

The mission of the Ad Valorem Division of the Oklahoma Tax Commission is to promote an ad valorem property tax system which is fair and equitable to all taxpayers by implementing standard valuation methodology, tax law conformity, and assessment administration compliance.

“IAAO Zangerle Award Winner:  
1997 and 2010”



# Oklahoma Ad Valorem

# FORUM

## Director’s Notes:

The Tulsa Annual Conference was another winner for the 68th time. We had 470 students and things ran smoothly all week with the hotel construction noise held to a minimum. We were not made aware ahead of time that the hotel was conducting a major renovation project, but it was a non-event for the most of the week.

Our average class size was nearly 108 students which is up since some classes were combined. We provided 5,544 total class hours for the week.

Our opening session was well attended and may have set a record. We had State Board of Equalization members Treasurer Ken Miller and State Auditor Gary Jones present. They did a good job addressing the group.

Congratulations to over one hundred county assessors and deputies who completed either their initial or advanced accreditation. That’s an achievement and the Ad Valorem Division is happy to recognize those students at the Annual Conference. CLGT does a great job on the accreditation program.

Many indicated that they liked having the whole conference under the same roof without having to travel across Tulsa to the OSU Center for computer training.

Jewette Farley, long time instructor, was presented with an “Okie” pin at the opening session. He’s come to the Oklahoma conference many times and really helped us during some challenging budget years. He is always one of our most popular instructors.

Thanks also to Oklahoma State University for Gary Snyder and Doug Warr for their classes on convenience store valuation and CCAP Scott Warren, Michael Challis, and Carol Bomhoff for teaching the AA classes in the Maple Room.

We had some great sessions on wind energy (Wade Patterson and Gary Snyder), the “Test” Audit, working with contractors, CAMA, mapping, five- year exemption, mobile homes, veterans exemptions, Indian law (a good session by Professor Judith Royster of Tulsa University Law School), AA training, public service update, and many other good sessions.

I’d like to personally thank President Scott Kirby and his band of cheerful conference warriors-- David Tinsley, Gail Hedgcoth, and Mandy Snyder. Scott has been fun to work with this year.

Looking forward to seeing everyone in Tulsa at CODA.

Sincerely,

Jeff Spelman, CAE



I mentioned a few months ago that the Farm Services Agency was interested in “buy up” partners. For somewhere around \$7.50 - \$10.00 a square mile, a county could get 1/2 meter resolution instead of the regular 1 meter resolution. This means that instead of limiting yourself with aerial photos that pixel out at around 1 inch to 200 feet, you could have aerials that were clear enough to zoom into a scale of 1 inch to 100 feet. This would make house and other structures just that much clearer. Plus, these aerials are “license free” meaning you can share them with anyone, and they will also become “public domain” meaning that anyone can download them from the Fed’s and State. So far, only one county has expressed any interest in doing this.

If anyone is interested in the “buy in”, let me know, and I will get you the contact information. This is a cheap way of getting great aerial photography. A county with thirty full townships may only cost \$10,000.

A separate deal from the vendor flying the FSA flight would allow any county to buy a two-foot version of the one-meter FSA product. This can be ordered ahead of time or purchased any time later for a few thousand dollars.

The survey results from the hands-on-training mapping government lots and land at the Annual Assessors’ Educational Conference show a real interest in these topics. The issue now becomes how to offer pen and paper style training and still allow for software training. We have had requests for new mapping software demonstrations as well. The Wednesday morning session dealing with statutes related to mapping is important as well as presentations by other State and Federal entities.

If you have preferences or suggestions for next year’s Tulsa conference, let me know.

*Remember: The early worm is for the birds!*

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## 4C Held August Meeting in Tulsa

The County Computer Coordination Committee met on August 7, 2012, in conjunction with the OTC annual assessors educational conference in Tulsa.

