

**TITLE 710. OKLAHOMA TAX COMMISSION  
CHAPTER 10. AD VALOREM**

**RULEMAKING ACTION:**

Notice of proposed **PERMANENT** rulemaking.

**PROPOSED RULES:**

Chapter 10. Ad Valorem [AMENDED]

**SUMMARY:**

As part of the Commission's ongoing review of its rules, many proposed amendments to the existing Ad Valorem rules have been made to implement recent legislation. All legislative references are to the 54th Legislature, 2nd Regular Session (2014).

**Subchapter 1**, "*General Provisions*" has been amended consistent with the passage of House Bill 3188 [2014] which amends the definition of improvement for purposes of valuing property damaged by a natural disaster or other event which is subsequently rebuilt or restored. **Subchapter 1** has also been amended along with **Subchapter 3** "*Equalization Study*" to provide for the amendment to Article 10, Section 8B of the Oklahoma Constitution which modified the maximum allowable increase in any taxable year for locally assessed homestead and agricultural property from 5% to 3%. [State Question 758, adopted at election held November 6, 2012].

Proposed amendments to **Subchapter 14**, "*Disabled Veterans in Receipt of Compensation at the One Hundred Percent Rate*" have been made to implement the provisions of State Question 770, adopted by voter approval, effective November 4, 2014, which amends Section 8E of Article 10 of the Oklahoma Constitution to allow for the transfer of the property tax exemption afforded 100% disabled veterans or their surviving spouses under the specific circumstances outlined in the approved measure.

New **Subchapter 16**, "*Unremarried Surviving Spouses of Persons Who Died in the Line of Military Duty*", has been adopted to outline eligibility requirements and qualification procedures for the property tax exemption allowed unremarried surviving spouses of persons who died in the line of military duty in accordance with the adoption by voter approval of State Question 771.

Sections **710:10-7-15**, **710:10-12-11** and **710:10-13-12** have been amended, changing *Rules of Practice and Procedure before the Oklahoma Tax Commission* to *Rules of Practice and Procedure before the Office of the Administrative Law Judges* and also updating the internal cross-references.

In addition, other rule changes may be made to clarify policy, improve readability, correct scrivener's errors, remove obsolete language, update statutory citation, and ensure accurate internal cross-references.

**AUTHORITY:**

68 O.S. §§ 203; Oklahoma Tax Commission

**COMMENT PERIOD:**

Persons wishing to make written submissions may do so by **4:30 p.m., February 20, 2015**, to the Oklahoma Tax Commission, Tax Policy Division, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma 73194. Those wishing to make oral comments at the public hearing should request placement on the docket well in advance of the hearing date, by calling Emmily Hood at (405) 521-3133.

**PUBLIC HEARING:**

A public hearing will be held to provide an additional means by which suggestions may be offered on the content of the proposed rules. Time, date and place of the hearing is as follows: **February 23, 2015 at 12:30 p.m.**, in the 4<sup>th</sup> floor hearing room at the Oklahoma Tax Commission, 2501 Lincoln Blvd., Oklahoma City, Oklahoma. In order to facilitate entry into the building, those wishing to appear should contact Emmily Hood at (405) 521-3133 at least 24 hours prior to the

hearing date to complete their visitor pre-registration. Entry to the M.C. Connors building must be made through the doors located on the east side of the building. In order to gain access to the 4<sup>th</sup> floor hearing room, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification. A name badge and floor access card will be issued once registration is complete.

Time limitations may be imposed on oral presentations to ensure that all persons who have filed written requests for placement on the docket will have an opportunity to speak.

**REQUEST FOR COMMENTS FROM BUSINESS ENTITIES:**

Although nothing in this rulemaking action is expected to adversely impact small business, the Oklahoma Tax Commission (OTC) requests that any business entity affected by these rules provide the OTC, within the comment period, in dollar amounts, if possible, information on any increase in direct costs, such as fees, and indirect costs, such as those associated with reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed Rules.

**COPIES OF PROPOSED RULES:**

Interested persons may inspect proposed rules at the offices of the Oklahoma Tax Commission, Tax Policy Division, 5th floor, M. C. Connors Building, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma. Copies of proposed rules may be reviewed online at [www.tax.ok.gov](http://www.tax.ok.gov)

**RULE IMPACT STATEMENT:**

A Rule Impact Statement will be prepared and will be available for review from and after January 30, 2015 from the same source listed above for obtaining copies of proposed rules.

