

A LOOK AHEAD...

October 1-4:
Unit II,
Real Property Appraisal,
OKC

October 15-18:
Unit III,
Mass Appraisal,
Western Hills Lodge

October 30-November 1:
Assessor Fall Conference,
OKC, Biltmore Hotel

DIRECTOR'S NOTES...

MAKING AD VALOREM FUNCTION CLEAR TO TAXPAYERS IS CRITICAL

We've almost reached October, which is one of my favorite times of the year in Oklahoma. October brings cooler weather, falling leaves, Harvest Moon, Halloween, Friday night football, the last of the budget conferences, tax bills, and it is nearly time for the County Assessors' Association Convention.

I know for many people the summer and fall have been both stressful and exciting as they work through the election process.

Reflecting on the national observance of the first anniversary of the September 11 bombing, I think that this has made us all more appreciative of the sacrifices made and tremendous unity that has resulted from moving past a terrible event toward the future.

We've had a good year so far (nine months and counting) through the partnership of the County Assessors' Association, Center for Local Government Technology (CLGT), County Cooperative Extension, and State Auditor and Inspector (SA&I) and the Oklahoma Tax Commission Ad Valorem Division. I've also appreciated the efforts of the Oklahoma Association of Tax Representatives.

A couple of weeks ago, I heard a terrific speech from a former TV anchor in the St. Louis area. His message boiled down to two significant points. First, people don't remember the good things you do unless you tell them.

Second, if you can't explain what you do and why it is important in twenty-one words you need to go back and try again. I thought that was really interesting. I'm not so sure that some things in the ad valorem system could be condensed into two hundred and one words.

But his message is that unless any elected official, business or community leader has thought through what their function is and can make it clear to the public, taxpayers, and citizens, the exercise is worthwhile to keep them on track. I thought it was excellent food for thought.

Finally, we appreciate all the hard work of the county assessors and deputies this year. We have a responsibility to make the ad valorem system better than it was when it was given to us. Efforts to constantly improve the system are extremely important and we appreciate the efforts of the members of the County Assessors' Association who've made that happen. I'm not sure that meets the "twenty-one" word rule, but it works for me. Thanks.

Jeff Spelman, CAE
Director, Ad Valorem Division

P.S. Often the best thing about not saying anything is that it can't be repeated. Susan L. Weiner.



PUBLIC SERVICE UPDATE WITH MIKE ISBELL

Counties received public service values some time ago, and many of you will have contacted us with concerns. Hopefully we have been of some help. Now I would like to make everyone aware of those Public Service Companies who have filed a notice of protest to the State Board of Equalization and the Oklahoma Tax Commission, Court of Tax Review, State of Oklahoma.

As identified below, there were fifteen (15) Public Service Companies filing protests this year. Of these protests, two (G345) MV Pipeline Co. and (T054) C3 Communications Company, were not value related. The protest listing is as follows:

- | | |
|---------------------------------------|--|
| T054 C3 Communications Company | T365 Pathnet Telecommunications, Inc. |
| A040 Continental Airlines, Inc. | F219 Shamrock Logistics Operations, L.P. |
| F240 Emerald Pipeline Corporation | F430 Shamrock Pipeline Corporation |
| A041 Expressjet Airlines, Inc. | F443 Skelly-Belvieu Pipeline Co., L.L.C. |
| R070 Kansas City Southern Railway Co. | T460 Southwestern Bell Telephone, L.P. |
| T264 MCI Metro Access Transmission | F520 TPI Pipeline Corporation |
| T265 MCI Worldcom Network Services | T497 Vartec Telecom, Inc. |
| G345 MV Pipeline Co. | |

Principally the fair cash and assessed value amounts being protested for those Public Service Companies with valuation issues has a wide range of a few thousand to several million dollars.

A time frame for when these will be resolved is unavailable; some will be quickly handled while others drag. Speculation regarding where these values will end up would just be a guess. Know that we are working hard and doing all things possible to support our numbers and to facilitate an acceptable resolution for each of these protests.

OKLAHOMA TAXES COMPARED TO NATION

Oklahomans pay less in state and local taxes per capita than most other Americans, according to a recent report.

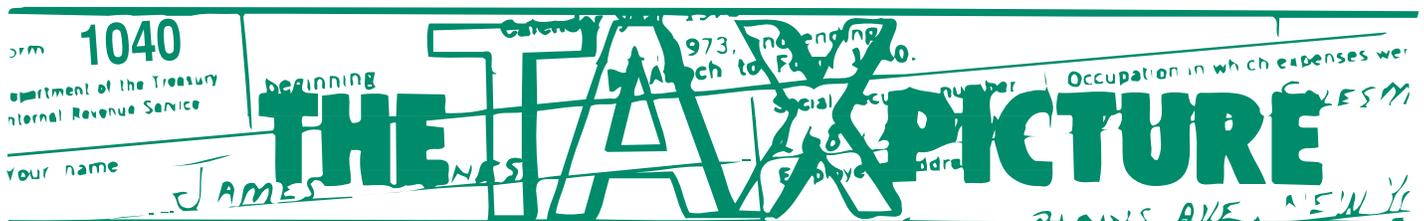
The report, issued by the Division of Agricultural Sciences and Natural Resources of Oklahoma State University and authored by Notie Lansford, Jr. and Judith Stallmann, reveals Oklahoma's comparative rankings.

