

OUTLINE

For The Valuation Of Business Personal Property

Prepared by
Oklahoma Tax
Commission
Ad Valorem Division

Preface:



DUTIES:

- **Assessor**
 - Discovery, inspecting, listing and value.
 - Reviews, audit's, verification.
- **Taxpayer**
 - By Statute.
 - Must list personal property.
 - Standard forms.

Purpose:

- To provide a systematic process in the discovery, listing, audit, and valuation of Business Personal Property.
- This is an Outline of approved training courses, presented by ATAP and IAAO.
- This presentation is not intended to replace, amend, enhance or diminish that coursework.



INTIMIDATION

NO ONE CAN MAKE YOU FEEL INFERIOR WITHOUT YOUR CONSENT,
BUT YOU'D BE A FOOL TO WITHHOLD THAT FROM YOUR SUPERIORS.

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DISCOVERY:

- RENDITIONS
- INSPECTIONS
- COMPARISON to PREVIOUS
- COMPLETE RENDITION
- AUDITS

TYPES of PERSONAL PROPERTY:

1. FIXED ASSETS

- FURNITURE and FIXTURES.
- MACHINERY and EQUIPMENT.
- TOOLS, DIES and JIGS.
- COMPUTERS and ELECTRONICS.
- LIBRARIES and REFERENCE.
- LEASED EQUIPMENT.

TYPES (cont.)

2. INVENTORIES

- SUPPLIES.
- RAW MATERIALS.
- FINISHED GOODS.
- IN-PROCESS GOODS.
- GOODS HELD FOR RESALE.
- CONSIGNED GOODS.

TYPES. (cont,)