The visual inspection year will be transferred onto the administrative screen in CAMA, thereby allowing for an I.Q. search for the Visual inspection year. There is a program fix for future year which will transfer AA to 100% of alue in a separate dump, then be merged into current year CAMA. A couple of programs will be forthcoming from Bill Wadsworth who should also have a fix for the building draw completed by the end of the month so the building footprint pictures will be back on the website. The future year will have a merge and documentation will be available.

CCAP training at the education conference will be on Wednesday and Thursday, and all assessors were strongly encouraged to attend and bring their laptops. The number per county should be kept to a minimum so space will be available to accommodate all counties. CCAP will be adding more information on the webinar which is scheduled for the week following the educational conference. Since the IAAO windmill webinar is Wednesday, August 15, a proposed date for CCAP to conduct the webinar will be Thursday, August 16.

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Since the OTC I.T. Division has determined all thumb drives must be encrypted, Rob Tigner will need administrative rights in order to access the county computers.

The OTC no longer use TeamViewer to help counties. Any media used to communicate with the OTC must be encrypted, even cell phones used in communication between assessors and OTC.

Encryption is a State of Oklahoma security issue to keep hackers out. The administrator is aware of it. Unfortunately, it could take a 3-hour drive to fix a problem that otherwise might be fixed in one minute.

CCAP has 3 new copies of Report Writer. It will work on 64 bit Windows 7. When converting the dictionary from the old version to the new one, it will not be in alphabetical order. Only one person at a time can modify reports in Report Writer. However, viewing or printing is not an issue

The OTC has been working with CCAP since February to develop a process for the new Performance Audit. Within this effort, it has been noted that it has been difficult to use the existing AA history file to track changes to "uncapped" full fair cash values. (The history file was created to track yearly tax roll changes and reported CAMA values. It was not intended to track individual changes in "uncapped" fair cash valuation).

To strengthen the auditability of AA, a new audit database is being developed containing historical values. This audit database would capture all value changes as they occurred and would not allow any editing of those entries. This new database would be available for use with the Report Writer and should be a good new tool to assist the assessors.

Since previous 4-C meetings, the OTC has supplied CCAP with a letter highlighting further Performance Audit concerns. Most of those concerns are being addressed in the new audit file. This database should include fields for "uncapped" fair cash values, and confirmation was made that this concern will also be addressed.

Throughout the AA program and databases, field names should better reflect how the fields are being used, and those field names should be more in line with statutory language.

The date for the next 4C committee meeting will be Wednesday, September 5, 2012 in conjunction with the CODA Conference to be held in Salon 2 of the Renaissance Hotel & Conference Center in Tulsa.

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## Attorney General Opinion 2012-4 - Issued April 11, 2012

**State Representative Leslie Osborn, District 47, asked the following question of the Attorney General:**

A county does not make its electronic real property records available in a viewable format on its website. Instead, the county has contracted to provide the county assessor's electronic records to a company that puts the records in a viewable format on its website and makes the records available to the public for a subscription fee.

1. May the county provide copies of the records and have a link on its website to the company's website without violating the constitutional prohibitions against using public resources to promote a private business if it receives a portion of the subscription fee in return?
2. Does the county have the authority to be compensated for providing the county assessor's electronic records and maintaining an internet link to the company's website by receiving a portion of the subscription fee charged by the company?

**It is the official Opinion of the Attorney General that:**

When a county does not make its electronic real property records available in a viewable format on its website but has contracted to provide the county assessor's electronic records to a company that puts the records in a viewable format on its website, and makes the records available to the public for a subscription fee:

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- 1.A. The county may provide copies of the records and have a link on its website to the company's website without violating Okla. Const. Art. X, § 14(A) that requires public funds to be used for a public purpose, because it satisfies the public purpose of the county assessor's office of making its records available to the public.
- B. The county may provide copies of the records and have a link on its website to the company's website without violating Okla. Const. Art. X § 17, which prohibits gifts by a county, provided the county receives adequate consideration.
2. With regard to the act producing electronic or digital records:
  - A. The only express authority a county has to be compensated for providing the assessor's electronic records to a private company for commercial purposes is to charge the fees authorized by the Oklahoma Open Records Act, 25 O.S. 2011, §§24A.1 – 24A.29 and established by the State Board of Equalization pursuant to 68 O.S. 2011 § 2864(F).
  - B. A county does not have the implied authority to supplement the expressly authorized statutory fees for producing electronic and/or digital records of its assessor's office by receiving consideration in the form of a portion of fees charged by a private company that makes the records available to the public on its website.
3. A county has implied authority to operate a website under its express authority to make all contracts and do all other acts in relation to the property and concerns on the county necessary to the exercise of corporate or administrative power.
4. With regard to providing a link on a county website:
  - A. A county has implied authority to include a link on its website directing the public to a private company which provides a service that is consistent with the county's public purpose under its express authority to make all contracts and do all other acts in relation to the property and concerns of the county necessary to the exercise of corporate or administrative power.
  - B. Pursuant to Okla. Const. Art. X § 17, which prohibits gifts by a county, when a county uses a portion of its website as a link to the website of a private company that may benefit financially as a result, the county must receive adequate consideration. What constitutes adequate consideration in any particular situation is a question of fact. Whether the consideration is in the form of a portion of the subscription fee charged by the company, another form of financial payment or a type of non-financial benefit, it is the county that must determine the adequacy of the consideration in relation to the value of the link.

For a complete copy of the opinion go to [www.oag.state.ok.us/oagweb.nsf/viewopinions.html](http://www.oag.state.ok.us/oagweb.nsf/viewopinions.html) and click on the 04/12/2012 link for Electronic Real Property Records, AG Opinion 2012-4.

If you have any questions concerning this opinion please, contact your district attorney.



IAAO 78th Annual International  
Conference on Assessment Administration  
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To access conference information, go to [www.iaao.org](http://www.iaao.org).



## Notice to County Clerks Court Ruling finds Deeds of Fannie Mae and Freddie Mac Are Not Exempt from Transfer Taxes

In May 2012, the Federal Court for the Eastern District of Michigan, in *Oakland County v. Federal Housing Finance Authority*<sup>1</sup>, ruled Fannie Mae and Freddie Mac are private corporations and not federal entities. Although not an issue for purposes of this notice, the Court also ruled the charters of Fannie Mae and Freddie Mac which provide for exemption from all taxation do not exempt Fannie Mae and Freddie Mac from the transfer tax on deeds by the entities<sup>2</sup>.

Subsequently, lawsuits have been filed on behalf of thirteen (13) additional states and more are contemplated. Oklahoma's Kay County most recently voted to join into a class action suit seeking recovery of documentary stamp tax.

This notice is in response to numerous inquiries made by County Clerks about the exempt status of deeds which reflect Fannie Mae or Freddie Mac as a party. The Oklahoma Tax Commission was advised that exemption of these deeds is being claimed pursuant to paragraph 12 of Section 3202 of Title 68 of the Oklahoma Statutes.

Based on the recent ruling, deeds to which Fannie Mae or Freddie Mac is a party, whether grantor or grantee, should not be filed exempt from documentary stamps pursuant to paragraph 12 of Section 3202 of Title 68 of the Oklahoma Statutes. Persons who disagree should be advised that they can pay the documentary stamp tax under protest and seek a refund directly from the Tax Commission. The refund request should be accompanied by a copy of the deed and documentation establishing proof of payment of the documentary stamp tax, and by whom paid.

Inquiries concerning this notice should be directed to the Office of the General Counsel, attention Marjorie Welch or Larry Patton, 120 N. Robinson, Suite 2000W, Oklahoma City, OK 73102. Telephone 405/319-8550. Fax 405/601-7166.

1) *Oakland County, et al. v. Federal Housing Finance Authority as Conservator for Federal National Mortgage Association and Federal Home Loan Mortgage Company; Federal National Mortgage Association; and Federal Home Loan Mortgage Company*, 2012 WL 1658789 (E.D. Mich.). Case has been certified for immediate appeal.

