

## A LOOK AHEAD...

April 6:  
Daylight Savings Time  
Begins

April 14-17:  
Unit II,  
Real Property Appraisal,  
Tulsa

April 20:  
Easter Sunday

April 22-25:  
Unit IV, Income Approach to  
Value, Norman

Oklahoma  
ad valorem

Volume XII, Issue III  
March 2003



# FORUM

## DIRECTOR'S NOTES...

Dear Ad Valorem Reader:

The Ad Valorem Forum is changing, and we think it is for the better. Beginning with the March Edition from now on, the Forum will be posted on the Oklahoma Tax Commission Web Site rather than a full printed version. We're continuing our monthly publication schedule. We also going to send the Forum out by E-Mail since many people prefer a reminder. The Forum will be attached to your E-Mail and downloaded.

We haven't forgotten any readers without E-Mail. If your county or company does not have E-Mail or access to the Internet, we will also print a laser copy of the Ad Valorem and send it to you. In light of budget constraints, this edition won't have color ink, but we'll get it there promptly.

We're going to automatically add emails for all county assessors, state agencies, and OSU listed in the County Assessors' Directory, and all our tax representatives readers as well. If you'd like to add your email, please let us know.

From the Ad Valorem Division this is a busy time of year. Public service staff is busy with the 2003 public service renditions, and we're answering requests for Legislative data. If you thought we went through lots of changes last year, get ready for 2003. Budget, new Governor, and new faces everywhere. It's a great opportunity for some good positive changes.

Mark your calendars. We have a complete schedule now of the 2003 District meeting dates:

Northwest: May 2 (Ellis County)  
Southeast: May 16 (Pottawatomie County)  
Northeast May 23 (Lincoln County)  
Southwest: May 30 (Jefferson County)

Early one snowy morning in this Winter of Discontent 2003 while channel surfing for a TV snowy weather report, I happened to see a program about human motivation. This expert said that the people who succeed at something—exercise, weight loss, running a marathon, overcoming illness, getting on the Survivor TV show, developing a positive mental attitude—often get on a roll by building up momentum. Small achievement gives them reinforcement which builds more energy, and they gradually begin to overcome obstacles that seems impossible. He called human achievement a battle between the realists and the idealists. A realist has a tendency to say to the 50 year old fat guy, "Get real. You can't really run a marathon." So if the person trying to achieve worries too much about "what everyone says," they may give up and never try. But if a person has enough idealism and optimism to get started to achieve something, they can get a start that builds up momentum. Life, he said, is a struggle to encourage optimism and yet still be enough of a realist to get things done. In the assessment profession that's sometimes pretty tough to do.

We appreciate the hard work and conscientious effort of all county assessors and deputies out there working to improve the Oklahoma ad valorem system and make it better than it was given to us for taxpayers everywhere. Like Tom Cusack says, "keep in mind, we should be the guardian of fairness.

Jeff Spelman, CAE  
Director, Ad Valorem Division

*P.S.: "A realist is someone who specializes in telling people what can't be done instead of going out and doing it." Anwar Caddo.*

# IAAO PERSONAL PROPERTY COURSE TO BE OFFERED

IAAO Course 500, Personal Property, will be taught by Steve Sutterfield, PPS in Oklahoma City July 14-18.

This course may be used as a substitute for the Assessors' Accreditation personal property unit or for continuing education credit.

Course 500 provides a comprehensive program of study for those who assess personal property for ad Valorem tax purposes. After a review of property tax administration and the

nature of value, the following aspects of personal property assessment are covered: categories of personal property, discovery, the valuation process, valuation guidelines and quality control, depreciation methods, and special problems.

IAAO Oklahoma Chapter President Doug Warr of CLGT will provide additional details as information becomes available. Mark your calendars now and plan to attend this worthwhile course.

# FOUNDATION OFFERS GRANTS FOR E-911 IMPLEMENTATION

The Public Safety Foundation of America (PSFA) recently announced a series of grants to support and expedite the implementation of E-911 throughout the U.S.

Inspired by an offer from Nextel to help expedite Public Safety Answering Point (PSAP) readiness, the Association of Public-Safety Communications Officials, International (APCO) decided to form a new charitable Foundation.

Under the plan the Foundation will accept private, corporate and public donations on behalf of the public safety community then distribute those funds to provide both financial grants and technical support to individual nonprofit PSAP's across the nation.

The APCO Board of Officers will serve as the Board of Directors for the Foundation. A Foundation Advisory Board, Consisting of the following member organizations is responsible for reviewing all applications and recommending approval of grants: National Association of counties (NACo), International Association of Chiefs of Police (IACP), International Association of Fire Chiefs (IAFC), National League of Cities (NLC), National Association of State EMS Directors, National Governors' Association (NGA), National Emergency Number Association (NENA), and the Association of Public Safety Communications Officials, International (APCO).

