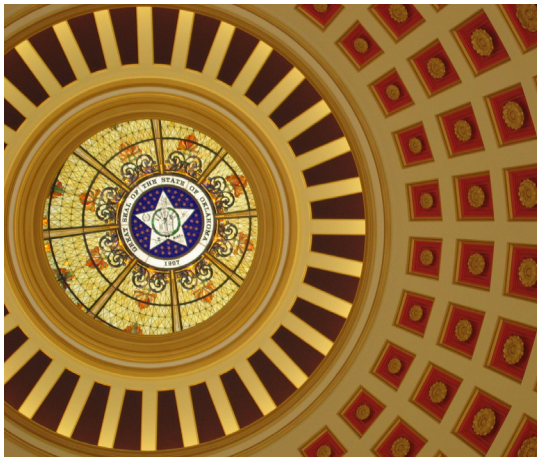

The mission of the Ad Valorem Division of the Oklahoma Tax Commission is to promote an ad valorem property tax system which is fair and equitable to all taxpayers by implementing standard valuation methodology, tax law conformity, and assessment administration compliance.

Oklahoma Ad Valorem FORUM

Volume XVII, Issue XII ● December 2008

Director's Notes:

Merry Christmas, Happy New Year, and Best Wishes from the Ad Valorem Division. Hope everyone enjoys this time of year and all the family activities.

It's difficult to believe that it was almost exactly a year ago when we had that terrible ice storm. Driving around the state, we still see some evidence of damaged trees and other destruction. It certainly puts things in perspective when we take things for granted like laptops, office computers, and phones and not to even mention heat, water, light and garage door openers. Hopefully, we'll avoid some of that weather this year.

The State Board of Equalization had a good meeting right on schedule with county compliance on the agenda. We're making good progress in resolving some of the compliance issues. I appreciate the efforts of the counties involved, and it's our hope that we can get some of those issues resolved by the June State Board of Equalization meeting.

We've sent out for publication our Personal Property Guide for 2009 and our Personal Property Schedule. Our Personal Property Schedule is a really useful document for the assessment of personal property. The information on estimated square foot values is a good starting point for the valuation of personal property.

I've talked regularly with Wade Patterson, the new County Assessors Association President. Wade and his officers are working hard and 2009 will be a good year. We met with the officers to discuss some of the issues related to public service. We discussed some ways to make the public service distribution on our county detail sheets more useful. We discussed several suggestions and also reviewed possible training classes on distribution at the Annual Conference.

Another issue that the Public Service Section has dealt with this year has been late or incomplete filings/ distribution information. Several of the distribution issues this year were the result of incomplete filings, and we are going to work to encourage the affected parties to make timely and complete filings. This should make the process easier for companies, counties, and ad valorem recipients.

A few new rule amendments are under review for 2009 rulemaking. Most of these rule changes are the result of the two State Questions passed in November 2008. Some will not go into effect until 2010.

- **Manufactured Homes** – remove the October tax sale language.
- **100% Veterans** – add statement on household personal property in view of SQ 735. Refer back to original Attorney General's opinion to determine what is exempt. Only 12 counties still have household personal property.
- **Freeport Exemption** – add language as adopted by SQ 741 stating exemptions cannot be filed for prior years.

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- **Five-year Manufacturing** – cannot go back to prior years.
- **Annual Valuation** – In 1995-1996, the language in the present rule was developed for annual valuation questions and have not been changed since that date. We've modified a few of those questions and are working with the officers to finalize them.

As the year ends, we're reminded that it's about the people, not the other stuff. County assessors and deputies, county treasurers, company taxpayers, and 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 2009. 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. "Some people are always grumbling about a world where there are tax bills and because roses have thorns; I'm grateful for what we get from our taxes and that thorns have roses." Anwar Caddo, Ad Valorem Philosopher. Borrowed from Alphonse Karr.

The mission of IAAO is to promote innovation and excellence in property appraisal, property tax policy and administration through professional development, education, research, and technical assistance.

