

## A LOOK AHEAD...

December 5-6:  
Unit VII, Ag Land, OKC

December 11-13:  
Unit VIII, Commercial Case  
Study: Apartments, OKC

December 17-18:  
Oil & Gas III Income Approach,  
Stillwater

The logo features a stylized outline of the state of Oklahoma. To the left of the outline, the word "Oklahoma" is written in a green, sans-serif font. Below it, the words "ad valorem" are written in a smaller, green, sans-serif font.

Volume XI, Issue XI  
November 2002

**FORUM**

## DIRECTOR'S NOTES...

### A SIMPLE "THANK YOU" CAN MEAN SO MUCH

Every year for as long as I can remember until she retired, Betty Price, Coal County Assessor, used to call all the people that she worked with on the day before Thanksgiving and thank them for their friendship and assistance over the previous year.

The Ad Valorem Division was always on the list. What a great tradition. Just last week, I got a call from Janie Batt Bellah on the first year anniversary of the team from the Ad Valorem Division and Mike Mean's staff that helped Washita County in some of the "catch-up" work after the tornado. It's always nice to get a thank-you. We should all remember how much a "thank-you" can mean.

So in that tradition, thank you Jim Kelley for your leadership this year of the County Assessors' Association and Greg Veitch for his leadership of the Oklahoma Association of Tax Representatives. Those two folks have really done a good job this past year.

November is always extremely busy for the Ad Valorem Division since we always attend the Oklahoma Association of Tax Representatives meeting and as well as the County Assessors' Association convention. It makes for a busy week or so (I'm still laughing at speaker the Center for Local Government Technology (CLGT) used for dealing with stress, and the other speakers Frosty Troy and Fred Bunch did a good job).

Both meetings were among the most productive I can remember. We had some good discussion, and reviewed some issues that have been around a long time. It is difficult for some people to realize that many of the county assessors who are in office and tax representatives who are now in the profession were not involved in the major ad valorem reforms in the early 1990s. They bring some fresh perspectives that are often useful. We expect a great deal of dialogue in the coming months.

We will be working with the OATR and the County Assessors' Association on the Public Service Valuation Guidelines (including the mapping component) and a review of the 2003 Personal Property Schedule. These are complex issues, but I've appreciated everyone's help and commitment to arrive at point where both sides can have confidence in the process.

The State Board of Equalization (SBOE) meeting in December should be important as we conclude our annual Equalization study and discuss these other issues under consideration right.

**CONTINUED ON PAGE 4  
SEE "THANK YOU..."**

### NOT OUR LAST WORD ON CLIF SCOTT

My grandfather used to say that half of life was just showing up. I thought of that saying the other day at one of our typical so-called "doomsday" meetings on some issue that most of the participants acted liked the world would end if it wasn't solved in thirty minutes.

Clif showed up, always listening, talking to both sides, lightening things up and nudging people to get communication going. For twenty years or so, Clif has shown up every time any state or county issue was in play. I've personally run into him in every corner of the state (really and truly) from Boise City to Idabel and Hollis to Miami, and I know that hundreds of other people have shared similar experiences.

We appreciate Clif's years of opening communications, helping lead people toward solutions, listening to all sides, and most of all just showing up. Thanks, Clif.

## MAPPING MINUTE

New aerial photography—The saga continues

In view of having no money, the State GIS Council is acquiring relatively new 15-meter black and white and 30-meter color aerial photography for the entire state.

These images are two years old or less. Since the 1-meter photos we gave you on CD-ROM last year allow you to zoom in to about 1 inch to 300 feet before the image “pixels out”, I am not sure how useful these newer photos will be for you.

The 15-meter photos may pixel out at 1 inch to 4,500 feet. If this were the case, the newer photos would make great backdrops but be of little use in anything else. The Oklahoma City and Tulsa regions are being re-flown at 1-foot color by the federal government for “Homeland Security.” With both of these actions, the interest in acquiring new statewide 1-meter (or better) aerial photos is dropping at the state level.

If anyone is concerned about the purchase of new, high quality aerial photography for his or her county, please contact Dr. Mike Sharp at the

WITH TROY FRAZIER

Oklahoma Conservation Commission at (405) 521-2384.

The Conservation Commission is the lead state agency in the State GIS Council. The Council has a special fund set up for the purchase of new aerial photography. If you are a rural county, you may not get flown if you do not contribute anything to this fund! If you cannot contribute to this fund, at least talk to your state senators and representatives about needing newer, high quality aerial photography for your count.

County Visits

In view of the Ad Valorem Division budget constraints, I will be making it out to the counties a little less often. If you have any specific needs or training, please let me know. I will be primarily visiting counties that specifically request a visit from me.

Remember:

It's the squeaky wheel that gets oiled (The others just fall off!).

