

Taxpayer Education Series
TES –14

Oklahoma
Property Taxes
2017
Taxpayers' Rights,
Remedies and Responsibilities

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The Basics

Property taxes are based on the value of the property. For example, the property tax on a vacant lot valued at \$10,000 is usually ten times as much as one valued at \$1,000 if located in the same taxing jurisdiction.

Property taxes are **local taxes**. Your county officials value your property, set your tax rates and collect your taxes. However, state law governs how the process works.

The property tax provides more tax dollars for local services in Oklahoma than any other source. Property taxes help to pay for public schools, city streets, county roads, police, fire protection and many other essential services.

The Oklahoma Constitution authorizes the property tax.

All tangible property must be taxed on its current market value. The exception is agricultural land.

A property's market value is the price for which it would sell when both buyer and seller want the best price and neither one is under pressure to buy or sell. Land used for farming and ranching is valued on its capacity to produce crops or livestock, instead of its value on the real estate market. This appraisal is known as agricultural use value.

→ All property is taxable unless otherwise exempted by federal or state law.

An exemption may exclude all or part of a property's value from taxation.

→ Property owners have a right to notice of increases in appraised property value.

The county assessor must notify you prior to any increase.

How does the property tax system work?

There are two main parts to the system in Oklahoma.

- The county assessor in each county sets the value of your property each year.**
- A County Board of Equalization may settle any disagreements between you and the assessor about your property value.**

January 1 marks the beginning of property appraisal. A property's use, market condition, and ownership on January 1, determines whether the property is taxed, its value, and the party responsible for paying the tax.

Between January 1 and March 15, the county assessor processes applications for tax exemptions.

Around April 1, in most counties, the County Board of Equalization (CBOE) begins hearing protests from property owners who believe their property values are incorrect. The CBOE is an independent panel of 3 citizens responsible for handling protests about the appraisal of property.

In August or September, the elected officials of each county adopt tax rates for their operations and debt payments. Every property is taxed by the county and local school district. You also may pay taxes to a city or special districts like hospitals or career techs.

Tax collection starts around November 1 when tax bills go out. Taxpayers have until December 31 to pay the first half of their taxes. The second half must be paid before April 1. On April 1, penalty and interest charges begin accumulating on unpaid tax bills.

What is the taxpayer's role?

You can play an effective role in the process if you know your rights, understand the remedies available to you and fulfil your responsibilities as a property owner and taxpayer.

→ Know your rights

- You have the right to uniform appraisals.
- You have the right to receive all tax exemptions or other tax relief for which you qualify.
- You have the right to notices of changes in your property value or in your exemptions.

→ Understand your remedies

- If you believe your property value is too high, or if you were denied an exemption or agricultural use value, you may file a protest with the assessor and then if denied, to the CBOE. If you do not agree with the review board, you may appeal to district court.

Appointing an Agent

You may represent yourself in any property tax matter, or you may appoint a representative – commonly called an “agent” – to handle specific duties. You do not need an agent to file for exemptions. Simply obtain an application form from the Oklahoma Tax Commission's (OTC) website, www.tax.ok.gov or your county assessor. To appoint an agent, you must give that person written authorization to represent you.

Savings on Home Taxes

An exemption removes part of the value of your property from taxation and lowers your taxes.

Homestead Exemption

Does your home qualify for exemptions?

→ You must own your home on January 1

Your homestead can be a separate structure, condominium or a mobile home located on land that you own.

A residence may be owned by an individual through an interest in a qualifying beneficial trust and may be occupied by a trustor of a qualifying trust.

→ The home must be your principal residence on January 1

If you have more than one house, you can only receive an exemption for your principal residence.

If you temporarily move away from your home, you can retain an exemption if you do not establish another principal residence and you intend to return. For instance, if you enter a nursing home, your home still qualifies as your homestead if you intend to return and it's not rented.

Military personnel stationed elsewhere, but are Oklahoma citizens, may be granted homestead exemption.