**CONTACT PERSON:**

Lisa Haws, Liaison; Phone: 405-521-3133; FAX: 405-522-0063; Email: [lhaws@tax.ok.gov](mailto:lhaws@tax.ok.gov)

## CHAPTER 10. AD VALOREM

### SUBCHAPTER 1. GENERAL PROVISIONS

#### 710:10-1-3. Procedures for implementation of the ad valorem valuation limitation

(a) **Application of limitation for counties in compliance ~~January 1, 1997~~ January 1, 2013 and subsequently.** Pursuant to Article X, Section 8B of the Oklahoma Constitution and Title 68 O.S.Supp.1997, §2817.1, effective ~~May 29, 1997~~ on and after January 1, 2013, ~~increasing the constitutionally limited value of locally assessed real property more than five percent in any taxable year is prohibited~~ the fair cash value of any parcel of locally assessed real property which constitutes homestead property or agricultural land shall not increase by more than 3% in any taxable year. The fair cash value of all other locally assessed real property shall not increase by more than 5%. The limitation on valuation increases set forth in this subsection do not apply in any year unless when the title of the property is transferred, changed, or conveyed to another person, or if improvements are made to the property unless subject to provisions of subsection (j) of this Section. [See: 68 O.S.Supp.1997, § 2802.1] The limitation shall apply ~~January 1, 1997~~ January 1, 2013, to all counties in compliance with applicable laws and administrative regulations governing valuation of locally assessed real property. For those counties out of compliance as of ~~January, 1997~~ January 1, 2013, the limitation shall apply January 1 of the year following the date on which the county was deemed to be in compliance. Once a county is in compliance on or after ~~January 1, 1997~~ January 1, 2013 the limitation shall not be removed, even if a county is deemed to be out of compliance. [State Board of Equalization meeting of June 15, 1998]

(b) **Implementation of limitation.** The county assessor will implement the limitation by annually comparing the fair cash value with the constitutionally-limited value. County assessors should continue to determine fair cash value on an annual basis. The limitation does not accumulate ~~nor should it be interpreted as 20 percent, once every four years.~~ In the event that a final fair cash value of a property changes as the result of a protest with the county assessor, County Board of Equalization, applicable court action, or action by the County Board of Tax Roll Corrections, the ~~five percent~~ applicable valuation limitation shall apply to that property's final taxable value, as determined using accepted appraisal methodology for subsequent years.

(c) **Rights of taxpayers.** Taxpayers shall continue to have all rights of protest with respect to the valuation and assessment of property as currently specified by statute. If the taxpayer demonstrates to the satisfaction of the county assessor or county board of equalization that the fair cash value is below the constitutionally-limited value, it is appropriate for the county assessor to lower the property to that value. The limitation would then be applied annually to that value if all other conditions of the limitation on increases of fair cash value in Article 10, Section 8B, Oklahoma Constitution, are met.

(d) **Review of valuation for error.** The county assessor should review the valuation of the property for clerical errors, incorrect physical characteristics, or other material error affecting valuation in order to protect the taxpayer. This review should **not** include a revaluation of the property because it is below fair cash value.

(e) **Duration of limitation.** The annual ~~five percent~~ valuation limitation is valid on the property as long as title to the property is not transferred, changed, or conveyed. [See: 68 O.S. § 2802.1]

(f) **Physical improvements on limited property.** In the event that physical improvements are made to the limited property, the improvement shall be valued in the same manner as the improvements are presently valued. Examples of physical improvements may include, but are not limited to, a room addition, additional square footage, a garage, out buildings, enclosed garage, or

similar improvements. This additional valuation shall be added to the limited value of the property before the construction occurred. For example, if the improvements added \$5,000 in fair cash value to the property, it would be increased by that amount. The limited property may increase up to ~~five percent~~ the applicable valuation limitation in addition to the increased amount added by the improvement. The new total value continues to be limited as long as the title of the property remains the same. Physical additions or changes that are considered normal maintenance such as certain normal repairs, minor re-modeling, roof repair or installation, minor energy efficiency improvements, or retro fit improvements such as wheelchair ramps providing access to the property are not generally considered physical improvements affecting the limited value. [See: 68 O.S.Supp.1997, §§ 2802.1, 2817.1]