## AG OPINION SOUGHT ON DEVELOPMENT LAW

A state senator has asked Attorney General Drew Edmondson to review the constitutionality of a new small-business economic development law in light of evidence that schools and other property tax-dependent entities may not be properly reimbursed for the revenue they would lose due to the act's ad valorem incentives.

Sen. Nancy Riley, R-Tulsa, said that Senate Bill 828 expands the number of businesses that can receive property tax breaks for economic development purposes. She wants to know whether the bill's tax breaks must still be granted given the condition of state finances.

Senate Bill 828 expands the “Small Employer Quality Jobs Incentive Act.” Under the new law, employers in certain industries can qualify for quarterly incentive payments through the Oklahoma Tax Commission if they meet the statute's criteria:

Location in a county with a population of not more than 200,000

No more than 90 full-time employees.

If located in a town with fewer than 3,500 residents or within 20 miles of such a community, creation of five new direct jobs within 12 months of application.

If located in a municipality with between 3,500 and 7,000 residents or within 20 miles of such a town, 10 new jobs.

If located in a municipality with a population of 7,000 or more or within 20 miles of such a municipality, 15 new jobs.

Incentive payments equal the net benefit rate, which may vary but not exceed 5 percent of payroll, multiplied by the actual gross taxable payroll of new direct jobs.

Payments may last up to seven years, up from five years in the current law. As under existing law, within three months of application, a business must make at least 75 percent of its sales out of state.

CONTINUED...

Eligible businesses pay new direct jobs employees 125 percent of the average county wage, including health care premiums paid by the applicant for these employees, or 110 percent of the average county wage without health care premiums included in the annualized wage.

Under Oklahoma law, funding that would otherwise be lost to public schools, county government and other entities that receive ad valorem revenues is made up out of the ad valorem reimbursement fund. However, the fund is no longer able to keep up with the dollar amount of tax incentives for which businesses qualify. The reimbursement fund is made up of 1 percent of income taxes, which amounts to about \$25 million to \$26 million per year. The fund usually tops out in April or May, when the bulk of income tax collections are received.

"In years past, there has been more than enough money in this fund, but with the downturn in the economy, there isn't enough money for schools, libraries and other entities dependent on this reimbursement," said Riley. "In fact, they could be looking at a 50 percent reduction. That's on top of the serious budget cuts they're already facing."

Riley was referring to the fact that state government is expected to suffer a \$213.4 million revenue shortfall this year. Agency budgets have been cut 4.75 percent to make up for the revenue gap.

"Do the businesses still get this tax break?" Riley asked. "How will the state find all the reimbursements even though there is not enough money in the account set aside for this purpose? I think the situation raises several critical questions that need to be addressed. That's why I've asked the Attorney General for an opinion on the legislation."

Riley is also working on legislation dealing with how the existing funds should be distributed. "If we are forced to simply distribute what is in the fund, I think it is crucial to be prepared with a plan to prioritize what money we do have available," she said.

"The attorney General's opinion may give us an indication of what needs to be done, but if not, we need to be ready to deal with it in the Legislature."

Kenny Chuculate, Deputy Director of the Ad Valorem Division of the Oklahoma Tax Commission, said preliminary numbers indicate that schools and other ad valorem recipient entities may receive only a 60 percent reimbursement of the funds lost due to the tax breaks. He said officials should have better numbers after December 1. Chuculate noted that the business expansions eligible for various tax breaks granted by the Legislature have grown substantially over the last two or three years.

## PUBLIC SERVICE UPDATE WITH MIKE ISBELL

Discussions are ongoing between state, county and industry representatives regarding the mapping and other requirement specifications outlined in the draft of the guidelines for the valuation of Oklahoma's Airline, Railroad and Public Service Corporations.

It is our hope that all concerns may be addressed before the State Board of Equalization meeting on December 2<sup>nd</sup> so these guidelines may be approved and implemented for tax year 2003. The State Board of Equalization does have final authority over these guidelines.

The Public Service Section now is working to close out those outstanding issues remaining for 2002. Supplemental valuations will be presented to the State Board in December for certification along with some omitted property issues.

And, as this time of year dictates, we are in review of our operating procedures to maximize our efforts for future periods.

# “THANK YOU” CONTINUED FROM PAGE 1...

It always reminds me of my favorite Tom Cusack message: “Don’t Kill the Messenger.” County assessors and deputies have the amazing responsibility to make the ad valorem system fair and equitable. The most important thing in a democracy, Tom says, is to make sure that the system is fair, not just to the person who complains or the person who doesn’t understand, but to everyone involved in the system. It’s a great message to remember.

Happy Thanksgiving to everyone. Thanks to each of you for everything you do to make our state a better place.

**Jeff Spelman, CAE**  
**Director, Ad Valorem Division**

*P.S. “It’s better to sleep on something before you say anything than to wake up worrying about what you said in the first place.” My interpretation of Baltasar Gracisan’s quote.*