A parent residing in a home which is jointly owned with the parent's non-residing child may receive the exemption.

Renting part of your home or using part of it for a business does not disqualify the remainder of your home from the exemption.

Authorized Homestead Exemptions/Credits

→ Homestead Exemption

If you maintain a homestead and meet the ownership and residency requirements, you should qualify for homestead exemption. Homestead exemption is a \$1,000 deduction from the assessed value of your home. In most cases this may result in about \$80 to \$120 in tax savings. To apply for the exemption complete OTC Form 921 and file with your county assessor on or before March 15th. Form 921 may be downloaded from the OTC website, www.tax.ok.gov or by contacting the county assessor's office. Homestead applications received after March 15 will be credited to the following year. Once granted you do not have to apply for exemption each year providing your ownership or place of residence does not change. Property placed in living trusts is eligible for the exemption. Contact your county assessor for details.

→ Additional Homestead Exemption

If your gross household income from all sources (except gifts and veteran's disability income) is \$20,000 or less a year, and you meet all the homestead exemption requirements, you may qualify for an additional \$1,000 deduction from your home's assessed value. To apply for the exemption complete OTC Form 994 and file with your county assessor on or before March 15th. Form 921 may be obtained from the OTC website, www.tax.ok.gov or by contacting your county assessor's office.

→ Property Tax Refund/Credit

If your gross household income from all sources (except gifts and veteran's disability income) is \$12,000 or less, AND you are at least 65 years of age OR totally disabled, you may be eligible for an income tax credit/refund for property tax paid on your homestead. The tax credit/refund is calculated by subtracting 1% of your income from the amount of property taxes you paid. A refund may not exceed \$200.00. If required to file an Oklahoma income tax return, Form 538-H must be enclosed with and the credit claimed on Form 511. Otherwise, Form 538-H must be received by the OTC on or before June 30th each year for property taxes paid for the preceding calendar year. You must pay your property taxes in full to the county and attach your receipt to the 538-H form. Form 538-H may be downloaded from the OTC website, www.tax.ok.gov.

Disabled Veterans in Receipt of Compensation at the 100% Rate

Veterans who receive compensation at the 100% rate for a permanent disability sustained through active service in the U.S. Armed Forces or Oklahoma National Guard are eligible for an exemption for the full amount of the fair cash value of the homestead and the full amount of all household personal property which is not subject to any form of taxation in lieu of ad valorem taxation. In addition to the above-described requirements, the applicant must also be an Oklahoma resident and eligible for a homestead exemption. This exemption is not only available to qualifying veterans but also their surviving spouses.

Exemptions must be applied for utilizing Form OTC 998 in the same year it is requested.

Ask your county assessor for details.

Surviving Spouses of Service Member Who Died In the Line of Duty

A surviving spouse of a veteran determined by the United States Department of Defense or any branch of the United States Military to have died while in the line of duty is entitled to an ad valorem exemption for the full amount of the fair cash value of the homestead until such surviving spouse remarries. The surviving spouse must be otherwise qualified for homestead exemption. Exemptions must be applied for utilizing Form OTC 998-C in the same year as requested.

Ask your county assessor for details.

Do You Currently Have a 100% Disabled Veteran's Exemption or a Surviving Spouse of a Service Member Who Died in the Line of Duty Exemption?

Beginning January 1, 2015, if one of the described veteran or surviving spouse exemptions is in place and after January 1 of the calendar year the person purchases another homestead property, the exemption may be transferred to the new homestead property. Application must be made to your county assessor immediately after the transaction is public record and will be effective the next succeeding month and each year thereafter providing all qualification requirements are maintained. Exemptions must be applied for in the same year as requested. Ask your county assessor for details.

What should new homeowners do?