(g) **Effect of conveyance of property.** If title to the property is transferred or conveyed, the parcel of real property shall be assessed at fair cash value as set forth by Section 8 of Article X of the Oklahoma Constitution. This valuation is to be based upon current market value standards rather than simply placing the property on at its sale price, and it is the responsibility of the county assessor to value the property at fair cash value consistent with applicable statutes and ad valorem rules. Any sale occurring during the course of a given calendar year shall be valued at fair cash value as specified by statute for the following tax year. The county assessor shall continue to be responsible for making valuation changes to surrounding properties based on current sales information of comparable property within the constitutional limitations specified for non-sold properties. [See: 68 O.S.Supp.1997, § 2802.1; *Bliss Hotel v. Thompson*, 378 P.2d 319 (Okla. 1962); Ad Valorem Bulletin 97-87]

(h) **Omitted property.** While accomplishing statutorily mandated duties, the county assessor or a deputy will discover unassessed improvements on real property. A house and outbuildings, for example, could be on the assessment rolls, but a detached garage, second dwelling, or barn, previously unassessed, could be discovered. This additional property must be treated as if it were new construction and the county assessor should proceed to establish the fair cash value of the discovered property. It should be added to the assessment rolls, and proper notice provided. The original property will still be subject to the ~~five percent~~ applicable valuation limitation, but the additional structure will **not** be subject to the valuation limitation, **for that year only**. This additional property was not on the assessment rolls before, and is to be placed on the assessment rolls at fair cash value. [See: Ad Valorem Bulletin 97-04]

(i) **Clerical errors.** When a property has been incorrectly entered on the assessment rolls as a result of clerical or data entry error, any error should be corrected. Clerical errors, however, are **not** to be used for general revaluation of the property, except that when the error results in a substantial impact on the value of the property, it should be corrected when discovered and proper notice provided to the taxpayer. For example, a residence that has been incorrectly entered as 1,000 square feet, instead of 2,000 feet, **because of a clerical error** should be corrected. The clerical error must be a mistake of fact, and the change must reflect the actual physical characteristics of the property itself. Clerical errors of this nature are not subject to the ~~five percent~~ applicable valuation increase limitation.

(j) **Adjustment of damaged properties.** In valuing property damaged by natural causes, flood, storms, fires, or other disasters, the county assessor shall adjust the value of such properties. When the damage has been repaired, or the property fully restored to its previous usage, ~~the property should be assessed at fair cash value~~ the improvements made must be disregarded for purposes of determining the maximum amount of fair cash value subject to ad valorem taxation pursuant to Section 8B of Article 10 of the Oklahoma Constitution unless the improvements increase the square footage. The ~~five percent (5%)~~ valuation limitation outlined in subsection (a) of this Section applies

to the restoration of the damaged property to the extent the square footage is the same as the original property. However, the limitation does not apply to any improvements or additions constituting increases in square footage to the original property. [See: 68 O.S. §§ 2802.1, and 2817.1; Ad Valorem Bulletin 97-04]

**710:10-1-4. Limitation of the fair cash value on homestead property of qualified owners; implementation of Article 10, Section 8C of the Oklahoma Constitution**

The procedures and requirements set out in this Section shall be used to implement the limitation of the valuation on homestead property of qualified owners for ad valorem purposes:

(1) **General provisions. "Senior valuation limitation"** means the implementation of Oklahoma Constitution, Article 10, Section 8C, which directed county assessors to limit the fair cash value of the homestead property of any qualified person who has made proper application. The applicant's property must be a valid homestead property, with proper evidence of a homestead or an application made in 1997 or subsequent years. As with any homestead, the general statutes for homestead qualification apply to the limitation. Only one homestead, and by extension, only one limitation is permitted in any one year. The limitation applies only to the occupied homestead property and may not be applied to non-homestead property. [See: 68 O.S.2001, §§ 2888, 2889, 2890, 2893]

(2) **Relationship to exemptions and other programs.** The senior valuation limitation is available to qualified owners in addition to participation in the circuit breaker and additional homestead exemption. [See: 68 O.S. § 2802, for definitions of "circuit breaker" and "additional homestead exemption".] Availability of the senior valuation limitation is not dependent upon the county's compliance status with the State Board of Equalization.