IAAO: Mission - Vision - Membership

A professional organization for county assessment administators

The International Association of Assessing Officers is a nonprofit, educational and research association. It is a professional membership organization of government assessment officials and others interested in the administration of the property tax. The IAAO was founded in 1934, and now has a membership of more than 8,000 members worldwide from governmental, business, and academic communities.

IAAO members subscribe to a code of ethics and standards of professional conduct and to the uniform standards of professional appraisal practice.

MISSION STATEMENT:

The *mission* of IAAO is to promote innovation and excellence in property appraisal, assessment administration, and property tax policy through professional development, education, research, and technical assistance.

VISION STATEMENT:

IAAO will be the internationally recognized leader and preeminent source for innovation, education and research in property appraisal, assessment administration and property tax policy.

MEMBERSHIP:

Applications for membership can be found at www.iaao.org and click on "membership" or http://www.iaao.org/uploads/MembershipApplication.pdf .

More information can be obtained from IAAO state representative Gary Snyder (CLGT/ATAP) or Oklahoma Chapter President Mike Morrison. (Oklahoma County).

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Looking back at this past year, we have crossed several milestones. We have started using the CLGT computer lab for hands-on ArcGIS mapping training. We conducted two separate sessions, one in September with a second in November for those folks that were left out of the first one due to class size. We will start offering this class twice a year, once in the early spring and once in the early fall, as an addition to the regional training with MIMS or ArcGIS that we offer. We thank CLGT for allowing us to use its lab and also for all its support.

We started downloading the scanned original surveys of the government correctional lots statewide. We have about half a dozen counties downloaded. These will be on 2009 Mapping Support DVD's we are handing out at the next assessors' conference. We will continue to download these scanned surveys from the US Bureau of Land Management and offer them as counties are finished.

We have downloaded the best set of statewide digital photography available. This 2008 photography was produced and made available from the US Farm Services Administration. These photos will be on the 2009 Mapping Support DVD's.

We had been downloading the digital soils from the US Natural Resources Conversation Service as they were made available. We then took these soils and standardized the water, dam, and pit symbolism across the state. We also added the textual explanations of the soil types to the layer. We even created a "water features" layer from this soil layer to show the ponds, lakes, and dams mapped by NRCS. These two layers will be on the 2009 Mapping Support DVD's.

In searching these federal websites for all this data, we ran across free mapping software that will allow you to view the newer aerial photography (2005, 2006, & 2008) with your mapping. This software (TatikGIS) takes the place of the ArcExplorer 2 that we have been including in the Mapping Support DVD's. The installation program will be on the 2009 Mapping Support DVD, and a booklet will be included with the DVD.

Remember: *Mapping is like a box of chocolates. There are usually a few pieces you just don't like!*

5% Cap Saved Oklahoma County Property Owners $470 Million Since 1997

"While market values of property go up and down from year to year, the savings from the maximum 5% cap on assessments has saved Oklahoma County property owners nearly $471 million in lower property taxes since voters approved the constitutional change in 1996," explained Oklahoma County Assessor Leonard Sullivan.

"If property owners want to see the savings on their property, they can check on the Oklahoma County Assessor's internationally recognized and award winning webpage. With the power of technology we provide the actual savings the 5% cap means for every property. The savings are listed under the property information," Sullivan said.

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Each year the assessor's office prepares two values. The market value which reflects the prices from the last year for similar properties based on sales and other variables. The taxable value is the capped amount used to determine property taxes which increases or decreases when the market value shows similar properties have increased in value.

"Property assessments, which are used to determine property taxes, can increase or decrease depending on market conditions. The 5% is the maximum assessments can increase each year, and they can only increase when the market value of similar properties has increased. If property values decrease, so do the assessments and the property tax on those assessments," Sullivan said.

The 5% cap is designed to help property owners by keeping any increases at a manageable rate, instead of having the assessment match the market value each year. Many smart people are confused because property assessments and property taxes are complicated.

