

A Look Ahead...

October 10-12
Unit I, Intro. To Assessor's Office,
OSU Tulsa Campus

October 18-19
Professional Development,
Lake Murray Lodge

October 24-26
Assessor's Fall Conference,
OKC, Biltmore Hotel

Oklahoma
ad valorem

Volume X, Issue 9
September 2001

FORUM

Director's Notes...

Fall Schedule Will Be Busy

As we approach the next few months of fall, we're getting ready for one of the busiest and most enjoyable times of the year in Oklahoma. Especially after the unbelievable hot summer, no one is going to have any objections to some cooler weather, beautiful fall leaves, and maybe even some football, not to mention the CODA Conference and getting the whole family back on the school schedule.

The Annual Conference has already faded to a memory, but it surely was successful. We appreciated everyone's help making the Annual Conference another jewel. The Tulsa set-up—Marriott and OSU-Tulsa computer lab fits the County Assessors' Association and our training needs like a glove. It is a wonderful partnership—Center for Local Government Technology (CLGT), State Auditor and Inspector (SA&I), County Assessors' Association, and the Ad Valorem Division. It was great that Lt. Governor Fallin, State Treasurer Robert Butkin, and State Auditor and Inspector Clif Scott attended as well as the new Oklahoma Tax Commission Chairman Tom Kemp. As the new chair, we were delighted to see him involved in the process.

We're expecting a very busy fall. Several major issues are out on the horizon and everyone's calendars are filling up rapidly. The Electric Deregulation committee has scheduled several meetings, and the committee that



Representative Roach discussed at the opening session of the Annual Conference will have held its first meeting by the time you receive this newsletter. I also know that the County Assessors' Association is planning its Annual Conference October 24-26 and the Oklahoma Association of Tax Representatives is meeting October 22-24. If that's not enough, the State Board of Equalization (SBOE) will be meeting sometime in the fall to certify the supplemental values. Plus the Legislature will hold a special session sometime in the next few months. It's important that everyone stay informed and involved in the process.

We appreciate all you do for your taxpayers and all the hard work of county assessors and deputies everywhere. It's a hard job, but ad valorem is an extremely important part of local government in Oklahoma. We're all working to pass the system on better than it was given to us

Jeff Spelman, CAE
Director of the Ad Valorem Division

P.S. A couple of good simple habits are worth more than five hundred promises and grand statements.

Plan Your Way To Positive Results

Planning takes energy, but results in many benefits in the workplace. The following tips will enable you to become a more efficient and effective assessor or deputy through planning.

First, write out a plan each week for accomplishing significant things. Remember, time planning involves answering four simple questions:

1. What do I want to accomplish;
2. What activities must be done to accomplish these goals?;
3. What are the priorities involved?; and
4. How much time will each activity require?

It is important to recognize that control of the situation starts with planning. Recognize that planning takes time, but planning also saves time.

As you strive to become a planner, emphasize results more than activities. This will keep your

focus where it needs to be. Recognize that success is often in spite of, not because of, the methods used.

Develop the habit of planning each day. Make sure your daily to-do list includes priorities and time estimates. Schedule your time daily. Those things that are scheduled have a better chance of happening.

Planning the day's activities should be completed prior to the time you arrive in the office. Otherwise you run the risk of being caught up in the events of the day before you have time to think about it.

Begin to *proact* instead of *react*. Plan some time in your day for you. Every day should include at least 15 minutes for you to spend on your most important personal objectives.

Plan time for breaks in your work routine so you can work refreshed, in peak form. Good planners consistently get better results than poor planners do. Remember, the difference between failure and success is often dependent upon effective planning.

Ad Valorem Task Force Holds First Meeting

The Task Force on Ad Valorem Tax Assessment Practices held its first organizational meeting on Tuesday, September 11 at the state capitol. The Task Force was created during the last legislative session, and consists of 11 members.