(3) **Qualified owner.** The taxpayer must be 65 the year before the senior valuation limitation is approved, and the applicant's total household annual income for the previous year must not exceed the amount as provided in the Oklahoma Constitution, Article 10, Section 8C. The income threshold for the gross household income from all sources for an individual head of household under this Section shall not exceed the amount determined by the United States Department of Housing and Urban Development to be the estimated median income for the preceding year for the county or metropolitan statistical area which includes such county. The Tax Commission shall provide this information to each county assessor each year, as soon as it is available.

(4) **Application; qualification; duties of assessor; right of appeal.** In order to be eligible for the senior valuation limitation, the individual must apply at the county assessor's office by completing **OTC Form 994 (Revised-04), Application for Property Valuation Limitation and Additional Homestead Exemption.** The application must be made between January 1 and March 15. However, the time within which to apply for **additional homestead exemption** may be extended thirty (30) days, if a Notice of Change in Assessed Value (OTC Form 926-R-87) is sent, as stipulated in 68 O.S. § 2890(C). The limitation will be in affect for the tax year in which the application is made and approved, based on the current year valuation.

(A) For the limitation to be valid, **OTC Form 994 (Revised-04), Application for Property Valuation Limitation and Additional Homestead Exemption,** must be completed in its entirety as to income, age, ownership, and other information.

(B) The county assessor has the right and duty to review the information provided, ask any necessary questions, request documentation of age, income, or other information.

(C) The county assessor shall deny any application that is inaccurate, incomplete, inadequately documented, or otherwise invalid pursuant to this Section.

(D) The county assessor may request assistance from the Oklahoma Tax Commission in determination of income qualifications under 68 O.S.2001, § 2890.

(E) The taxpayer may appeal any denial of a senior valuation limitation application by the county assessor to the county board of equalization in the same manner as an appeal of the denial of a homestead exemption.

(5) **Review of valuation for error.** The county assessor should review the valuation of the property for clerical errors, incorrect physical characteristics, or other material error affecting valuation in order to protect the taxpayer. This review shall **not** include a revaluation of the property solely because it may be below fair cash value.

(6) **Physical improvements to property.** If a physical improvement is made to the property, such as a room addition, additional square footage, garage, out buildings, enclosed garage, or similar improvement, the improvement shall be valued in the same manner as these improvements are presently valued. This additional valuation shall be added to the limited value of the property before the construction occurred. If improvements are added to the property, the fair cash value shall be increased by the amount attributable to the addition. The new total value is then limited again, so long as the owner and property remain qualified. Physical additions or changes that are considered normal maintenance, such as normal repairs, minor re-modeling, roof repair or insulation, minor energy efficiency improvements, or retro fit improvements such as wheelchair ramps to provide access to the property, are not generally considered physical improvements affecting the valuation limitation.

(7) **Duration of, and conditions which terminate the limitation.** The senior valuation limitation is valid on the property as long as the taxpayer owns and occupies the property and title to the property is not transferred, changed, or otherwise modified. If the taxpayer fails to own and occupy the property or if title to the property is transferred, changed, or conveyed to another person, the senior valuation limitation shall expire. It is then the responsibility of the county assessor to value the property at fair cash value consistent with constitutional provisions, statutes and applicable rules. If the person's gross household income from all sources exceeds the amount provided in the Oklahoma Constitution, Article 10, Section 8C, the senior valuation limitation shall expire and the value of the property shall be subject to the ~~five~~ three percent limitation increase for that year.

(8) **Instances in which tax amount may increase, despite limitation.** The senior valuation limitation applies to the valuation, but it does not limit all taxes. The tax amount could increase under three specific situations:

(A) If an additional millage such as a bond issue or other levy is added;

(B) If judgment is rendered against the county and a judicial order directs an additional levy;  
or,

(C) If the county voters adopt a measure increasing the assessment percentage within the county under the authority of Section 8, Article 10, of the Oklahoma Constitution.

### **SUBCHAPTER 3. EQUALIZATION STUDY**

#### **PART 1. GENERAL PROVISIONS**

##### **710:10-3-18. Equalization study finding; submission to State Board of Equalization**

(a) **Compliance with equalization study requirements.** Upon completion of the equalization study, the Oklahoma Tax Commission Ad Valorem Division shall report median audited assessment percentages for each property classification. Counties found to be within the

Constitutional assessment percentage range of 11 to 13.5 percent, with all three classes of real property within the deviation range of 1.5 percent from the highest to the lowest ratio, shall be certified to the State Board, as being in compliance with equalization audit requirements.

