351 tax-defaulted properties up for sale. The properties sold for an average of more than $34,000 and over 140 bidders took part in the process.

In the past, when the county held traditional physical auctions, it sold off less than half of the land parcels offered. Those auctions usually attracted about 75 bidders and netted an average of $4,000 per property.

County officials now know that the reason for poor showing in the past wasn't the properties offered—it was the bidder pool. By eliminating the requirement for bidders to be present physically, the online approach allowed many more people to participate. Bidders were, in fact, drawn from as far away as Taiwan and New Zealand.

The county first tried a pilot sale in September, when it sold 11 properties that had previously been passed over in a live auction. With the September and January successes in hand, the county is planning to hold at least three online auctions per year in the future.

For Kern County, the benefits of the auction have extended beyond just financial value. "When we performed a physical auction, it took up a large percentage of our staff's time," says Jackie Dennie, the county's assistant treasurer-tax collector. "With the online auction, most of them could continue to do their regular duties."

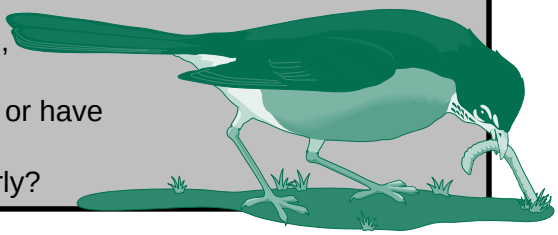


Mapping Minute with Troy Frazier

Tulsa will be here before we know it! Troy is currently taking ideas for the mapping track. He is planning to have specific training in MIMS, ArcView, AutoCAD Map, and MicroStation.

If you have any particular points that you would like to see covered or have explained, please let Troy know.

Remember: If all the early bird gets is worms, then why get up early?



Property Tax ...(Continued from Page 6...)

people who live on the property they own; the landlords contend that they are entitled to a rebate for every property for which they pay taxes.

At issue was whether the part of the constitution that refers to uniformity in taxation refers only to levying taxes, not rebates.

The chief deputy attorney general has argued that the state can create new classifications of taxpayers, so long as the class is "based upon some legitimate distinction and provides a non-arbitrary and reasonable basis for difference in treatment."

Virginia: A Pennsylvania family is suing the city of Virginia Beach for thirty-five years of back taxes for property on which a local farmer was also paying taxes.

Both families believed that they owned the same forty-nine acres, which failed to come up in title searches during two different property transactions during the thirty-five-year period.

Because the Pennsylvania family never visited the property, it did not know the land was being farmed. The farmer noted that he had twice used the land as collateral for loans, and the problem remained undiscovered.

In 1998, the farmer tried to sell development rights to the city's agricultural reserve program, and the overlap was discovered.

Airborne Imagery...(Continued from Page 2...)

GIS Applications

Traditionally, GIS professionals hired local aerial firms to provide imagery on an as-needed, project-specific basis. This was a costly and time-consuming process. Now seamless imagery of an entire market area of thousands of square miles is available in various formats that bring aerial information solutions to GIS professionals' desktops.

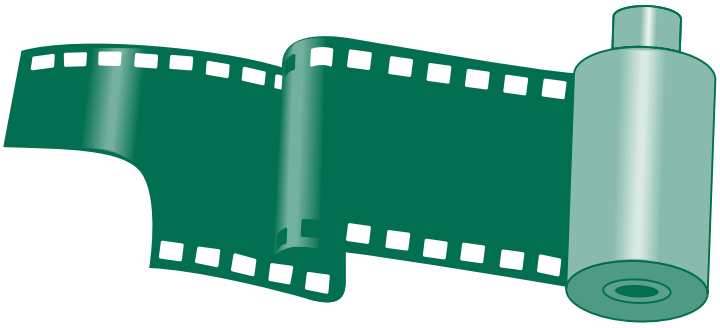
The key to a GIS is its spatial accuracy, because the focus of an analysis is tied to geographic locations. Therefore, each feature is linked to a position on the graphical image of map datum. Aerial photography is an efficient and accurate media for identifying geographic position, thus enhancing the spatial accuracy of GIS data.

Aerial photography greatly increases the value and usability of a GIS. In fact, aerial photography now is considered the base layer in many GIS applications.

GIS Growth

This promises to be yet another year of GIS growth. Interactive field-based GIS and Internet mapping applications continue to enhance the availability of GIS applications, and they will continue to expose the technology to common users.

The global GIS market is expected to expand from $3.2 billion in 1997 to more than $5.5 billion in 2002, with an additional $1.5 billion attributed to the high-resolution remote sensing industry, of which aerial imagery is the largest contributor.

All sectors of business and government that depend on accurate geographical information will continue to benefit from GIS applications. A growing GIS market has resulted in lower overall costs, increased accuracy of related data, and continued improvements in GIS hardware and software components.

These developments will, in turn, result in broader applications throughout government and business. *Article By J.R. Robertson, President, AirPhoto USA; e-mail jr@airphotousa.com*