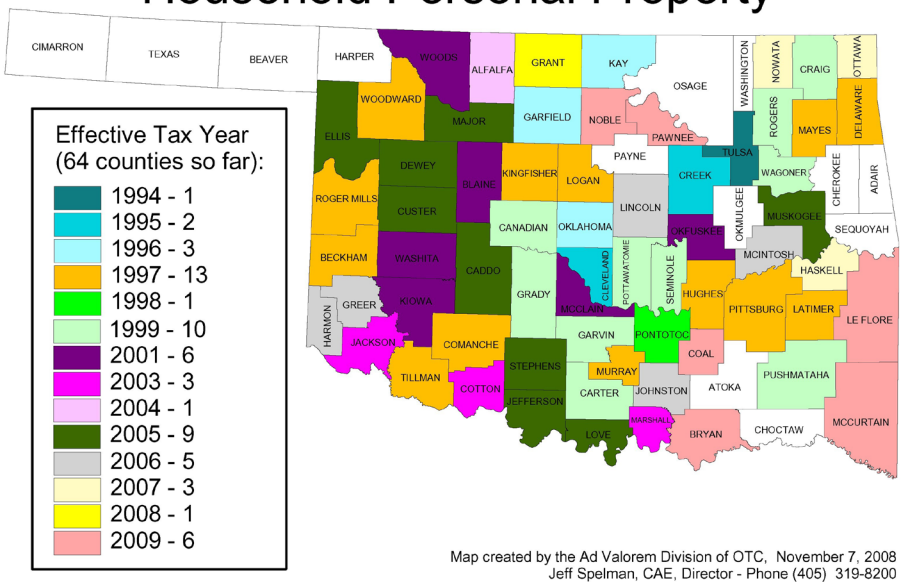
Simply put, the property tax usually equals 1% of the taxable market value. The assessor's job is to eventually have the assessed taxable value be equal to the actual market value.

Property values in some parts of Oklahoma County have increased at 5%, 10% or in some areas more than 20%, but the increase in assessment of value has been limited to 5% a year. That means two identical houses with the same market value could have dramatically different taxable values and property tax bills because of how long the property owner has lived in the residence.

If a homeowner bought a house in 2002 for $100,000 and the current market value of an identical property is sold for $150,000 in 2008, the taxable value used to determine the property tax bill for identical properties would be different. The recent buyer would have a property tax bill of approximately $1,500 in 2008, while the homeowner who purchased the property in 2002 would have a current property tax bill of approximately $1,340.

When values drop, the taxable market value would reflect a decrease immediately. The 5% cap has helped reduce the property tax bill for hundreds of thousands of properties in Oklahoma County. With the 5% cap it could take years for the assessed value to catch up to the current market value. The legal clarification of the 5% cap is the assessment must be increased at 5% until the taxable market value matches the market value, Sullivan said.

Counties that have Repealed Household Personal Property



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Home Prices Slide Further

The Federal Housing Finance Agency announced its findings on real estate transactions for the third quarter of 2008.

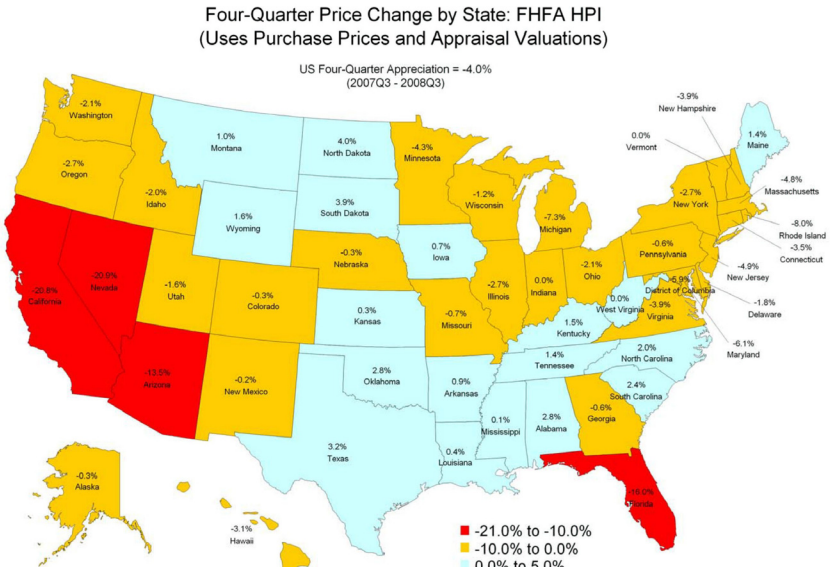
While the national purchase-only house price index fell 6.0 percent between the third quarters of 2007 and 2008, prices of other goods and services rose 6.7 percent. Accordingly, the inflation-adjusted price of homes fell approximately 12.7 percent over the latest year.