(1) **Class deviations.** All counties must have all three classes of real property within the deviation range of 1.5 percent range, from the highest to the lowest ratio, in order to be in compliance, regardless of overall median ratio. [See: Art. 10, Section 8A2, Okla. Const.]

(2) **Annual valuation.** The county must annually value all taxable real and personal property within the county, as required by 68 O.S. §§ 2817; 2829; and 2830, regardless of overall median ratio.

(3) **Constitutional compliance.** The county must be in compliance with Article 10, Section 8, of the Oklahoma Constitution, concerning assessment percentage limitation for real and personal property; with Section 8B, concerning the five percent (5%) applicable valuation limitation on increases limit on increase in fair cash value; and Section 8C, concerning limitations on fair cash value on certain homestead property, regardless of the overall median ratio.

(b) **Categories of non-compliance.** As specified in 68 O.S. §2830, the findings of the equalization study shall constitute the monitoring responsibilities specified in that statute. For purposes of that statute, the following three categories specified are defined:

(1) **Category One non-compliance.** If a county is found out of compliance on its annual equalization study in December, the county would be classed in Category One non-compliance. The county would have until the following June 15 meeting of the State Board of Equalization to correct the deficiencies noted in the equalization study. [See: 68 O.S. § 2830]

(2) **Category Two non-compliance.** If the county did not correct the problems noted in the equalization study by the June 15 date, this will be noted in the Oklahoma Tax Commission's report to the State Board of Equalization with a recommendation to re-classify the county to Category Two non-compliance. At the next State Board of Equalization meeting in December, if all compliance criteria have been achieved, the State Board of Equalization would determine the county in compliance. If the county was found not in compliance at the December meeting, the county would then have until the following June 15 meeting to achieve compliance. If compliance was not achieved, the State Board of Equalization would have the option not to certify the county abstract until all compliance criteria had been achieved and to reclassify the county Category Three non-compliance.

(3) **Category Three non-compliance.** If a county which has been previously classified Category Two and has failed to meet compliance criteria set forth by the State Board, the county would be classified Category Three non-compliance. The State Board of Equalization may elect not to certify the abstract.

(c) **Right of appeal.** Under 68 O.S. § 2882, a district attorney, acting under the direction of the board of county commissioners, can appeal a decision of the State Board of Equalization. Pursuant to 68 O.S. § 2883, a county assessor may appeal the decision of the Oklahoma Tax Commission of Category Two or Three non-compliance.

## SUBCHAPTER 7. MANUFACTURING FACILITIES

### 710:10-7-15. Review; protest; appeal

(a) **Notice of erroneous exemption; assessment.** If the Tax Commission determines that an ad valorem manufacturing exemption has been erroneously or unlawfully granted to a manufacturing concern, in whole or in part, shall notify the appropriate county assessor, who

shall, after notice to the applicant as required by law has been given, immediately value and assess the property and place the property on the tax rolls for Ad Valorem taxation. [See: Attorney General Opinion 03-16]

(b) **Notice to applicant.** The Tax Commission shall mail a copy of the notice pursuant to the terms of 68 O.S. § 208 to the applicant at the mailing address shown on the application. The copy shall notify the applicant of his right to protest the Commission's determination.

(c) **Protest.** Within sixty (60) calendar days after the mailing of the notice, the applicant may file with the Oklahoma Tax Commission, a written protest, under oath, signed by himself or his duly authorized representative, in the manner and subject to the requirements set out in 68 O.S. § 207 of the Uniform Tax Procedure Code. A copy of the protest shall be mailed or delivered by the applicant to the county assessor.

(d) **Law governing protest procedure.** The Applicant's right of protest, hearing and procedure to be followed shall be governed by the provision of the Uniform Tax Procedure Code. [See: 68 O.S. §§ 201, et seq. and the Rules of Practice and Procedure before the Commission Office of Administrative Law Judges, promulgated at 710:1-5-20 through ~~710:1-5-48~~ 710:1-5-49 of the **Oklahoma Administrative Code.**]

(e) **Appeal.** Appeals from the decision of the Oklahoma Tax Commission regarding any protest shall be made directly to the Supreme Court of Oklahoma, as provided by law.

