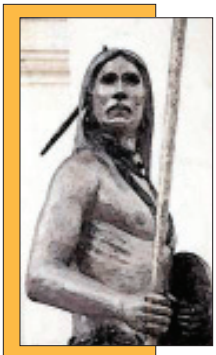

CELEBRATE OKLAHOMA!

A UNIQUE HISTORY. AN EXTRAORDINARY FUTURE.

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 XVI, Issue II ● February 2007

Director's Notes:

So this is what a real winter is like, and it is my hope that by the time you read this newsletter, we will be in the midst of or have completed the New Assessor Orientation set for February 22 and 23 without having to battle another round of brutal winter weather. We have twenty-four new assessors, and we're looking forward to helping them get off to a great start in their service as county assessors.

Despite the low temperatures, we still enjoyed seeing lots of county assessors and deputies at the CODA meeting this week. I especially appreciated seeing Teresa Tallon and her great comments to the group about her progress with some of her health issues. It was great to see her, and I think it's been terrific how the county assessors have always been supportive of fellow assessors no matter what they're facing. We also had William Mack's second or third retirement party, and I think that Doug Warr is developing a talent for comedy in his presentations.

Last week, I drove up to Fairview for the Commission on County Government Personnel Education & Training to see King Ralph Wilson in his natural habitat. (He acts the same in Fairview as he does in Oklahoma City and Tulsa except when he's bowling.) Oklahoma State University has done a good job on getting the county training program's changes made. (Both Cooperative Extension and Center for Local Government Technology have been tremendous assets for our Annual Conference.) In the county assessor area, the work of Gary Snyder and Doug Warr has been really excellent. We need to keep the quality of the program at its present high level and keep a good working relationship with all the Departments at Oklahoma State University.

Here's what's going on this month:

Legislature Convenes: The 2007 Oklahoma Legislature has convened. We've seen a large number of ad valorem bills already under consideration. We have several bills on the five-year exemption, changes to the cap, and other exemptions. The biggest challenge by a long shot is estimating the revenue impact for the veterans' exemption. That has been a rapidly changing set of numbers.

For those of you who missed the CODA meeting, we appreciated everyone's help on the survey on Senior Valuation Freezes and Tax Incremental Financing Districts (TIFs). Thanks in advance for your help in getting good estimates to the Legislature.

Geographic Information Council Day at the Capitol: GIS Day at the Capitol is scheduled for March 14. If any county is 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.

Class on Data Collection: As you know, the job of the field appraiser starts the process. Good data collection is the basis of good, accurate values for the taxpayer. We're working with Center for Local Government Technology on reviving the Data Collection class. As many of you remember, we used to have

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a class on data collection for field appraisers who are beginners, new employees, or field appraisers who need a refresher on good practices in the field, accuracy, and safety. Since Warren Stubbs retired, we have not been holding this class on a regular basis, so we are working with Center for Local Government Technology to revive this practice.

District Meetings: Mark your calendars. We have a complete schedule now of the 2007 District meeting dates:

- OATR: May 3th (Oklahoma City)
- Southwest: May 4th (Comanche County)
- Northeast: May 11 (Rogers County)
- Northwest: May 18 (Kay County)
- Southeast: May 25 (Latimer County)

We appreciate the hard work and conscientious effort of all county assessors and deputies 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. "One of the problems of being a prophet is the fact that the better you see the future, the less people believe you." Anwar Caddo, famous Ad Valorem Philosopher, borrowed from Tiresias, the ancient prophet in T.S. Eliot's "The Waste Land."

This year is already slipping away, isn't it? The annual Oklahoma Tax Commission Educational Conference at Tulsa will be here before we know it. Unfortunately, we have learned that Dr. Bendt will not be able to attend this year. We will still have a full day of MIMS training and a full day of Arc View training. However, these classes will not be occurring at the same time. We are thinking of centering both the ArcView and MIMS training on mapping land use and calculating ag land breakouts for CAMA. This is a very basic part of mapping that has been allowed to languish in obscurity. However, with yearly aerial photography available, this is just as good a time as any to get started mapping land use and to have a method to maintain it.

If you have any other ideas for the mapping component of the Tulsa School, let us know.

Remember: Knowledge can only be a dangerous thing when you do not know how to use it or use properly.

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Property Tax News From Around The Country

Alabama...

Jefferson County officials have agreed to return millions of dollars to people whose property sold at auction to pay county ad valorem taxes and brought more than the amount owed to the county. Out-of-state investors submitted high bids even though they knew they would have to wait three years to give the original owners time to redeem their properties. The settlements are only for owners who have not redeemed their property.

Michigan...

Kalamazoo city officials may try to recoup property tax breaks given to Pfizer, Inc. as the drug-maker moves more people and equipment from its downtown laboratories and offices. They could pursue "claw-back" provisions for the tax breaks the company received for previous expansions and equipment upgrades. Property tax abatements carry the condition that companies create and retain a specified number of jobs. If those targets are not reached or jobs are cut, the city can claw-back, or require repayment of, abated taxes.

Texas...

