



Oklahoma Ad Valorem

FORUM

Director's Notes:

We enjoyed seeing lots of county assessors at the CODA meeting last week. I thought that the new location at the Marriott worked out well for the Association. It certainly was well attended. I especially enjoyed hearing Nelda Gray's comments on what was on the agenda for the CODA meeting back in 1975 on the discussion of county government. Lots of things are different since then, but the concerns are still the same: taxpayer service and working together. The message is just as valid today as then.

Here's what's going on this month:

Legislature Convenes: This month's biggest event has been the opening of the 2005 Oklahoma Legislature. A number of ad valorem bills are already under consideration, and by new House rules all legislation must have a revenue impact statement. We have had a great deal of questions on the Five-Year Exemption changes to the cap and other exemptions. One of our biggest challenges is estimating the revenue impact for the various cap options.

Geographic Information Council legislation went into effect this month. February 11, 2005 will mark the first time that the county assessors have had representation on the GIS Council. GIS Day at the Capitol is scheduled for March 8 so any county interested in showing off their mapping program at the Capitol be sure and sign up. Call Troy Frazier or Wade Patterson, the new GIS representative, if you have any questions.

Field Assignments for 2005

We've assigned our Equalization and CAMA staff for 2004 with some changes to make up for a retirement and medical leave. Our A&E Analysts, who are all Superstars, are already out on the road. We will be doing lots of cross-training this year to teach all our staff the ins and outs of both CAMA and Equalization. It should make our travel more efficient. I know the county assessors and deputies share our appreciation of our group.

District Meetings

Mark your calendars. We have a complete schedule now of the 2005 District meeting dates:

- OATR May 5 (Tulsa)
- Northeast: May 6 (Sequoyah County)
- Southeast: May 13 (Pittsburg County)
- Northwest May 20 (Dewey County)
- Southwest: May 27 (Canadian County)

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A Look Ahead...

- March 2, Board of Equalization Training, McAlester
- March 3-4, Land Records, Muskogee
- March 8-11, Unit II, Real Property Appraisal, Tulsa
- March 29-April 1, Unit III, Mass Appraisal, Tulsa



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BusinessWeek magazine bestseller list has a new book called “Wise Crowds” by James Surowiecki who believes that large groups of people are *smarter* than the experts and better at solving problems (Remember “Who Wants to be a Millionaire?” where the audience always beat the call a friend?).

Surowiecki’s theory is that any fairly large group of people who are not rushed or subject to group think have tremendous common sense. He says that any group of people—a jury, county voters or taxpayers if they have a diversity of opinion and independence of members from one another can make great decisions. Sounds like an endorsement of democracy, doesn’t it?

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.

Jeff Spelman, CAE
Director, Ad Valorem Division

P.S. “If the only tool you have is a hammer, it is surprising how many problems start to look like they need to be hammered.” Anwar Caddo Ad Valorem Philosopher. Quote borrowed from Abraham Maslow.

P.S.S. Several people asked about my nephew who is a Marine who shipped out for duty in Iraq. So far everything is going well. Thanks.



IAAO State Chapter News From President Wade Patterson



Hello Everyone:

The Oklahoma IAAO Chapter held its spring meeting on February 9, during the CODA Spring Conference in Oklahoma City. After general business was conducted, the agenda then focused on the course selection for 2005. The chapter would like to sponsor one or two courses this year. Courses being considered are Course 101, Fundamentals of Real Property Appraisal; Course 102, Income Approach to Valuation; and Course 300, Fundamentals of Mass Appraisal.

Vice President Monica Schmidt will conduct an email survey among chapter members to see which courses are preferred. Dates for the course have not been set, but June or July are the most probable timeframes. If you have an opinion or would consider sending someone to one of the courses, please contact Monica at monica@alvaok.net and let her know your preference.

As always, it is the goal of the Oklahoma IAAO Chapter to sponsor courses that will assist those in the appraisal profession to become better educated and therefore better appraisers.

Membership in the Oklahoma Chapter of the IAAO is \$10.00 per year. If you are interested, please contact Monica Schmidt, Gary Snyder at OSU, or myself at lwade@garfieldcountymail.com.