Grant information and application procedures can be obtained by visiting the Public Safety Foundation web site at <http://www.psfafa.us>.

# PUBLIC SERVICE UPDATE WITH MIKE ISBELL

As of this writing, we are now in receipt of more requests for a filing extension to April 30 than we are actual returns. This is the norm, with the bulk of our returns being received in April. Our time now is occupied with company, county and other queries as they are received, gathering of data for our capitalization rates, research, discovery and anything else that might come our way.

SBC is still protesting and ANR Pipeline is returning 2001 monies to counties where they had situs to be held in escrow. ANR contends that the State Board of Equalization and the Oklahoma Tax Commission perpetrated a fraud in the December

approval of the Public Service Guidelines for valuation of Gas Companies. A State Board of Equalization subcommittee is reviewing this allegation with its findings to be delivered at the June 16, 2003 meeting.

This being March and the deadline for filing at the county level being March 15, it is an excellent time for you and your staff to refer to our section any property that you feel may be public service as defined in Title 68 Section 2808 of the Oklahoma Statutes. This would allow us time to research the property and company, eliminate the possibility of double taxation, and enable the values to be timely certified at the proper venue.

## TIPS FOR DETERMINING YEAR BUILT

Like any good detective, assessors and deputies can use certain tools to aid them in making determinations of year built when specific information on a structure is not available.

The following bits of information may assist you in assigning an accurate year built for residential structures being appraised in your county.

Molded blocks were used for building foundations from 1903 to 1922. This was the architectural style of the period, made on site, and forms were available from the Sears catalog.

During the roaring 20's, with the increased availability of credit, more amenities were added to homes, and catalog homes were prevalent.

The 1930's brought the great depression and dust bowl days, and the state lost population. 1936 was the worst year, with very slow demand for new homes. There were few homes built during this period, and amenities were scaled back. Composition roofs were introduced in the 30's.

In homes built prior to 1940, plaster interior walls were utilized. There was a gradual transition from plaster to drywall in the 1940's. By 1947 virtually all homes had a drywall interior finish. From 1940 to 1950 the state lost population.

During World War II from 1942 to 1946, there were no building materials available for residential construction. There were a few homes constructed around military bases during the war, but virtually no other residential construction occurred.

After the war, a major housing boom took place. Post WW II homes were "cookie-cutter" type homes, frame construction, around 1,000 square feet or less, and were predominantly 2 bedroom 1 bath residences, many with asbestos siding.

In the early 1950's, brick, single-car attached garage homes built with a conventional floor rather than a concrete slab was the norm.

Also during the 50's, cement block homes were prevalent, and crank-out casement windows were utilized in many homes.

In the late 50's, more two car attached garages were being built than single car garages, and the trend toward larger homes continued.

Around 1960, central heat and air became the standard for residential construction in Oklahoma. Many contemporary style homes with low pitch tar and gravel roofs were built in the early 1960's. By the mid 60's, conventional floors had given way primarily to concrete slab foundations. The 1970 population for the first time finally exceeded the 1930 population. Ranch style homes continued to be popular, with a number of contemporary style stone homes being built in the late 1970's and early 1980's. During the oil boom days of the late 1970's up to July 5, 1982, a building boom took place. Many add-on's were built during this time as well.

From mid-1982 to mid-1988 the State lost population. Banking problems were common with many bank closures.

Styles and trends specific to various time periods in the 1980's and 1990's can help date homes in this period. A transition to the "Dallas" style home with double brick front gables, circlehead windows, and hip roof on other portions of houses was common.

During the 1990's "Country French" or "French Chalet" became a very popular architectural style. Brick and stone were mixed more frequently for special design effects, and an increase in energy efficient items was the general trend.

Dating homes in this period can be simplified by looking at inspection dates in electrical breaker boxes, attic insulation, inside toilet tanks, termite inspection dates in garages, etc. Building costs have continued to escalate since 1988 with the advent of hurricane Andrew, creating a major building materials shortage at that time.

By applying some deductive reasoning, accurate year built dates can be assigned to homes during the visual inspection process, if the information cannot be obtained from homeowners.