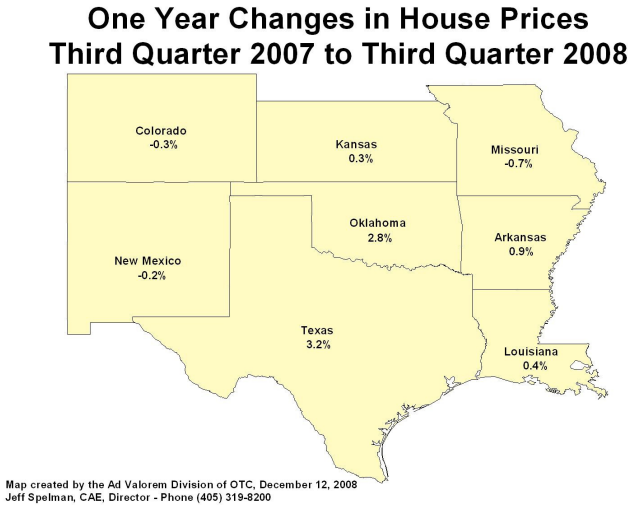
"Prices continued their retreat in most areas. While housing affordability has improved and may have drawn in some new buyers, it seems that high inventory levels and buyer uncertainty have had the dominant impact on prices," said FHFA Chief Economist Patrick Lawler.

Prices fell in the latest quarter in 41 states. Eight states had declines of more than 3 percent. Three states – Nevada, California and Arizona – saw price declines of more than 5 percent.

The states with the greatest price appreciation between the third quarters of 2007 and 2008 were North Dakota (4.0%), South Dakota (3.9%), Texas (3.2%), Alabama (2.8%) and **Oklahoma (2.8%)**.

Excerpt from the Federal Housing Finance Agency News Release dated November 25, 2008.





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December "4C" Meeting

The County Computer Coordination Committee met on December 2, 2008, in the Ad Valorem Division.

Troy Frazier gave a computer demonstration of the new Picture Maintenance Utility Program. The program allows for resizing of photos without losing picture quality. There will be four text lines available in the upper left-hand corner. When the picture size is reduced, the font size for the text will remain unchanged which keep the text in a readable format. The program will be tested further before installation in the counties. Another demonstration is scheduled at the February CODA meeting. Instructions will be given at the time of installation, and additional training is scheduled for the 2009 educational conference. Troy added that there is also a new SIC code feature.

A personal property update is in the process of being installed. Petroleum pipeline information will be available after the first of the year. Bill Wadsworth is working on refining the angle drawings so they will no longer be an issue.

An adjustment has been made to the state-owned land program so that it now totals the number of acres. Scott Warren announced that ATAP recently purchased software which they are preparing to demonstrate. Upgrades to software will carry a number sequence which increases every time a change is made to the program. This will simplify the tracking of upgrades.

Kenny Chuculate provided information regarding the veterans' exemption and referred to A.G. Opinion 08-21 issued July 29, 2008. The opinion says "tools and implements" refer to personal property in support of the family but does not include household items of the heads-of-families. "Tools and implements" can be for the family's use but not for businesses. The determination is made according to how the assessor has it classified.

An important issue was raised by Carol Bomhoff who recently assisted a county that had ignored a warning message on its computer. If any county sees the phrase "Error on Back-up Log", call the CCAP staff immediately. The consequences of not heeding the warning can be devastating. All counties should be reminded of the imperative need to have regular, dependable back-up of the computer data. If that is done, then restoration after a computer problem can be done. Otherwise, the county would be in dire circumstances.

Teresa Strawther advised that completion is near for the auditing of the Net Assessed Valuation and Millage Reports (Form 993) submitted by the counties.