Members include House appointees Rep. Clay Pope, Rep. Russ Roach, Cherokee County Assessor Judy Rousey, and Wade Rousselot. Senate appointees are Sen. Jim Dunlap, Sen. Dave Herbert, Oklahoma County Assessor Mike Means, and Sid Sperry. Governor appointees are Rep. Forrest Claunch, John Hayes, and (still pending at press time) a State Board of Education member.

The statutory duties of the Task Force include the following: 1. Studying and reviewing assessment practices used by the county assessors to determine the fair cash value of locally assessed property in Oklahoma; 2. Reviewing the various constitutional and statutory provision governing the assessment of locally assessed property in Oklahoma; 3. Comparing the assessment practices in Oklahoma with the practices used in other states; 4. Determining what constitutional and statutory changes are necessary to implement the recommendations of the Task Force.

The Task Force is scheduled to set forth its findings and recommendations in a report to the Governor and the Legislature no later than July 1, 2002. The Task Force will end effective July 1, 2002.

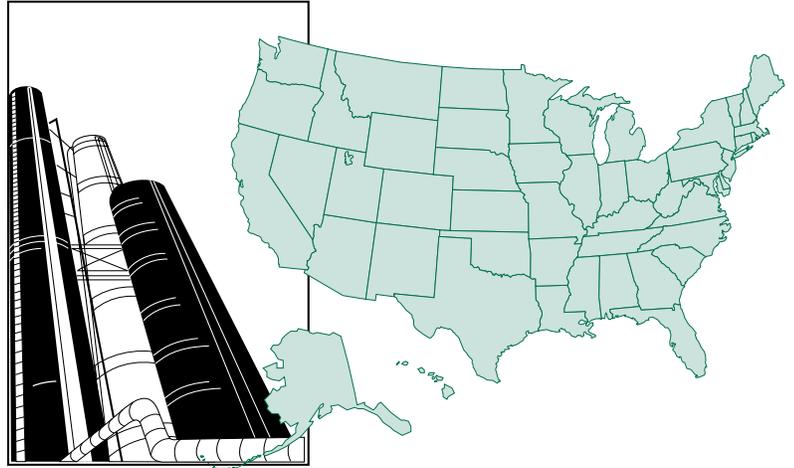
Property Tax News Around The Country: Power Plant Owners Fight To Lower Taxes

(From an Article appearing in the August 21st Edition of the Wall Street Journal by Motoko Rich)

While electricity deregulation promises to lower consumers' power bills, local governments across the nation are starting to feel pinched as power-plant owners battle to sharply cut their property-tax assessments.

As energy companies step up purchases of power plants or existing owners move to operate in a competitive market, many are arguing with local authorities that they should pay far lower property taxes than were paid under regulation.

The stakes are high. In some smaller towns, tax revenues from power plants can make up more than half of the local budget. The energy companies claim they can no longer pass on tax



costs to ratepayers and need to contain expenses in order to be more competitive. In cases where they prevail, local homeowners or state treasuries are picking up the slack.

With deregulation, the plants are largely being assessed on the basis of fair market value, in many cases tethered to the sale prices of the facilities. Under regulation, power plants were generally valued for tax purposes at higher levels on the basis of their book value, or the cost to build the sites, plus improvements and minus depreciation of the assets.

"It's become clear that the assessments on most of these properties were wildly out of line with the market reality," says Robert Ward, director of research at the Business Council of New York State Inc., an industry group.

"Assessors for years felt they could get away with drastically high assessments [because power-plant owners] could automatically pass those on to captive customers."

Now local governments and power-plant owners are disagreeing over how to arrive at fair market value. The differences in valuations can be eye-popping.

In a case before the Court of Common Pleas in Pennsylvania's Lancaster County, PPL Corp., of Allentown, Pa. Says two of its hydroelectric plants are worth a total of \$7.4 million, while the local school district says they are worth \$126.1 million.

Howard Kelin, a lawyer representing Penn Manor School District, which teaches 5,400 students and is the local taxation authority in the area, says he is working with school districts in power-plant property-tax disputes in six other communities in the state.