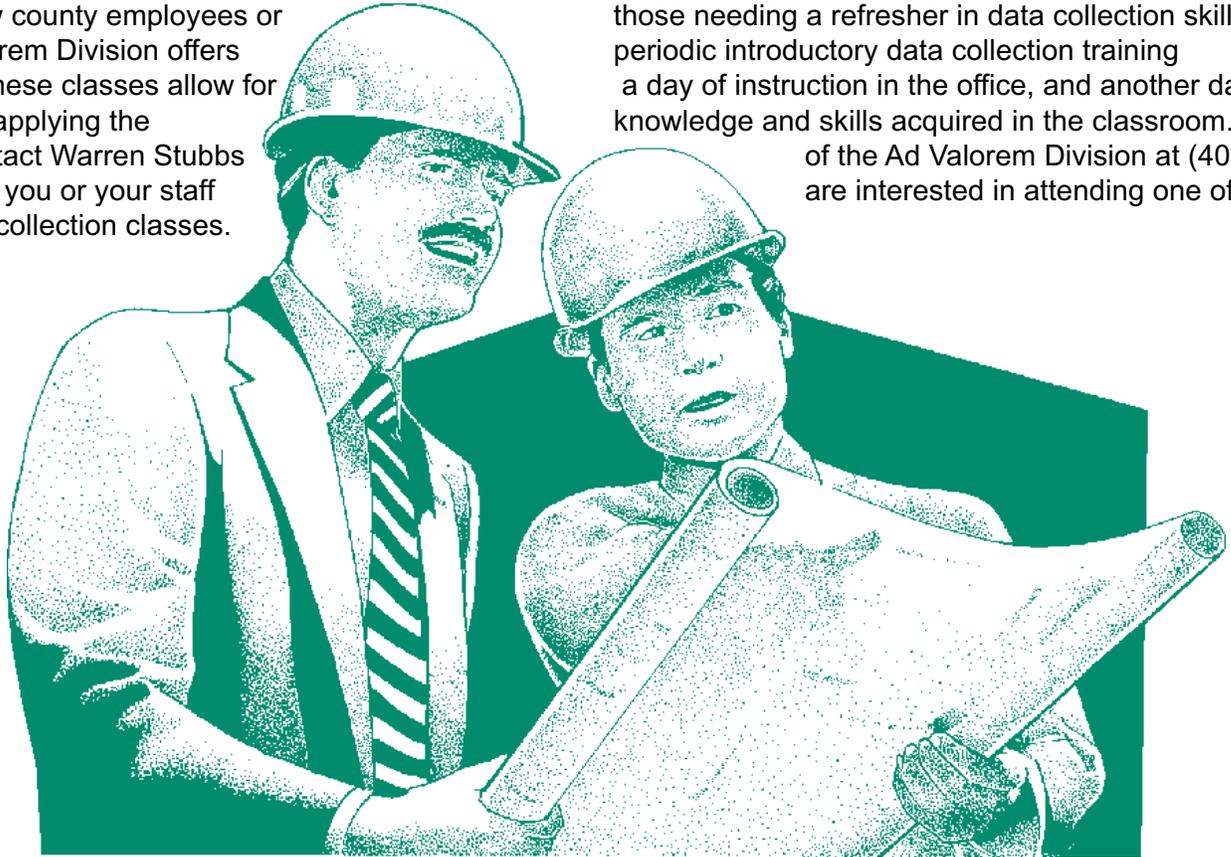
**CONTINUED ON PAGE 4  
SEE "TIPS..."**

## TIPS...CONTINUED FROM PAGE 3...

When accurate construction dates are utilized, CAMA depreciation schedules more appropriately adjust replacement costs, and fewer other adjustments are needed, except for locational (neighborhood) adjustments.

For new county employees or the Ad Valorem Division offers classes. These classes allow for in the field applying the Please contact Warren Stubbs 521-3178 if you or your staff these data collection classes.

those needing a refresher in data collection skills, periodic introductory data collection training a day of instruction in the office, and another day knowledge and skills acquired in the classroom. of the Ad Valorem Division at (405) are interested in attending one of



## MAPPING MINUTE

WITH TROY FRAZIER

The Aerial Photo Saga Continues: "Episode XXIX... The Attack of the Federal Government"

In an effort to keep me (and everyone else) confused, the FSA and NRCS have joined forces to fly the entire state. They say that they want 1-meter, color, leaf-on digital photos.

They also say that they are about \$250,000 short of being able to do so. If they can't get this money, they will fly 2-meter, color, leaf-on digital photos. 1-meter is useful. 2-meter might be. Color is nice. Leaf-on? Who cares? With the two recent major ice storms, it's less of an issue than it might otherwise be.

Another chapter in the saga...A state agency with federal money may cover the remaining \$250,000.

Right now, FSA is not returning my phone calls. The state agency with federal money has a computer situation worse than any county's. The state office of NRCS surprised the vendor who will actually be flying the photos by stating that they were participating in the project.

Some of the COG's may be helping as well. The deadlines for decision making will all be passed by the time you receive this newsletter. We will hope for a positive outcome.