Debbie Gentry, 4C chair, set the next meeting date to be January 6, 2009, at 10:00 a.m. in the Ad Valorem Division conference room.

Focus on Carter County

Carter County was created in 1907 from what originally was called Pickens County in the old Chickasaw Nation. The county has diverse landscape and is located within several physiological regions with varying topography from vigorous hills to rolling prairies to flatbottom lands.

Ranching has spurred the county's economy since the mid-nineteenth century. Farmers raise wheat, cotton, corn peanuts, and the county has been one of Oklahoma's main pecan producers. In the early 1900s, Ardmore was well known as the world's largest inland cotton port.

The discovery of oil fields in 1913 enabled Carter County to quickly become the largest oil-producing county in Oklahoma and so it has remained. Three areas within Carter County are classified as "giant oil fields", Healdton, Sho-Ver-Tum and Hewitt. Energy giants such as Halliburton, Noble Energy and others were started in Carter County.

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Continued from page 6 "Focus on Carter County"...

Manufacturing has a long history in the county. Retail distribution centers have located there including Best Buy, Circuit City, Dollar Tree (in Marietta) and Dollar General Stores.

The constitutional convention chose Ardmore as the county seat because it was the largest town in that part of the new state and the site of a Federal court during the territorial era. Named after a suburb of Philadelphia, Ardmore became one of the wealthiest and fastest growing cities in the Southwest. The growing town was largely destroyed by fire in 1895.

Disaster struck Ardmore again in 1916 when a rail car containing casing gas exploded, killing 45 people and destroying much of downtown, including the areas rebuilt after the 1895 fire. This disaster, which made national news, gave the residents the resolve to establish the city's first fire department to ensure that such events would not compound themselves in the future.

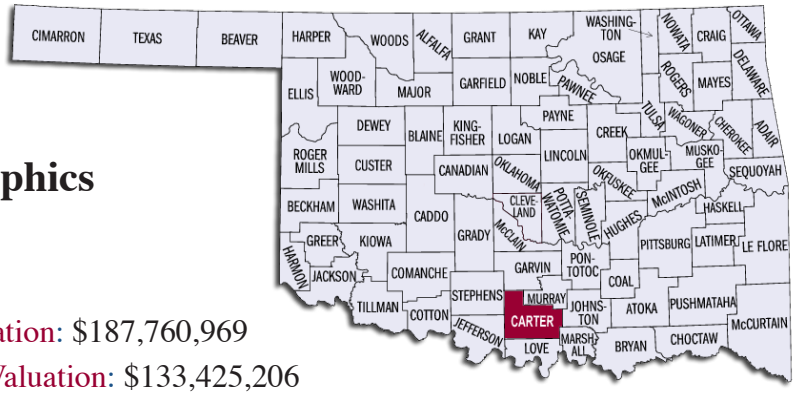
On the National Register of Historical Places, the Carter County Courthouse was completed in 1910 at a cost of $125,000. It was completely renovated in 1976.

Refurbished brick sidewalks provide a path through Ardmore's Historic Main Street. The Carter County Courthouse and many structures on Main Street are listed on the National Registry of Historic Places. The Greater Southwest Historical Museum houses examples of the history in the area featuring turn-of-the-century displays and exhibits detailing the area's history from the mid 1809s to the present.

The singing cowboy Gene Autry Oklahoma Museum is located in the town of Gene Autry. Other famous people from the area include Rue McClanahan, Emmy award winning actress best known for her role in The Golden Girls, and Mark Gastineau, former NFL defensive star for the New York Jets.

Built by the WPA, Tucker Tower provides an excellent vantage point for a panoramic view of Lake Murray.

A popular spot for fishing and recreation, Lake Murray State Park is Oklahoma's largest state park. Tucker Tower, 4-story castle-like rock structure, was the former summer retreat of Governor William Murray. It is now a nature center featuring area wildlife and offers a pristine view of the lake and surrounding foliage.



Carter County Demographics

Population: 47,087
Area: 726 square miles
2007 Real Property Assessed Valuation: $187,760,969
2007 Personal Property Assessed Valuation: $133,425,206