## SUBCHAPTER 12. AGRICULTURAL LAND CONSERVATION ADJUSTMENT

### 710:10-12-11. Review; protest; appeal

(a) **Notice of erroneous adjustment or; assessment.** If the Tax Commission determines that a Conservation Land Adjustment has been erroneously or unlawfully granted, in whole or in part, it shall notify the appropriate county assessor, who shall immediately value and assess the property without the Conservation Adjustment.

(b) **Notice to applicant.** The Commission shall mail a copy of the notice pursuant to the terms of 68 O.S. § 208 to the applicant at the mailing address shown on the application. The copy shall notify the applicant of his right to protest the Commission's decision.

(c) **Protest.** Within thirty (30) calendar days after the mailing of the notice, the applicant may file with the Oklahoma Tax Commission, a written protest, under oath, signed by himself or his duly authorized representative, in the manner and subject to the requirements set out in 68 O.S. § 207 of the Uniform Tax Procedure Code. A copy of the protest shall be mailed or delivered by the applicant to the county assessor.

(d) **Law governing protest procedure.** The Applicant's right of protest, hearing and procedure to be followed shall be governed by the provisions of the Uniform Tax Procedure Code. [See: 68 O.S. § 201, et seq. and the Rules of Practice and Procedure before the Commission Office of Administrative Law Judges, promulgated at 710:1-5-20 through ~~710:1-5-48~~ 710:1-5-49 of the *Oklahoma Administrative Code.*]

(e) **Appeal.** Appeals from the decision of the Oklahoma Tax Commission regarding any protest shall be made directly to the Supreme Court of Oklahoma, as provided by law. [See: 68 O.S. § 225]

## SUBCHAPTER 13. VALUATION EXCLUSION FOR DESULPHURIZATION EQUIPMENT

**710:10-13-12. Erroneous adjustment or assessment; review; protest; appeal**

- (a) **Determination of erroneous or unlawful exclusion.** If the Tax Commission or the County Assessor determines that an valuation exclusion has been erroneously or unlawfully granted, in whole or in part, the Commission shall so notify the appropriate County Assessor, who shall immediately value and assess the property which was previously excluded from value.
- (b) **Notice to applicant.** The Tax Commission shall mail a copy of the notice pursuant to the terms of 68 O.S. § 208 to the applicant at the address shown on the application or certification letter from the Department of Environmental Quality. The copy shall notify the applicant of the right to protest the Tax Commission's decision.
- (c) **Protest.** Within sixty (60) calendar days after the mailing of the notice, the applicant may file a written protest, under oath, with the Oklahoma Tax Commission, signed by an authorized representative, in the manner and subject to the requirements set out in 68 O.S. § 207 of the Uniform Tax Procedure Code. The applicant shall mail or deliver a copy of the protest to both the County Assessor and the Tax Commission.
- (d) **Law governing protest procedure.** The applicant's right of protest, hearing, and procedure to be followed shall be governed by the provisions of the Uniform Tax Procedure Code, 68 O.S. § 201 et seq., and the Rules of Practice and Procedure before the Tax Commission Office of Administrative Law Judges, OAC 710:1-5-20 through 710:1-5-48 710:1-5-49.
- (e) **Appeal.** Appeals from the decision of the Tax Commission regarding any protest shall be made directly to the Supreme Court of Oklahoma, as provided by law. [See: 68 O.S. § 225]

**SUBCHAPTER 14. DISABLED VETERANS IN RECEIPT OF  
COMPENSATION AT THE ONE HUNDRED PERCENT RATE**

**710:10-14-1. General provisions**

- (a) The procedures and requirements set out in this Subchapter shall be used to implement the exemption of the full fair cash value for homestead property and household personal property of qualified owners for ad valorem purposes.
- (b) The "one hundred percent disabled veterans exemption" refers to the implementation of the constitutional amendments added to the Oklahoma Constitution, Article 10, § 8E, by State Question 715, effective January 1, 2006 and Article 10, § 8D, by State Question 735, effective January 1, 2009. The amendments direct county assessors to exempt the total amount of the actual fair cash value of the homestead real property and household personal property of any qualified person who has made proper application. The applicant's real property must be a valid homestead property, with evidence of a homestead exemption, or eligible for homestead exemption. As with any homestead-based exemption, the general statutes governing homestead exemption qualification apply to the one hundred percent disabled veterans exemption. Only one homestead, and by extension, only one exemption, is permitted in any one year, per applicant. The exemption applies only to owner-occupied homestead property and may not be applied to any non-homestead property. [See: 68 O.S. §§ 2888, 2889, 2890, 2893]
- (c) The passage of State Question 770, effective November 4, 2014, adds an amendment to Article 10 Section 8E to allow for the transfer of the exemption set forth therein under the circumstances where a qualifying veteran or surviving spouse of the veteran sells a previously exempted homestead property and acquires, in the same calendar year, a new homestead property. The newly acquired property shall be exempt to the same extent as the homestead property previously owned by such person.