Sincerely,
L. Wade Patterson,
Garfield County Assessor
2005 Oklahoma IAAO President

Receive The “Forum” By Email:

To receive the “Ad Valorem Forum” by email, please forward your email address to Cyndi Heath at cheath@oktax.state.ok.us.





Mapping Hardware and Software Issues

If you have ever gotten the feeling that everything is against you, you are right.

For Windows Mapping (ArcView, Windows MIMS, AutoCAD Map):

It all started with Hewlett Packard. They decided not to create new Windows Drivers for their older plotters. The pen plotters that some of you are still using do not have graphics Windows drivers for anything newer than Windows 98. This means that all you would be able to print would be text. The older inkjet plotters (older than HP 755CM) cannot print imagery such as the aerial photos on Windows XP with the available XP drivers.

For Windows MIMS:

Dr. Bendt is trying to convert the Plot Program that counties use for the platbooks to start using Windows printer drivers. When he is finished, you will be able to use any printer to print the platbooks. Until then, you are still restricted to printers with the PCL5 language. Currently, Hewlett Packard has three such printers that can print on 11" x 17" paper. They are the HP 2600 Inkjet and the HP 5550 and 9500 Laserjets.

For DOS Mapping (MIMS):

It all started with Microsoft. Your world would have been content and peaceful except for Windows XP. Windows XP does not like DOS at all. You will have to migrate to a Windows mapping system. If you do not want to, HOLD ON TO ALL WINDOWS 98 COMPUTERS. When your mapping station dies, you'd better have a replacement. If you do not have any extra Windows 98 computers on hand, ask surrounding counties before they get rid of theirs. Your printer choices are still limited. If you want an inkjet printer, I suggest the HP 2600 Inkjet printer. Yes, it is still available! There will be a replacement model sometime later this year. If you want a color laser printer, I suggest the HP 5550 and 9500 Laserjets. These printers still have the PCL5 language that the older DOS MIMS requires.

Remember: A Universal Answer—It's really still Bill Gate's fault, but he had help!!!





Property Tax News From Around The Country



Arkansas...

Arkansas lawmakers have proposed 12 constitutional amendments that would tinker with the state's property tax system—almost all of them tending toward raising property tax revenue—just three months after voters rejected a proposal that would have increased the number of mills of property tax that each school district must levy for school maintenance and operations.



Iowa...

Iowa homeowners who turn 65 would be shielded from property tax rate hikes under a plan floated recently by Senate Republicans. GOP senators argued that rising property taxes make it difficult for some older Iowans to remain independent. And they rejected the notion that their plan would result in higher taxes for other homeowners.



Nevada...

A joint Senate-Assembly panel was recently urged to avoid property tax solutions such as a California-style Proposition 13 to help Nevadans with spiraling tax bills, and instead work carefully—but quickly—on solutions such as a cap or property value exemption. Three possible solutions involve capping growth on the taxable value of land, at 6 percent or some other percentage. Others would exclude part of a property's value from taxation, grant exemptions, or provide relief based on economic hardships.



Pennsylvania...

2.2 million people—six in 10 Pennsylvania households—have submitted property tax relief applications under the Homeowner Tax Relief Act of 2004, which allows participating school districts to receive a state property tax reduction allotment, which is funded by slot machine revenue.

The average homeowner could receive an estimated \$333 property tax reduction when gaming generates \$1 billion for tax relief, according to the governor's office. There is no tax relief money available yet, and none will probably be available for another two years. The state expects the first funds to be distributed in the 2006-2007 school year, but the 2005 deadlines were set up in case there is enough funding in 2005-2006.



Wisconsin...

Two different property tax freeze proposals are being considered by the Wisconsin Legislature. Both plans would raise statewide taxes 2 to 3 percent to allow for the property tax freeze.



Elsewhere Around The World...Korea & Russia

Koreans pay the highest property tax and second lowest personal income tax among the 30 members of the Organization for Economic Cooperation and Development (OECD), according to a recent report.

Also in property tax news around the world, the personal property tax will be 50 percent higher in Moscow in 2005, according to recent news reports. The tax rate will climb after a new index is introduced to calculate the replacement cost of real estate.