2) *In a case based solely on the provisions of the charters of Fannie Mae and Freddie Mac, one Court ruled the provisions "exempt from all taxes" included transfer taxes. See Hager v. Federal National Mortgage Association, et al., 2012 WL 3228658 (D.D.C.).*

## Focus on Latimer County

From 1831 the region now known as Latimer County lay within the Choctaw Nation and was called Gaines County. The hilly countryside is forested with the Sans Bois Mountains spanning the northern edge of the county and the western ridges of the Winding Stair Mountains extending into the southern region. The Choctaw used the area primarily for pasture land. Whites began to know the area when the Butterfield Overland Mail route was established in 1858.

Transportation arteries linked this part of the Choctaw Nation with the outside world and profoundly affected the region's development by providing access to outside markets. The opening of coal mines in the 1870s stimulated railroad development in the Indian nations. In



*Original county courthouse which was formerly the Great Western Coal and Coke Mining Company's general merchandise store.*



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1889-90 the Choctaw Coal and Railway built 67.4 miles of track across present Latimer County from Wister to McAlester. The Missouri, Kansas and Texas Railway completed a branch line from North McAlester to Wilburton in 1904. Present day state and federal road systems now serve the county.

Latimer County was created at Oklahoma statehood in 1907 and named for James Latimer, the Wilburton-area representative in the 1906 Constitutional Convention. Wilburton was designated to be the county seat. This community was established on the Butterfield Overland Mail and stage route in 1890. It began as a service point for the large cattle ranches in the area. There are many

tales concerning the origination of the name, but the most favored one is that the name came from Will Burton, a contractor and surveyor, who helped build the Choctaw Coal and Railway Company's line from Wister to McAlester and platted the Wilburton townsite in 1890.

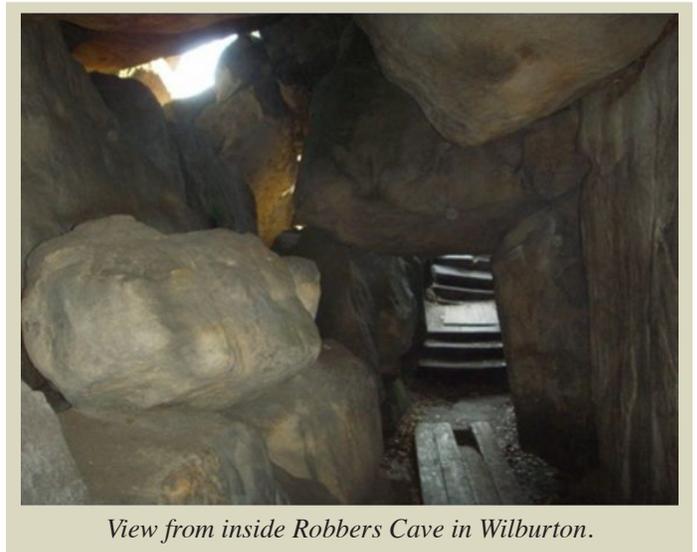
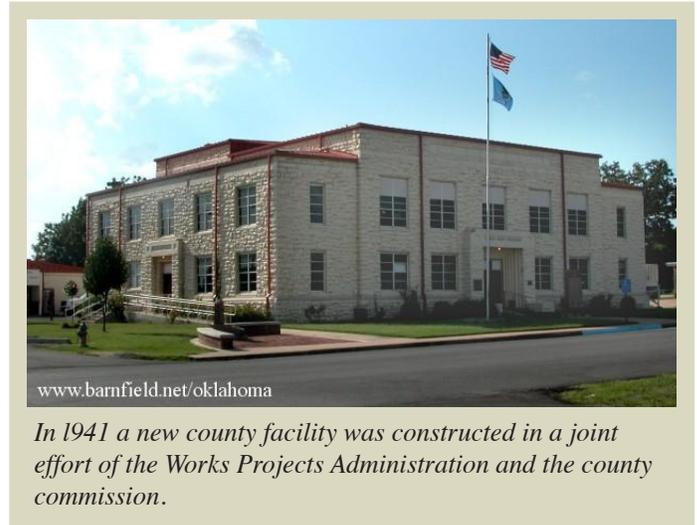
The county bought a large building to use as a courthouse on East Main Street in Wilburton. It was formerly the Great Western Coal and Coke Mining Company's general merchandise store. In 1941 a new county facility was constructed in a joint effort of the Works Projects Administration and the county commission.