- **Before you buy a home, you or your mortgage company should get a tax lien report for the home from the county treasurer. The tax report will show if delinquent taxes are owed. You cannot get clear title to the property until all delinquent taxes are paid.**
- **Your mortgage company may pay property taxes on your home out of an escrow account.** If this is the case, make sure the county treasurer sends the original tax bills to the mortgage company. You may want to request a receipt to see if the mortgage company pays the taxes on time and for federal income tax purposes. Be sure the escrow account is based on the current value of the home.
- **If you sold your previous home in Oklahoma, make sure it is listed under the new owner's name and address.**
- **If your home is new, you should receive a notice of appraised value from the assessor usually in April or May.** Contact the county assessor if you do not receive this notice.

Limitations of Value

Valuation Increase

There is a limit on how much your real property's taxable fair cash value may increase in any one year. The Oklahoma Constitution places a 3% limit on increases for homestead and agricultural land and 5% for other real property. The assessor may not increase the property's taxable fair cash value above the 3% limit in any year for homestead or agricultural land unless the property has been sold. The fair cash value of real property is not subject to the cap, only the taxable fair cash value is capped.

Senior Citizens With Limited Income, Valuation Cap

There is a constitutional limit on the valuation of homestead property for persons 65 years of age or older with an annual gross household income which does not exceed the median income amount determined by the U.S. Department of Housing & Urban Development for your county. Contact your county assessor for the exact amount. Form OTC 994, the application for valuation limitation, must be completed by the qualified owner and filed with the county assessor by March 15 beginning with the first year of eligibility. The property value may be reduced at a future date due to market conditions, but the value may not be increased above the level established by the application for limitation as long as the qualifications are maintained and the property is not improved, transferred, or sold.

Agricultural Land Taxes

Agricultural use value lowers the taxable value of land owned by qualified farmers and ranchers. It values rural land based on the land's capacity to produce crops, livestock, instead of its value on the real estate market. This lower value reduces property taxes on qualified land used for agricultural purposes.

What land qualifies?

→ The land must be devoted principally to agricultural use.

Agricultural use includes production of crops including cover crops, livestock, or poultry. It also can include leaving the land idle for a government program such as Conservation Reserve Program or for normal crop or livestock rotation. Land used for raising certain animals to produce human food or other items of commercial value on agricultural land qualifies, also. Using land for wildlife management is an agricultural use. Contact your local assessor for details.

The assessor determines if a change to a non-agricultural use has been made and sends a notice of the change. If you disagree, you may file a protest with the County Board of Equalization. You must file the protest within 30 days of the date the notice was mailed to you. The CBOE decides your case. If you protest and the CBOE decides against you, you may appeal to district court.

New Business/Going Out of Business

If you own a new business, you must render your tangible personal property, intangible personal property is exempt. This property includes furniture, fixtures, equipment and inventory. See the next section on “renditions.” You will pay taxes on the property that you own on January 1 of the current tax year.

The county assessor’s staff may ask permission to enter your premises and inspect the property to determine what taxable personal property you own and its value. Such an inspection is performed during normal business hours or at a time agreeable to you and the assessor’s staff.

If you go out of business after the first of the year, you will still be liable for taxes on the personal property that you owned on January 1. You are not relieved of the taxes assessed because you no longer operate the business.

Valuing Property

The county assessor determines the value of all locally assessed taxable property in the county. Before the appraisal can begin, the assessor compiles a list of the taxable property. The listing for each property contains a description of the property and the name and address of the owner.

How is your property valued?

The assessor must repeat the inspection process for property in the county at least once every four years.

The county assessor uses mass appraisal to appraise large numbers of properties. In a mass appraisal, the assessor first collects detailed descriptions of each taxable property in the district. Then property is classified according to a variety of factors, such as size, quality, use, and construction type. Using data from recent property sales, the assessor appraises the value of typical properties in each class. Taking into account differences such as age or location, the assessor uses the typical property values to appraise all the properties in the class.

For individual properties, the assessor may use three common methods to value property: market, income and cost approach.

The **market approach** is most often used and simply asks, “What are properties similar to this property selling for?” The value of your home is an estimate of the price your home would sell for. The assessor compares your home to similar homes that have sold recently and determines your home’s value.

What if your property value increases?