“How-To” Series:

Neighborhood Delineation Tips, Guide



In the last issue of the *AdValorem Forum*, we began a discussion of basic neighborhood delineation tips and guidelines. This included a definition of neighborhoods for valuation purposes, reasons for establishing neighborhoods, possible neighborhood coding schemes, and potential boundaries for typical neighborhoods. This month, we will discuss the mechanics of creating neighborhoods, assigning neighborhood codes, and applying adjustment factors to the cost values in your CAMA system.

Before a neighborhood coding system is selected, the preliminary delineation should be done. On a county map, mark out the school district lines, highways and rivers. If maps of the individual towns are available, the towns should be divided based on your knowledge of the real estate values in various areas around town.

The area can be divided into sections based on land size from the maps alone. The further divisions will require field review. These divisions should be based on the style and ages of the houses, the condition and upkeep of the properties, and the general appeal of the properties and the area. The major factor in determining boundaries is “If I was considering buying this property, could I purchase a comparable property in the neighborhood at the same price?”

When making these divisions, keep in mind that the market areas should be as large as possible to allow for an adequate number of sales to enable the market approach to work well, and small enough to allow that all the properties are affected equally by all the factors regarding variation in sales price.





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As a practical matter, each addition should have a unique neighborhood number to allow for any updating that might be necessary for that addition. Being able to apply a +10% factor to Smith Addition will avoid having to go into the CAMA system and change all of Smith Addition's land values manually. However, Smith Addition may have only ten properties in it, and may not have enough sales information to generate a value by the sales comparison approach.

For this reason, it is suggested that the neighborhoods be set from the maps by visual means, then the additions inside these areas be assigned numbers to the right of the decimal. The field to the right of the decimal would be used as follows: The field in the State System has six spaces to the left of the decimal and two to the right. For example, NBHD 1010.00 might be Smith Addition, NBHD 1010.05 might be Jones Addition, and NBHD 1010.10 might be Martin's Meadows.

The above additions could be similar market areas although they have some small differences. The areas may be all selling for \$80,000, even though one has a little more square footage. When they are valued by the cost approach with only the countywide adjustment factor applied, Smith Addition may need a slightly different neighborhood adjustment than Jones Addition, and Martin's Meadows may need a slightly different neighborhood adjustment than the other two additions.

In this way, when the cost approach is run on these two additions, the ratio comes out at 100%, and when the CAMA sales are reviewed, the properties can pull sales from all of NBHD 101, and have a larger number of sales to select from.

There are other factors to remain aware of as the numbers are assigned. After researching and analyzing the sales information, you may realize that there was a distinct area that you failed to recognize as a separate neighborhood. This brings us back to the reason for assigning neighborhood numbers in increments of 10's or 20's. This allows the analyst to insert a neighborhood number, such as 1015.00 in between two existing neighborhoods.

Whenever possible, make the lines of the breaks along an alley or major thoroughfare rather than along a residential street. This will avoid a variation in value from "front door neighbors," and their discussion of the same. Keep in mind that most, if not all of the towns of less than 500 parcels can be handled in one group, or that two or more small towns may be similar enough to be in the same neighborhood for the sales approach.

In next month's *Forum*, we will review the steps in the Neighborhood Delineation Process, and begin a discussion of the calculation of county and neighborhood adjustment factors.

Public Service Update With Mike Isbell

A short month made important by Hallmark, FTD, and the people in Hershey, Pennsylvania. Not that I'm making light of "The Day," and I will make a purchase from one or more of the previously mentioned. But none of that gets the public service forms in the mail, which is where they will be before the end of the month. Remember that those forms have to be completed and received by this division by April 15th; April 30th with an extension. In 2004 there were nine (9) companies who failed to make the deadline and were penalized a total of \$8,825.

Public service guidelines and 2005 forms will soon be available at our website. The guidelines are as reviewed by the subcommittee of the State Board of Equalization and subsequently approved by State Board of Equalization members at a Board meeting held June 7, 2004. We're all grateful for the process that allowed input from all parties and for us to have something in place for the 2005 tax year.