In the Penn Manor case, part of the difference stems from PPL's argument that its dams shouldn't be taxed because Pennsylvania tax law excludes equipment and machinery from property taxation.

The school district argues the dams are real estate, not equipment. PPL also argues that much of the plant's "functionally obsolescent" and therefore worth much less than the school district believes.

If PPL prevails, says Penn Manor superintendent Gary Campbell, "It's the little guy who's going to get hurt." He says private-property owners will pick up the tab left by any shortfall from the power plants' tax payments.

George Biechler, spokesman for PPL, says, "We want to be treated fairly like any other manufacturing facility in Pennsylvania."

Some states have moved to shield local government coffers. The Connecticut State Legislature established a fund to help towns offset any shortfalls that result from lower tax assessments in the wake of deregulation.

The fund will this year pay out 100% of any difference, falling to 90% next year and scaling down over 10 years.

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Property Tax News

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The Millstone Power Station in Waterford, Conn., a few years ago contributed \$34 million, or 57%, of the annual revenue for this town of 19,000. The nuclear plant was purchased earlier this year for \$1.3 billion by a unit of Dominion Resources Inc., Richmond, Va.

Dominion recently negotiated with the town to reduce the plant's assessment to \$1.04 billion from \$2 billion for each of the two tax years through June 30, 2003. After that, the two sides have agreed to renegotiate.

Taxing power plants is a particularly sticky issue in California, where the state's energy crisis has generated huge profits for operators of generation facilities. Under California tax law, county governments, which two years ago were given the power to tax deregulated electric plants, are prohibited from raising property taxes more than 2% per year.

But some argue that the plants are now worth far more than when they were purchased because of their increased earning power. "Acquisition value just doesn't capture the hundreds of millions in profits these plants are making," says Lenny Goldberg, Director of the California Tax Reform Association, a consumer group.

Lance Dore, Managing director of Integra Realty Realty Resources Inc. in San Diego, an appraisal firm that has worked with several power-plant operators in property tax disputes, says, "People are looking at one point in time where we had a real big spike in energy prices. The fact of the matter is that cash flow isn't going to last forever."

The California State Board of Equalization, which oversees the collection of taxes from utilities, is scheduled for a final vote in September on whether to take back property tax assessment power for power plants from county governments.

If the Board approves the measure, property taxes on the plants won't be capped at 2% annual increases.

"Mapping Minute"

With Troy Frazier

Now that you've had a chance to recover from Tulsa, here are a few reminders: Each county received notices of two different software grants from ESRI. Your chance of winning the grants are zero if you do not apply. Garfield and Kay Counties won a total of four such grants two years ago.

Each county received a CD-ROM with tons of stuff on it. These CD's contain the 1995 aerial photos for the entire county, the most recent TIGER road, railroad and water layers.

Additionally, the CD has a section grid based off the USGS topo maps, and the most recent city and school district boundaries. As of November 1, 2001, your office is statutorily bound to use the provided school district boundary map.

The CD includes a free viewing program and the digital soils map, if available for your county.

I am starting to visit the counties again. I will help you to use the CD-ROM in those counties I am visiting. For those counties I have already visited, please give me a call if you need help.

Remember: If the county assessor mappers ruled the earth, ever parcel would be a square.

Public Utility Corner

As is the case when public service values are sent to the counties, questions arise. Most are county and company specific and with some research easily resolved.

One of the more prevalent questions was regarding the assessment ratios for public service property. With the passage of State Question No. 675, Section 8 of Article 10 of the Oklahoma Constitution was amended and modified the percentage used to assess property.

This measure limits the percentage of fair cash value at which a property may be assessed. The percentage for land would not be more than 13.5% nor less than 11%.

The percentage for personal property would not be more than 15% nor less than 10%. The people may vote to increase the percentage. These limits would apply only to locally assessed property. Property assessed by the State Board of Equalization would be at the percentage used on January 1, 1996.

The assessment ratios in place on January 1, 1996 for property assessed by the State Board of Equalization were 11.84% for Railroads and Airlines and 22.85% for all other public service property.