Oklahoma is 44th in state and local taxes per capita. For every \$1,000 of personal income, the average Oklahoman pays \$102 in state and local taxes, or about 10.2% of personal income.

Oklahoma is 47th in property taxes per capita (\$331) and 48th in property taxes per \$1,000 of personal income (\$15.68).

Oklahoma ranks 30th in sales taxes, including all general and selective sales taxes per capita (\$868) and 18th in sales taxes per \$1,000 of personal income (\$41.19).

Oklahoma ranks as a lower tax state in most respects, according to the report, which is good news for the taxpayers of the state.



UNIT VALUATION PROCESS DETAILED

Unit appraisal means valuing an integrated group of assets functioning as one economic unit, without any reference to the independent or separate value of the component parts [Adams Express Co. vs. Ohio State Auditor; 166 U.S. 185 (1897)].

The reasoning behind this concept is that informed buyers and sellers will most likely buy or sell a viable operating unit as a whole, or “one thing.” Centrally assessed public service properties are usually thoroughly integrated in operation and construction.

The value of a length of pipe in a pipeline system lies not in the fact that pipe has a market as scrap metal, but rather that the pipe is a part of an integrated pipeline system. A single item in the complex array of property items practically defies individual or segregated valuation.

Segments of the total property can be valued by allocations or apportionment of the total unit value required for statutory reasons. As a general rule, however, no attempt is made to assign values in a unit appraisal to individual items of property.

Individual items of property possess some type of liquidation value; arranged together as an economic unit, the total property complex has a value usually greater than the sum of many liquidation values for individual items.

Unit valuation requires valuing a public service property as a going concern. Under normal circumstances, an established plant with its earning power already developed will have a value greater than an otherwise identical plant that still has to build up its business. The value of the established plant will be greater because the present worth of its future earning power will be greater.

The steps in the unit valuation process are as follows: (1) Discover the qualified public service companies. (2) Estimate the unit value using all three approaches to value: cost, income, and market (stock and debt). (3) Allocate the appropriate portion of the unitary value to the State of Oklahoma. (4) Distribute the total state assessed value to local taxing districts. The valuation of centrally assessed property is performed for the State Board of Equalization by the Ad Valorem Division of the Oklahoma Tax Commission.

MAPPING MINUTE WITH TROY FRAZIER

Another Tulsa school has come and gone. I hope that you enjoyed it as much as I did. Thanks to instructors from the Computer Mapping Company (MIMS), ESRI (ArcView), the Oklahoma Conservation Service (AutoCad Map), the Oklahoma Tax Commission, and Visual Lease Services (ArcView with AVParcel).

Without these instructors, the training during the mapping session would not have been possible. We appreciate the guest speakers from the Oklahoma Conservation Commission (GIS Council report and Digital Atlas of Oklahoma update), Geo Information Systems of OU (data warehouse and county website development), and Visual Lease Services (county web site development).

We also appreciate the Computer Mapping Company, ESRI, and TerraScan for their presentations. If you have any thoughts on how to improve the mapping sessions for next year, please let me know. And the training continues. We are finalizing an introductory ArcInfo 8.x class with Moore-Norman Technology Center (I have noticed that some of you have already taken advantage of their regularly scheduled ArcView 3.x classes).

We are starting to schedule one or two regional training classes with MIMS. If anyone else wants to host regional training in ArcView, AutoCAD Map, or MIMS, let me know.

In a previous Ad Valorem Forum, I requested counties that wanted to contribute towards the purchase of a new set of aerial photos to contact me. The thought was that if we got enough county, city, state, and federal agencies together, we could split the \$1 million plus price to fly the entire state. I have received a favorable response from a few counties. If anyone else wants to participate in such a “cost sharing” program, let me know.

Remember: With what we have been able to do separately, imagine what we can do when we work together.

CONFERENCE OFFERS MANY OPPORTUNITIES

Murray County Assessor Don Hilliard died recently after a battle with cancer. Hilliard had served unopposed as County Assessor for 18 years, after first being elected in 1984.

According to local leaders, Hilliard's length of service without opposition was a testament of his dedication to his job and to his community.

Hilliard also served in many capacities at the Murray County Stock Show, which was dedicated in his honor in 1996. Don was also a member of the County Officers and Deputies' Association and was a longtime supporter of Murray County youth and agricultural programs.

Hilliard served in the Oklahoma National Guard for six years. A graduate of Sulphur High School in 1960, he married Allene Moss in 1964 in Sulphur.

Don was known around the courthouse for his quick wit. County Commissioner Bill Lance said that Hilliard was known as "the courthouse kidder." He was all the time pulling stuff on other courthouse employees. He was always joking."

The Ad Valorem Division extends its condolences to Hilliard's family and friends, as we remember and celebrate his life and our opportunities to know and work with Don. He will be deeply missed by many.



THANKS... CONTINUED FROM PAGE 1...

The Ad Valorem Division anticipates a busy fall. We'll also be working on some of the new legislation and working with county assessor on their Visual Inspection Plans also with the County Assessors' Association throughout the fall preparing for the Association's Annual Convention.

Have a good month. We appreciate all you do for your taxpayers and all the hard work of county assessors and deputies every where. 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. Like Tom Cusack says, "keep in mind, we are the guardian of fairness."