A notice of increase in appraised value tells you that the assessor intends to increase the value of your property.

County assessors send a notice of appraised value. A detailed notice contains a description of your property, its value, and any exemptions. This notice is sent under three circumstances:

- **the value of your property is higher than it was in the previous year**
- **the value of your personal property is higher than the value you gave on a rendition** (see next section); or
- **your property was not on the county assessor’s records in the previous year.**

The assessor will send a valuation notice if your property was reappraised, changed hands, or if requested by you or your agent.

The assessor will send you the notice of appraised value. If you disagree with the value, you have 30 days to file a protest with the county assessor.

The notice of appraised value explains how you can file a protest with the review board if you disagree with the assessor’s actions.

What is a rendition?

A rendition is a form you may use to report any taxable tangible property you own on January 1 to the county assessor. The rendition identifies, describes and gives the location of your taxable property. Business owners must render their tangible personal property using OTC Form 901.

→ **Advantages** - If you file a rendition, you are in a better position to exercise your rights as a taxpayer.

- Your correct mailing address is on record so the county treasurer will send your tax bills to the correct address.
- Your opinion of your property's value is on record with the county assessor.
- The assessor must send you a notice of appraised value if the appraiser puts a higher value on your property than the value you listed on your rendition.

→ **Deadline** - File your rendition with the county assessor after January 1 and no later than March 15. After March 15 a 10% penalty will be assessed. After April 15, a 20% penalty applies.

→ **Requirements** - If you own tangible personal property, you must report this property on a rendition form every year. Businesses, for instance, must report their inventories, equipment and machinery on a rendition.

Most counties in Oklahoma do not tax household personal property. Check with your county assessor.

How to Appeal

The right to protest is the most important right you have as a taxpayer. You may protest if you disagree with any of the actions the assessor has taken regarding your property. You may discuss your concerns about your property value or exemptions with the county assessor in a hearing.

The assessor will informally review your protest with you to try to solve any problems. Check with your assessor for details.

What is a County Board of Equalization?

A CBOE is a panel of three citizens authorized to resolve disputes between taxpayers and the county assessor.

CBOE members are appointed by the OTC, the County Commissioner, and the District Judge. An individual must be a resident of the county to serve on the CBOE. Members also must comply with special conflict of interest laws.

The CBOE hears taxpayer protests. It listens to both the taxpayer and the county assessor. The CBOE determines if the assessor has granted or denied exemptions properly and resolves property valuation disputes. The CBOE decisions are binding only for the year in question. The CBOE begins work around April 1 in most counties and finishes by May 31.

CBOE meetings are open to the public. Notices of the date, time and place of each meeting must be posted at least 48 hours in advance. Oklahoma and Tulsa counties may extend CBOE sessions to the end of July.

Should you protest?

The CBOE must base its decisions on evidence. It hears evidence from both sides - the taxpayer and the county assessor.

The following is a list of protest issues that a CBOE can consider and suggestions on evidence you may want to gather.

→ Is the appraised value of your property too high?

Ask the county assessor to explain the appraisal. Be sure the property description is correct. Are the measurements for your home or business and lot correct? Gather blueprints, deed records, photographs, a survey or your own measurements.

Are there any hidden defects, such as a cracked foundation or inadequate plumbing? Get photographs, statements from builders or independent appraisals.

Ask the assessor for the appraisal records on similar properties in your area. Is there a big difference in the values?

Collect evidence on recent sales of properties similar to yours from neighbors or real estate professionals. Ask the county assessor for the sales that were used. Consider using an independent appraisal by a real estate appraiser. Insurance records also may be helpful.

If you decide to use sales information to support your protest, you should:

- Get documents or sworn statements from the person providing the sales information.
- Use sales of properties that are similar to yours in size, age, location, and construction type.
- Use recent sales. Sales that occurred closest to January 1 are best.

→Did the county assessor deny your homestead exemption?