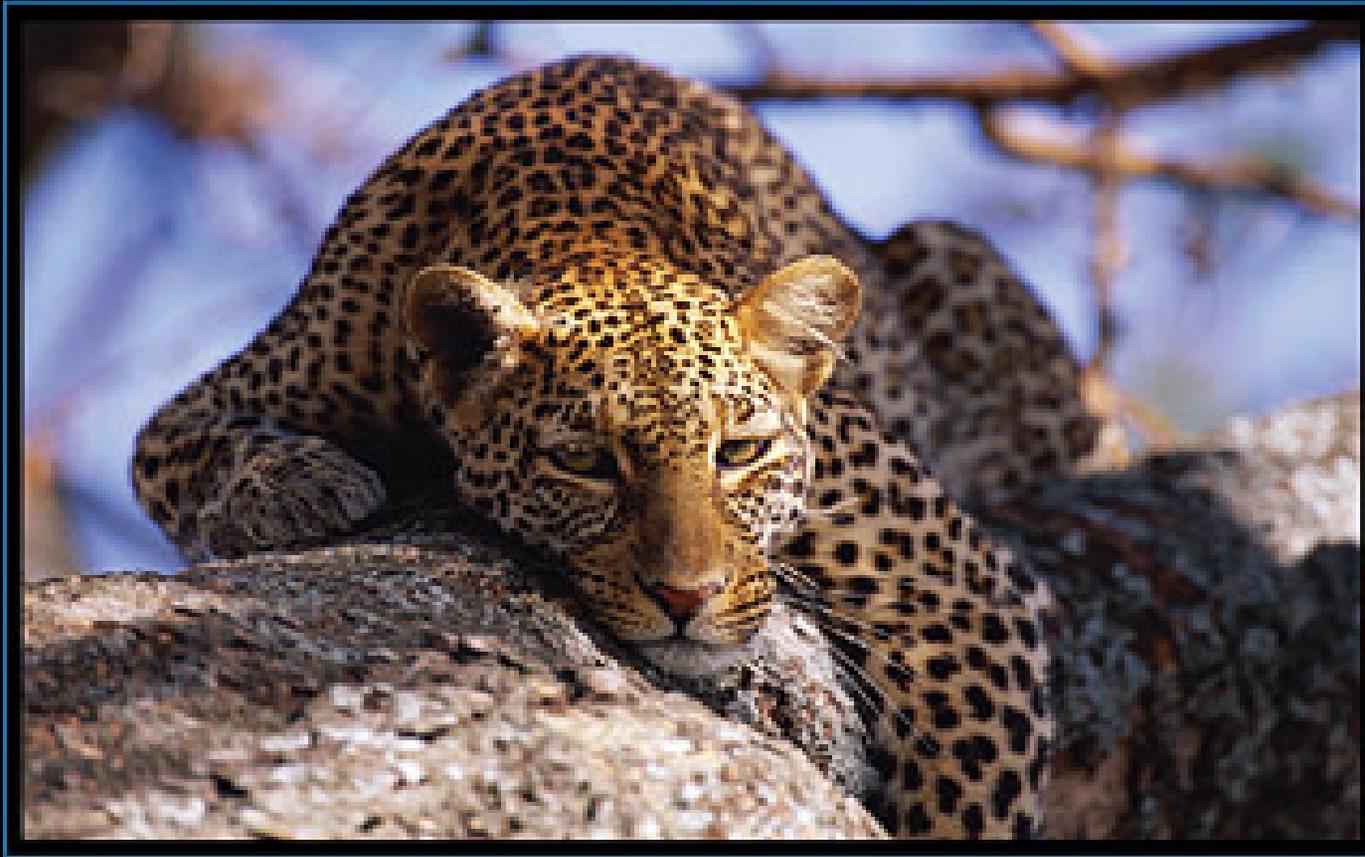
3. LEASEHOLD IMPROVEMENTS

- THE IMPROVEMENTS OR ADDITIONS MADE TO LEASED PROPERTY.

TYPES. (CONT.)

4. EXEMPT

- PROPERTY WHICH PAY'S AN IN-LIEU TAX OR IS SPECIFICALLY EXEMPTED BY LAW.



INDIFFERENCE

IT TAKES 43 MUSCLES TO FROWN AND 17 TO SMILE,
BUT IT DOESN'T TAKE ANY TO JUST SIT THERE WITH A DUMB LOOK ON YOUR FACE.

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IDENTIFICATION:

- NAME
- FEI NUMBER
- TYPE OF BUSINESS
- NAICS/SIC CODE
- TYPE OF OWNERSHIP
- SITUS (location)
- OWNER NAME AND ADDRESS
- TELEPHONE NUMBER
- CONTACT NAME, NUMBER
- PERSON KEEPING REC.
- BEGINNING DATE
- LEASED EQUIPMENT
- CONSIGNED ITEMS
- LEASEHOLD IMPV.
- EQUIPMENT OWNED BUT AT ANOTHER SITE

INVENTORY and LISTING:

- O.S. 68, § 2831 THROUGH 2840, REQUIRES ALL TAXABLE PERSONAL PROPERTY BE LISTED IN THE JURISDICTION IN WHICH IT IS LOCATED ON JANUARY 1.
- IF IT IS BROUGHT INTO THE COUNTY, BETWEEN JAN.1 AND SEPT. 1 AND NOT TAXED IN ANOTHER COUNTY....

DETERMINATION OF TAXABILITY:

- ULTIMATELY IS BY OKLAHOMA CONSTITUTION, STATUTES, AND COURT DECISIONS.
 - ART. X, SEC. 6Av2 (INTANGIBLES)
 - O.SO 68, § 2887 (EXEMPT)

PROPERTY VALUES:

1. MARKET PRICE v. MARKET VALUE

- Market price is the actual value paid and can result from many factors.

- Market value is the estimated sale price that would result from careful consideration of all information to a fair sale.

PROPERTY VALUES: (CONT.)

2. THE VALUE OR PRESENT WORTH OF A PROPERTY.

-The value or worth at the assets level of trade, based on its current use.

PROPERTY VALUES: (CONT.)

3. PROPERTY TAX IS PROPORTIONAL TO MARKET VALUE.
 - Tax is “according to value”

4. THE DEFINITION OF MARKET VALUE.
 - As defined by law. O.S. 68, § 2802.

CONCEPTS OF VALUE:

1. UTILITY

- Must be useful to the purchaser.

2. SCARCITY

- Not an over abundance for the asset.

3. DESIREABILITY

- Must be demand for the asset.

4. TRANSFERABILITY

- Must be demand for the asset.



LIMITATIONS

UNTIL YOU SPREAD YOUR WINGS,
YOU'LL HAVE NO IDEA HOW FAR YOU CAN WALK.

QUALITY CONTROL:

1. **EXAMINATION OF PROPERTY**
 - Reveals acceptability of the assets.
2. **OWNER RESPONSIBILITY**
 - Requires rendering of all assets.
3. **ASSESSOR RESPONSIBILITY**
 - Accuracy
4. **INSPECTION**
5. **IN-HOUSE REVIEWS**
6. **AUDIT PROGRAMS**

REVIEW and AUDIT:

- REVIEW AUDIT
- PHONE AUDIT
- PHYSICAL INSPECTION AUDIT
- DESK AUDIT
- DETAILED AUDIT

STEPS IN THE VALUATION PROCESS :

1. PRELIMINARY SURVEY AND PLAN
2. GATHERING THE DATA
3. CLASSIFYING AND ANALYZING DATA
4. CORRELATION OF VALUES

VALUATION TECHNIQUES:

1. COST APPROACH
2. MARKET APPROACH
3. INCOME APPROACH

DAT'S ALL FOR NOW

