



*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.*

## Oklahoma Ad Valorem

# FORUM

## Director's Notes:

Merry Christmas, Happy New Year, and Best Wishes from the Ad Valorem Division.

It's been quite a year—some excellent memories, lots of accomplishments in the ad valorem world, but also some very difficult challenges for county assessors and their families, particularly those involved during the year in the stress of the election process.

Cathy Hokit wanted me to remind everyone to keep Teresa Tallon in your thoughts and prayers as she continues her treatments. As a neighbor from the county next door, Cathy drove down and visited with her a few weeks ago. I know that Teresa has appreciated the calls, cards, and letters, even those from Randy Wintz, who was her Vice President, the year she was President of the County Assessors' Association.

December has been a busy month. The State Board of Equalization, as it did last year, postponed its meeting until later in the month and will combine its agenda with the revenue project meeting. We've been looking forward to that meeting.

We've published our Business Personal Property Valuation Guide for 2007 and our Business Personal Property Valuation Schedule. It will be a full document this year again, as it was in 2006, rather than just updated pages. We felt this will make the manual easier to use and keep current. We hope to have this on CD or on the web in the next year.

We've met with the County Assessors' Association under our new President Cathy Hokit to discuss the information that we'll be providing counties on their information from their equalization and annual valuation study. We had a good discussion.

Our biggest event coming up after the first of the year will be our new Assessors' Orientation January 17, 18, and 19, 2007 at the Country Inns and Suites in Oklahoma City. We expect to have all the new assessors and key staff that they want to attend. It should be a good session. Cathy Hokit and some of the officers are going to help welcome the "rookies," as well as Gary Snyder and Doug Warr from ATAP with Oklahoma State University's county assessor training program. It should be an excellent session as our new assessors take over a very important job.

Last week we attended the new county officers orientation put on by the Association of County Commissioners. They did an excellent job, and we appreciated being invited to the sessions. They were well

### A Look Ahead...

- **January 10 – 12, 2007:** The Assessors Training and Accreditation Program is offering Unit 5 (Business Personal Property) to be held in Norman, OK. Contact ATAP at 405-744-6049 to enroll in the class.
- **February 13 – 15, 2007:** The Winter Conference of the County Assessors' and Deputies' Association will be held at the Biltmore Hotel in Oklahoma City. More information will be provided from the CODA President, Vonnie Dow, Kingfisher County Court Clerk.



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attended and had some good information on hiring, firing, and purchasing.

We’re still in the process of finalizing a move of our offices sometime in the early spring. It hasn’t been all finalized, but we’ve been working with a building owner, as well as furniture and telephone plans. It is amazing all the details that are involved. We’ll keep everyone informed.

As the year ends, we’re reminded that it’s about the people, not the other stuff. County assessors and deputies, county treasurers, company representatives, State Auditor and Inspector (SA&I), Center for Local Government Technology (CLGT), Cooperative Extension, the County Assessors' Association, and the Oklahoma Tax Commission have all continued a solid working relationship in the last few years. We’re looking forward to more of the same in 2007. Thanks to everyone for helping us complete all the year-end reports to the Legislature.

We appreciate the hard work of all county assessors and deputies working to improve the Oklahoma ad valorem system. We’ve accomplished some good things this year, but we can always do better and achieve more. That’s the challenge for the coming year. Merry Christmas and Happy New Year.

Sincerely,

Jeff Spelman, CAE  
Ad Valorem Division

P.S. On a personal note, I want to wish William Mack the best of luck on his retirement. He has done an excellent job during his years with the Oklahoma Tax Commission, Ad Valorem Division. He’s stayed unfailingly cheerful, constantly supportive of everyone in the Division, consummately professional, and consistently seeking the best in others. We’ll also miss his brain power, and all of us in the Ad Valorem Division consider him a good friend. I know we’ll be seeing him in the future in some capacity.



### Why should you be mapping?

O.S. 68, Section 2821 paragraph D states, “In order to conduct the visual inspections of real property during the four-year cycle, each county assessor shall acquire and maintain cadastral maps and a parcel identification system. The standards for the cadastral maps and the parcel identification system shall be uniform for each county of the state and shall be in such form as developed by the Ad Valorem Task Force.” The section finishes by stating, “Each county assessor shall ensure that the office is equipped with adequate drafting facilities, tools, equipment and supplies in order to produce or update maps, sketches or drawings necessary to support the proper administration of the ad valorem tax and such other tools or equipment as may be required to perform duties imposed by law for the discovery and valuation of taxable property.”