Wilburton has a tradition of providing education for its residents. Two prosperous coal mine owners, James Degnan and James McConnell, built schools and churches for their miners and their families. The city itself is located between two elongated hills running east and west. In 1911 the town built a large, twenty-six-room school building on the north hill. The facility burned in 1949, and a new building replaced it the following fall.

In 1909 the Oklahoma School of Mines and Metallurgy was established on the west end of town for the purpose of training miners. This school later became Eastern Oklahoma A&M College and at the end of the twentieth century functioned as Eastern Oklahoma State College.

The county's early economy was based on coal mining. The principal coal-producing area lay in the northern mountains, in the Choctaw Segregated Coal Lands. By 1912 the county had twenty-seven mines working three thousand miners producing five thousand tons per day. In addition, various individuals operated small strip mines. Latimer County, like Oklahoma's other coal-producing counties, suffered the decline and collapse of the industry in the 1920s due to labor disputes, the rise of petroleum as a fuel, and the onset of the Great Depression in 1929. By 1932 only one mine operated in the county, and the mining towns' populations had fallen by an average of almost 50 percent.

At one point during the Great Depression of the 1930s, 93.5% of Latimer County's people were





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on relief. Federal programs helped them through hard times by providing construction projects such as the Civil Works Administration (CWA) which built Wilburton Municipal Airport, the Works Progress Administration (WPA) which built schools at Panola and in other communities, as well as road-paving projects. The Civilian Conservation Corps (CCC) developed a park project at the state game preserve, now part of Robbers Cave State Park.

Limited agriculture had been practiced in Latimer County with locally grown vegetables and other products sold to residents of the mining towns. Cotton and corn were commercial crops, and cattle raising remained important. However, even by 1930, less than half the county's area was under cultivation, and farm tenancy was a problem. In 1930, of 1,386 farms, 869 were operated by tenants. After the coal industry played out, the economy slowly recovered, relying on cattle raising, with lumbering, coal mining (although limited), and oil and gas production supplementing local income.

Latimer County has been home to various medical, educational, and recreational facilities serving eastern Oklahoma. In 1920-21 the legislature created Eastern State Sanatorium, a treatment facility for tuberculosis patients which is now operated as an Oklahoma Veterans Center. The Choctaw-Chickasaw Sanatorium for Indian tuberculosis patients was opened in 1917.

In 1909 state government created the Oklahoma School of Mines and Metallurgy at Wilburton, placed centrally within the southeastern Oklahoma mining district. In 2000, as Eastern Oklahoma State College, the school was a two-year, liberal-arts institution.

Recreation opportunities in Latimer County include Robbers Cave State Park north of Wilburton, where camping and cabins are available. Lake Carlton, five miles north of Wilburton, offers fishing and swimming. The Lutie Coal Miners Museum, in Wilburton, commemorates the region's industrial history.

Wilburton has a rich heritage of Old West tales commemorated by Robbers Cave State Park, located five miles north of town on State Highway 2. Legend holds that outlaws frequented the hills and caves



*Cupco Church, in Yanush, was built in 1889. It's one of Southeast Oklahoma's oldest continuously functioning churches.*



*The Edwards Store was built in 1858 and became an unofficial stop on the Butterfield Overland Mail Route. It was listed in the National Register in 1972.*



*Mitchell Hall - Eastern Oklahoma State College, in Wilburton, is the only extant building remaining from the Oklahoma School of Mines and Metallurgy that opened in 1909. Listed in National Registry in 1980.*