Remember: *If you want something done right, (or in a timely manner) do it yourself (just remember that you will then be responsible for the outcome!)*

# OVERCOMING PROPERTY TAX DEMONS AND MYSTERIES

*Excerpts from an Article by Alan S. Dornfest, AAS  
Appearing in the January, 2003 IAAO Magazine  
Fair & Equitable*

The property tax as it is used and understood in the United States is arguably the most disliked of all state and local taxes, vying with the federal income tax for most disliked tax at any level.

The property tax accounted for only 2 percent of state tax revenue, but the tax remains a mainstay of funding for local government, accounting for more than 72 percent of local government tax revenue in fiscal year 1998 (United States Census Bureau 1998).

Although this share has diminished slightly over time, the fall from 76 percent in 1980 to 74 percent in 1990 and 73 percent in 1998 seems disproportionately small in comparison to the anti-property tax invective.

As one author has noted, "Elected officials have often been more unhappy with alternative ways of raising revenue than they are unhappy with the property tax (Hovey, 1996).

Despite the resilience and stability of the property tax as a source of local government funding, the public continues to express resentment toward this tax, and politically empowered groups whittle it away through demands for exemptions or other favored treatment.

This process shifts the burden and incidence of the property tax and may cause unintended ripple effects throughout the system.

This issue is particularly significant in today's economic climate with most state budgets moving quickly from black to red, and yesterday's tax cut at a time of surplus becoming today's difficult-to-fund legacy.

As fiscal problems focus political and economic pressures on all taxes, renewed attention causes misconceptions—the demons and mysteries of the officers, policymakers, and the public to understand the relationship among the various state and local taxes and the distinction between popular understanding of these taxes and the reality of what the taxes fund, who pays, and what safety nets exist.

## **Use of the Property Tax**

In the last century, the property tax evolved from a broad general tax on most elements of property to a more narrow tax on the value of real and (sometimes) tangible personal property.

The tax also changed from a significant funding source for both state and local governments to a nearly exclusively local tax today. Public differentiation between state and local governments may be lacking and may lead to contradictory conclusions if additional information is not provided.

For example, a 1994 tax policy survey conducted by the Idaho Universities Policy Research Group found that 71 percent of respondents rate state government as less than effective in spending tax dollars, but only about 50 percent rate local government (cities, counties, and school districts) similarly (Idaho Universities Policy Research Group, 1994).

However, when asked which taxes should decrease in proportion to other taxes, the majority (57 percent) wanted the decrease to be in property tax. This creates a disconnect, because property taxes are funding the government that is rated more effective.

The matter is even worse in Idaho than many states, because this state has no local income tax and only very limited local sales taxes (one county and a handful of recreational small cities).

## MYSTERIES... CONTINUED FROM PAGE 5...

### Explaining Property Tax Use

The assessing officer can serve as a very important information clearinghouse, without necessarily becoming an advocate for a particular agenda. This principle is presented in the International Association of Assessing Officers' (IAAO's) Standard on Property Tax Policy (IAAO, 1997, sections 2.1 and 6).

In practice, there are many features that should be included in the explanation, which should be aimed at informing, identifying, and dispelling myths or common misperceptions.

After explaining the way property tax is used and its evolution from a state to predominantly local tax, it is important to explain the calculation of the tax. This will vary greatly depending on the underlying legal framework, but the key issue tends to be what will happen to an individual's property taxes if the property is reassessed, and the assessed value increases.

Most assessing officers are focused on issues relating to value, not tax, and are therefore often unprepared to deal effectively with this question.

*Alan S. Dornfest, AAS, is Tax Policy Supervisor, Idaho State Tax Commission, Boise, Idaho.*

## TAX EXEMPTION NOT A NEW CONCEPT

Ad Valorem tax exemptions are not exactly a new concept. When Roman emperor Octavian brought the treasury of Egypt to Rome, he carried tax exemption to the ultimate. On several occasions he made up deficits in the public treasury from his private funds.

To provinces suffering from political difficulties or acts of God, he remitted a year's tribute and sent large sums of money for relief. He forgave property owners all back taxes and publicly burned the records of their debts to the state.

A century later emperors Hadrian and Antoninus did the same thing. Many of the emperors seem to have been generous in granting tax exemptions to retired Roman soldiers. Augustus was so pleased with some of his medical treatment that he exempted all Roman physicians from taxation.

As Roman agricultural programs began to fail, the state was forced to import grain. It offered special privileges to merchant shipping, and Nero exempted ships from property taxes.

Hadrian and Antoninus exempted leading professors of each city from taxation and other civic burdens. Emperor Constantine, who at one time used pagan magic formulas to protect crops and heal diseases, enacted the first laws exempting Church property from taxation.