### What should you be mapping?

The statute mentions that the cadastral map should be used to assist with the four-year visual inspection cycle, to support the proper administration of the ad valorem tax, and for the discovery and valuation of taxable property, so, you should be mapping a parcel or ownership layer. The mapping layer should be completed and maintained for the entire county. To assist with the mapping ownership in unplatted areas, you should have a section layer, a road layer, a railroad layer, and a water (rivers, streams, lakes) layer(s). To





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assist with the mapping of ownership in platted areas, you should have a subdivision layer, a lot layer and a block layer.

To assist with the “proper administration of the ad valorem tax”, you should have a layer of each type to the jurisdiction capable of levying a property tax. This would include a city layer, a school district layer, a technology center layer, and a regional university layer (for those universities that can levy property taxes). Other special layers would be fire protection districts, ambulance districts, road districts, etc. Having these layers mapped and maintained will help with confirming that the jurisdiction codes entered on the parcels in your AA/CAMA systems match the actual areas affected.

To assist with the “proper administration of the ad valorem tax” of agricultural use parcels, you should have a soil layer that matches your soil types found in your CAMA cost tables. You should have and maintain a land use layer populated with the state allowed land use codes of “crop”, “improved pasture”, and “native pasture” and “timber and waste”. This will allow you to assign soil/land use values to all agricultural valued properties in a standardized manner. Plus, by having a land use layer, you can modify it in line with your visual inspection cycle to reflect current land use and have a way to automatically recalculate the soil/land use values for whole regions of the county.

### Is it important to map?

The state legislature thought so. O.S. 68 Section 2829.1 states, “There is hereby created in the office of the county treasurer a revolving fund for the office of the county assessor, to be designated the “County Assessor Fee Revolving Fund”. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all fees collected by the assessor and all monies accruing to the fund. Monies deposited to the fund shall be expended by the county assessor and shall not be transferred to any other account for a purpose other than:

1. For maintenance, replacement and upgrade of computer hardware and software associated with county assessor databases and geographic information systems; and
2. To provide products and services generated from the database and geographic information system to both public and private parties.

The intent of this section is to increase the net funding level available to the county assessor to maintain electronic databases and geographic information systems as required pursuant to Section 2829 of this title.”

Section 2829 deals with “Establishment of Fair Cash Value of Taxable Property – Mass Appraisal Methodology”.

*Remember: Ultimately, you chart the course for your mapping program within the clear framework provided by the statutes to aid in accurately valuing property in your county.*

## Orientation Scheduled For New Assessors

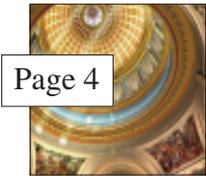
Preparation for the orientation program for new county assessors and deputies is nearing completion. The training dates are January 17 – 19, 2007.

The location will be the Country Inns & Suites located at 3141 N.W. Expressway, Oklahoma City, OK 73112. This location is two blocks east of Integris Baptist Hospital and sits in front of Founders Tower, a round high-rise building which is an easily seen landmark.

Guest rooms are available for \$67.00 a night. Ask for the OTC room block to receive this rate. If you wish to arrive on Tuesday, January 16, the hotel may be able to accommodate your request at the same rate. The hotel telephone number is (405) 843-2002.

Opening session begins at 1:30 p.m. on January 17, and the training concludes at noon on Friday, January 19.





# Sooners Rank Low On Property Tax

(By Randy Krehbiel - World Staff Writer 12/10/2006)

Despite Oklahoma's favorable rate, payout is still a sore point for many. Oklahomans don't like to hear it, but they pay less in property taxes than just about anyone in the country.

Two recent reports by the nonpartisan Tax Foundation of Washington, D.C., reinforce what tax policy analysts have been saying for years. By just about any measure, Oklahoma's property taxes rank among the lowest in the nation.

One report ranked Oklahoma 47th among the 50 states for both property taxes per capita and as a percentage of income in 2004.