#### **710:10-14-5. Application**

(a) In order to be eligible for the one hundred percent disabled veterans exemption, the individual must apply at the county assessor's office by completing an Application for 100% Disabled Veterans Property Tax Exemption, Oklahoma Tax Commission Form 998. The application should be made between January 1 and March 15th in the same manner as for homestead exemptions. However, if the county assessor becomes aware of an otherwise-qualified applicant at any time during the current tax year, the county assessor may, upon compliance with all qualification criteria, make the appropriate adjustment. Providing all homestead requirements are met, if an otherwise qualified applicant receives their one hundred percent (100%) disability rating effective on or before the date of application, the property is exempt for the entire year regardless of the status of disability on January 1. If an otherwise-qualified applicant is discovered after the tax roll has been certified, then a tax roll correction may be made pursuant to 68 O.S § 2871(C)(2). Any applications that are denied by the county assessor shall be subject to the same protest procedure as provided for homestead exemption. If the disability rating of any veteran participating in the exemption program is reduced by the U.S. Dept. of Veterans Affairs to less than one hundred percent, the veteran shall immediately notify the county assessor of the change in status. Failure to do so will result in loss of any future homestead exemption pursuant to 68 O.S. §§ 2892(K) and 2900.

(b) To transfer the exemption to a newly acquired homestead property the qualified veteran or surviving spouse of the veteran must file Form 998-B, Application For 100% Disabled Veterans Exemption Acquired Homestead Property with the county assessor. Beginning with the month the deed instrument is filed of public record and the application is approved the homestead property will be exempt to the same extent as the homestead property previously owned by such person or persons for the year during which the new homestead property is acquired and each year thereafter providing qualifications are maintained.

(c) The exemption application must be filed in the year requested. Filing for previous years is prohibited pursuant to Oklahoma Constitution Article 10 § 22A.

#### **710:10-14-6. Duties of the assessor**

(a) The county assessor has the authority to review any information provided by the applicant, ask any necessary questions, request documentation including, but not limited to: Military I.D., Veterans Administration benefits card, current Oklahoma Drivers License driver license or any other information that the assessor may feel is relevant for the initial application, transfer, or any time in subsequent years. The county assessor shall deny any application that is inaccurate, incomplete, inadequately documented, or otherwise invalid pursuant to this Subchapter.

(b) Any adjustment after the adjournment of the County Board of Equalization must be approved by the Board of Tax Roll Corrections.

#### **710:10-14-8. Duration; conditions which terminate the exemption**

The 100% Disabled Veterans Exemption is valid on the property as long as the taxpayer or surviving spouse owns and occupies the property and remains eligible for homestead exemption. If title to the property is transferred or qualifications are no longer met, the exemption shall expire-be terminated and the value of the property shall be subject to valuation the following year pursuant to Oklahoma Constitution, Article 10, § 8B.

### **SUBCHAPTER 16. UNREMARIED SURVIVING SPOUSES OF PERSONS WHO DIED IN THE LINE OF MILITARY DUTY**

**710:10-16-1. General provisions**

(a) The procedures and requirements set out in this Subchapter shall be used to implement the exemption for the full fair cash value of homestead property of qualified unremarried surviving spouses.

(b) The exemption for "unremarried surviving spouses of military personnel who died in the line of duty" refers to the implementation of an amendment added to the Oklahoma Constitution, Article 10 § 8F, by State Question 771, effective for the 2014 calendar year and years thereafter. The amendment directs county assessors to exempt the full amount of the actual fair cash value of the homestead property. The applicant's real property must be a valid homestead property with evidence of a homestead exemption or be eligible for homestead exemption. Only one homestead and by extension only one exemption, is permitted in any one year. The exemption applies only to owner-occupied homestead property and may not be applied to non-homestead property. [See: 68 O.S. §§ 2888, 2889, 2890, and 2893]

**710:10-16-2. Relationship to other exemptions and programs**

Although the general law applies, since the actual fair cash value is exempt from ad valorem tax for qualified applicants, applications for other homestead specific property tax exemptions may be unnecessary.