First, find out why the assessor denied your exemption. If the assessor denied your homestead exemption, get evidence that you owned your home on January 1 and used the home as your principal residence on that date. Always compare appraised value, not taxable value. If the assessor denied a homestead exemption for part of the land around your home, show how much land is used as a yard.

If the assessor denied you a senior valuation limitation, a disabled person, or a veteran's exemption, read about these exemptions on pages 4-6.

→Did the assessor determine that you took your land out of agricultural use?

Is agricultural activity still taking place on your land? If you took only part of the land out of agricultural use, you may need to show which parts still qualify.

→Do the appraisal records show a correct owner?

Provide records of deeds or deed transfers to show ownership.

→Is your property being taxed in the correct school district?

An error of this sort is often simply a clerical error. For example, the appraisal records show your property is located in one school district when it actually is located in another school district.

→ Is your personal property correctly included on the appraisal records?

Some types of taxable personal property move from place to place quite regularly. Property is taxed at only one location in Oklahoma. You can protest the inclusion of your property on the appraisal records if it should be taxed at another location in Oklahoma.

→ Did the county assessor or CBOE fail to send you a notice that the law requires them to send?

→ Is there any other action the county assessor or CBOE took that affects you?

You have the right to protest any action that affects you and your property. For instance, the assessor may claim your property was not taxed in a previous year and you disagree, then you may protest to the CBOE.

You may protest only actions that affect your property.

How should you protest?

The CBOE will notify you in advance of the date, time and place of your hearing. Discuss your protest issue with the assessor's office in advance. You may work out a satisfactory solution without appearing before the CBOE.

When you present your protest to the CBOE, you may appear in person, send it by electronic media, send someone to present the protest for you, or send a sworn affidavit containing the evidence to support your protest. See the section on appointing an agent on page 3.

→ Do not contact CBOE members outside the hearing.

The CBOE members are prohibited from communicating with another person about a property under protest.

→ Be on time and prepared for your hearing.

The CBOE may adopt a policy to place a time limit on hearings.

→ **Stick to the facts of your presentation.**

The CBOE has no control over the assessor's operations or budget, tax rates for the local taxing units, inflation or local politics. Including these topics in your presentation is not helpful to you.

→ **Present a simple and well organized protest.**

Stress key facts and figures. Write them down in logical order and give copies to each CBOE member.

→ **Recognize that the CBOE acts as an independent judge.**

The CBOE listens to both the taxpayer and the assessor before making a decision. It is not a case of the taxpayer against the CBOE and the assessor.

How to File a Protest

1. **File a written protest.** The county clerk has protest forms available. A notice of protest is sufficient if it identifies the owner, the property that is the subject of the protest and indicates that you are dissatisfied with a decision made by the assessor.
2. **File your notice of protest by May 1** or no later than 30 days after the assessor delivers a notice of increased change in appraised value to your property.

If the assessor sends you a notice that your land is no longer in agricultural use, you must file your notice of protest within 20 working days of the date the assessor mailed the notice.

If you do not file a notice of protest before the CBOE, you lose your right to protest. You may also lose the right to file a lawsuit about the taxable value of your property.

Contact your assessor if you have questions about clerical errors, substantial value errors, double taxing or other areas.

Should you appeal to district court?

Once the CBOE rules on your protest, it sends you a written notice by mail. If you are dissatisfied with the CBOE findings, you have the right to appeal its decision to the district court in your county.

You should consult with an attorney within 10 days after the adjournment of the CBOE.

Once the CBOE approves the assessment roll, the assessor prepares a tax roll. A tax roll lists the taxable property within the boundaries of the taxing unit. The assessor's job is finished for the current year. It has provided a set of values for all local taxing units to use.

How is tax revenue generated?

The amount of revenue generated from ad valorem tax is based on the local government's taxable valuation and the rate or number of mills (one mill equals 1/1000 of a dollar) levied for its use. The total net assessed valuation is the taxable valuation of all the property subject to ad valorem taxation within the taxing jurisdiction. The County Excise Board sets the tax levies in the number of mills rather than dollars. One mill would generate \$1 in revenue for every \$1,000 of taxable valuation.