The other report, using 2005 Census Bureau figures, rated the state's median property tax for owner-occupied housing 45th and 42nd in property taxes as a percentage of median household income.

Only when property taxes were calculated as a share of median home value did Oklahoma rise to near the middle of the pack, at 31st.

"I've never figured out why Oklahomans hate property taxes so much," said economist Larkin Warner. "Truth to tell, that property tax is a pretty darn good tax. It's voted on locally, it's collected in the district and it's spent in the district."

Oklahoma began weaning itself off ad valorem taxes in the 1930s, when it eliminated taxes. Municipal governments last received property tax revenues for general operations in the 1960s.

In both respects, Oklahoma is different from most states. Voters can increase the local tax rate to include such entities as libraries and health departments and to pay for general obligation bonds, but only schools and county governments are guaranteed access to property taxes for operating budgets. Even then, revenues are limited by unusually restrictive limits on tax rates.

"In many states, budgets are set and then the millages are adjusted accordingly," said Jeff Spelman, director of the Oklahoma Tax Commission's ad valorem division. "We've pretty much locked millages in."

So, budgets are set by projected revenues instead of budgets determining what the revenues will be.

Spelman said caps and freezes on appraised values, approved a decade ago, have also limited the increase in property taxes.

"A lot of counties have done studies showing those have had a pretty significant impact," Spelman said.

According to the Tax Foundation, Oklahoma per capita property tax collections were \$465.95 in 2004, or 1.72 percent of personal income. That compares to \$2,104.36 per capita in New Jersey, and 5.5 percent of income in New Hampshire. Both figures are the highest in the nation.

When only owner-occupied housing is considered, Oklahomans paid 1.37 percent of household income for property taxes in 2005, or \$635 a year. Those calculations are based on a median home value of \$89,100 and a median household income of \$46,215.

New Jersey had the highest median property tax payment, \$5,352 a year. Alabama was lowest, at \$302.

Californians arguably get the best deal, though. They have the highest property values in the country but pay less than 0.5 percent a year in taxes.

Low property taxes do have a cost. In Oklahoma's case, it means a greater reliance on sales and income taxes and gross energy receipts.

## Property Tax Rankings

2004 collections per capita (all property taxes)  
Top 10

1. New Jersey	\$2,104.36
2. New Hampshire	\$1,948.16
3. Connecticut	\$1,947.55
4. New York	\$1,679.28
5. Rhode Island	\$1,632.12
6. Maine	\$1,600.62
7. Vermont	\$1,532.59
8. Massachusetts	\$1,530.50
9. Illinois	\$1,410.68
10. Wyoming	\$1,357.34
13. Texas	\$1,264.34
14. Kansas	\$1,189.69
23. Colorado	\$1,032.21
37. Missouri	\$750.01
46. Louisiana	\$503.10
47. OKLAHOMA	\$465.95
48. New Mexico	\$444.22
49. Arkansas	\$402.08
50. Alabama	\$368.19

Source: Tax Foundation      Tulsa World



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Wellhead taxes have proved unreliable and, as Warner said, “nobody is pumping oil back in the ground. Nobody is pumping natural gas back in the ground. At some point, we’re going to run out.”

Sales taxes are increasingly problematic, too. Besides contributing to what some see as unhealthy urban development trends, the explosion of tax-free Internet and mail-order sales is beginning to sap revenue growth.

“In the long haul, the sales tax is not going to be a very good source of revenue growth,” said Warner. “The mix is changing. Our economy is producing fewer goods and is more dependent on services, which for the most part we don’t tax.

“The second factor is the growth of Internet sales. Congress just isn’t coming to grips with that.”

Municipalities are particularly vulnerable. They once commonly shared in property tax revenues, but that ended in the 1960s with the advent of local sales taxes.

All of this leads Warner to a conclusion Oklahoma home-owners won’t like.

“Over the next 10 or 20 years,” he said, “Oklahoma will see property taxes grow.”

## Two More Counties Repeal Household Personal Property Tax

County voters in Oklahoma continue to repeal household personal property taxation. The latest two counties to abolish the tax are Ottawa and Haskell, making a total of fifty-six counties who have voted this option.

The first county to take advantage of the repeal was Tulsa in 1994. Twenty-one counties still have the tax in place.

### Counties that have Repealed Household Personal Property