**710:10-16-3 Qualified owner**

An applicant must be the unremarried surviving spouse of military personnel who is determined by the United States Department of Defense or any branch of the U.S. military to have died in the line of duty. Each applicant must provide the county assessor in the county where the homestead property is located, an original or certified copy of the Department of Defense Form DD-1300 which shall certify the applicant is the surviving spouse of such military personnel.

**710:10-16-4 Application**

In order to be eligible for the exemption the individual must apply in the initial year the exemption is requested at the county assessor's office by completing **Form 998-C, Application for Unremarried Surviving Spouse of Veterans Deceased in the Line of Duty Property Tax Exemption**. The application should be made between January 1 and March 15 in the same manner as the homestead exemption. However, if a county assessor becomes aware of an otherwise qualified applicant at any time during the current tax year or the exemption is transferred to another homestead eligible property the county assessor shall, upon compliance with all identification and qualification criteria, make the appropriate adjustment. Providing all homestead and other requirements are met, if an otherwise qualified applicant is in receipt of the Form DD-1300 certifying they are the surviving spouse of military personnel who died in the line of duty, on or before the date of the application, the homestead property is exempt for the remainder of the current year. If an otherwise qualified applicant is discovered after the tax roll has been certified, a tax roll correction shall be made pursuant to 68 O.S. § 2871(C)(2). Any application denied by the county assessor shall be subject to the same protest procedure as provided for homestead exemption. If the qualified unremarried surviving spouse subsequently remarries, they shall immediately notify the county assessor of the change in marital status. Failure to notify the county assessor may result in the loss of future homestead exemptions pursuant to 68 O.S. §§ 2892(K) and 2900. The application must be filed in the year requested, filing for previous years is prohibited pursuant Oklahoma Constitution Article 10 § 22A.

**OKLAHOMA TAX COMMISSION**  
**Rule Impact Statement**  
**CHAPTER 10 Ad Valorem**

**RULE IMPACT STATEMENT:** This statement is provided in conjunction with the following rulemaking action(s):

**Subchapter 1, "General Provisions"**

**710:10-1-3. Procedures for implementation of the ad valorem valuation limitation [Amended]**

**710:10-1-4. Limitation of the fair cash value on homestead property of qualified owners; implementation of Article 10, Section 8C of the Oklahoma Constitution. [Amended]**

**Subchapter 3 "Equalization Study"**

**710:10-3-18. Equalization study finding; submission to State Board of Equalization. [Amended]**

- (a.) **Purpose of the Proposed Rule:** Subchapter 1, "General Provisions" has been amended consistent with the passage of House Bill 3188 [2014] which amends the definition of improvement for purposes of valuing property damaged by a natural disaster or other event which is subsequently rebuilt or restored. Subchapter 1 has also been amended along with Subchapter 3 "Equalization Study" to provide for the amendment to Article 10, Section 8B of the Oklahoma Constitution which modified the maximum allowable increase in any taxable year for locally assessed homestead and agricultural property from 5% to 3%. [State Question 758, adopted at election held November 6, 2012].
- (b.) **Classes Affected:** County assessors and persons owning homestead and or agricultural land.
- (c.) **Persons Benefited:** County assessors and persons owning homestead and or agricultural land.
- (d.) **Probable Economic Impact:**
1. **On Affected Classes:** There is no economic impact anticipated due to the proposed rule change.
  2. **On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
  3. **Fees:** The rulemaking action does not levy, implement, or increase an existing fee.
- (e.) **Probable Costs to the Agency:** Administrative in nature only. No additional personnel or budget expenses are anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on, or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no apparent alternative methods for compliance. The division does not foresee any additional costs of administration due to the implementation of the rule change.

- (i) **Public Health/Safety/Environmental Concerns:** There will be no impact or concerns with public safety or the environment.
- (j) **Effect of Non-Implementation on Environment:** There are no environmental concerns due to non-implementation.
- (k) **Date:** December 17, 2014                      **Date Modified:**     N/A
- (l) **Prepared By:** Christy Caesar                      **Phone Number:**     (405) 521 3133