After the levies are set, the County Excise Board certifies the levies to the county assessor. The assessor then computes all the property taxes and prepares the tax roll, which shows the amount of tax each individual taxpayer owes. The county treasurer is then responsible for sending the tax bills and collecting the tax.

How is tax revenue spent?

Public indebtedness is repaid with ad valorem tax levies. Debt is incurred when general obligation bonds and support levies are voted by the people in the counties, cities, towns, school districts and other smaller taxing jurisdictions. This type of indebtedness is in support of public projects such as school buildings, libraries, fire and water districts, health, EMS, museums, airports, career tech and sinking funds.

Each dollar of your ad valorem tax, on the statewide average, is apportioned about 68% for common schools, 13% career tech, 16% county, with the remaining percent apportioned to other publicly supported projects as authorized by the voters.

Paying Your Taxes

The county treasurer usually mails the tax bills in November. The delinquency date is December 31. If December 31 is drawing near and you have not received a tax bill, contact your local treasurer's office. Find out how much you owe and make sure your correct name and address are on record.

If your mortgage company pays the property taxes on your home, the mortgage company receives the tax bill.

The county treasurer must give you a receipt for your tax payment if you ask for one. Receipts are useful for federal income tax purposes and for ensuring that your mortgage company paid the taxes on your home.

When is the deadline for paying?

In most cases, the deadline for paying property taxes is December 31. Taxes that are unpaid on January 1 are delinquent. Penalty and interest charges are added to the original amount.

Most property owners pay their property taxes before the end of the year, so the payment can be deducted from their federal income taxes.

- **Split payment** of taxes allows you to pay half your taxes by December 31 and the remainder before April 1 without any penalty.

What if you do not pay your taxes?

The longer you allow your delinquent property taxes to go unpaid, the more expensive and risky it becomes for you.

→ **You have penalty and interest charges added to your taxes.**

Regular penalty charges may be as high as 18 percent, per year, depending on how long the tax remains unpaid. Interest is charged at the rate of 1.5 percent per month. There is no maximum amount of interest.

→ Delinquent tax notices are issued.

The county treasurer sends at least one notice that taxes are delinquent. The treasurer may send additional notices and warnings.

→ Your property can be sold at a tax sale.

Failure to pay your property taxes can result in the loss of your property. The county treasurer may begin proceedings to sell it at a tax sale unless taxes are paid in full.

→ If delinquent, you may have problems selling your property.

Each taxing jurisdiction holds a tax lien on each item of taxable property. This tax lien gives the county the power to foreclose on the lien and attach the property, even if its ownership has changed. The property may be auctioned, and the proceeds used to pay the taxes.

As a result of the tax lien, someone who purchases real estate cannot get a clear title until all the delinquent taxes owed on the property are paid in full.

If you are buying a portion of a larger parcel of land, check the taxes on the larger parcel. You will not be able to clear a tax lien against your part unless taxes on the whole are paid.

How to Calculate Your Taxes

\$ Taxable Fair Cash Value
x Assessment %
= Assessed Value
- Exempt Value
= Net Assessed Value
x Rate per \$1000 Value.
(Taxing unit's governing body sets tax rate.)
= Tax Amount

Make payment to county treasurer.

Taxpayer's Rights,
Remedies and Responsibilities

How to Get More Information

If this pamphlet does not answer all your questions about property taxes, your local officials can.

The county assessor can answer questions about property values, exemptions, and protests to the CBOE. Your county treasurer can answer questions about tax rates and tax bills. In addition, property tax records are open to the public, including all appraised values, and tax bills.

All forms are available for download at www.tax.ok.gov.

Disclaimer:

This pamphlet is intended to give the taxpayer a brief overview of the ad valorem tax process. The information presented is based on statutory requirements and procedures. For more specific information, contact your county assessor or refer to the Oklahoma Statutes.

This document is for informational reference purposes only, not legal reference.

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