State Rep. Phil King is seeking to amend a bill that would require drilling operators to begin paying ad valorem taxes to the county in which they have physically been located for the last 12 months. Presently the rigs are taxed in the county in which the company headquarters is based. The need for the change is based on facts that rigs damage roads in the county of operation and benefit from other county services while there.

Disabled Vets' Tax Break Proves Costly For Counties

With lost revenue at six times the estimate, some want the state to ease the burden, states an article in the Tulsa World, January 28, 2007 by Curtis Killman.

The property tax exemption for disabled veterans and their surviving spouses is proving so popular that some are saying state officials should begin thinking of ways to provide relief for some counties.

More than 11,000 veterans and their spouses statewide received the exemption in 2006 on properties valued as high as $816,270. The exemption, for veteran homeowners with a 100 percent service-related disability and their surviving spouses, has resulted in homes worth more than $841 million being removed from tax rolls.

State officials believe the number of properties qualifying for the exemption will continue to rise as more veterans learn about the program, others become eligible for it and still others move here from out of state.

"Word is getting around," said Jeff Spelman, director of the ad valorem division of the state Tax Commission.

State Tax Commission figures gathered in June estimated the tax exemption had reduced property tax collections statewide by $7.3 million -- nearly six times the original estimate. But a World survey of three counties with the most disabled veteran tax exemptions indicates the total lost tax dollars is at least $8.7 million.

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In Tulsa County, homes with market values ranging from $1,500 to $483,000 came off the tax rolls last year after their owners qualified for the exemption. So far, 927 Tulsa County homeowners with properties totaling nearly $93 million in market value have been granted the disabled veterans exemption. The tax waiver equates to a collective $1.1 million reduction in taxes for Tulsa County.

Six Tulsa County owners of homes with market values between $300,000 and $483,000 qualified for the exemption, records show. The median valued property receiving the exemption in Tulsa County was $90,400.

The across-the-board nature of the tax exemption -- approved as a constitutional amendment by voters in 2004 -- has some wondering if the tax break should have had some limits.

"I'm a veteran, and I'm strongly for it, but at the same time they might have caveated the law to put an upper limit on it," Tulsa County Assessor Ken Yazel said.

Over estimates: When voters overwhelmingly approved State Question 715 in November 2004, state officials estimated the tax break would cost the state about $1.3 million per year and attract about 2,900 applicants.

But state Tax Commission officials say they were basing their numbers on broad estimates provided by veterans groups for a program that originally excluded surviving spouses.

"The original estimates were considerably lower" than the tax break's actual cost, said Kenny Chuculate, deputy director of the ad valorem division of the state Tax Commission.

About 20 percent of all exemptions granted statewide have been given to surviving spouses. In Tulsa County, about one-third of the exemptions were granted to surviving spouses, Yazel said.

Around the State:

Tulsa County ranks No. 3, behind Oklahoma and Comanche counties, in the number and total tax value of homes pulled off tax rolls by the exemption, according to the June Tax Commission report.

Oklahoma County has granted 1,645 exemptions on properties totaling nearly $190 million.

Exempt homes in Oklahoma County range in value of $8,850 to $816,270, which equates to about a $9,000 annual savings in taxes for the latter valued home.

The exemption in Oklahoma County has resulted in an estimated $1,869,466 collective tax savings to veterans.

Oklahoma County Assessor Leonard Sullivan said he originally thought about 1,000 veterans would seek the exemption in his county, but the increase has not affected them.

Conversely, Sullivan said he is sympathetic to less-populated counties that are not growing or actually losing population.

Sullivan said he expects the number of veteran exemptions to decrease in the near term.

"Unfortunately, it's sad to say, but this is a self-correcting tax, too," Sullivan said. "Most of these people on this are World War II veterans in their middle '80s. In 10 years, 90 percent of us will be gone anyway."

Elsewhere, **Comanche County**, home to Fort Sill Army base, ranks ahead of Tulsa County in veteran exemptions with 1,400 tax waivers despite having a population that is a fifth the size.

Cleveland, **Muskogee**, **Rogers**, **Wagoner**, **Canadian**, **Pottawatomie** and **LeFlore** counties make up the remaining top 10 counties ranked in number of properties qualifying for the disabled veteran exemption.

Harper and **Cimarron** counties had the fewest number of exemptions with three each being granted totaling $570 and $1,038 in tax breaks, according to state Tax Commission figures.

The tax break is already drawing interest outside of the state, he said.

Yazel said he received a call last year from a veteran in Wisconsin who wanted to know if the exemption was indeed true.

"I said 'Yes, we have the exception now,' " Yazel said. "He said 'good, I'm coming to Oklahoma.' So it does bring people here and keep people here in our state," Yazel said.

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Legislative History:

When first introduced, House Joint Resolution 1044 included a graduated tax break and a cap on values qualifying for the exemption. The bill granted a tax break on homestead properties based on the degree of disability and up to $100,000 of a home's value.

But the graduated and capped nature of the bill was stripped from the final version of the resolution, which eventually was approved by the Legislature and appeared as State Question 715 on the November 2004 ballot.

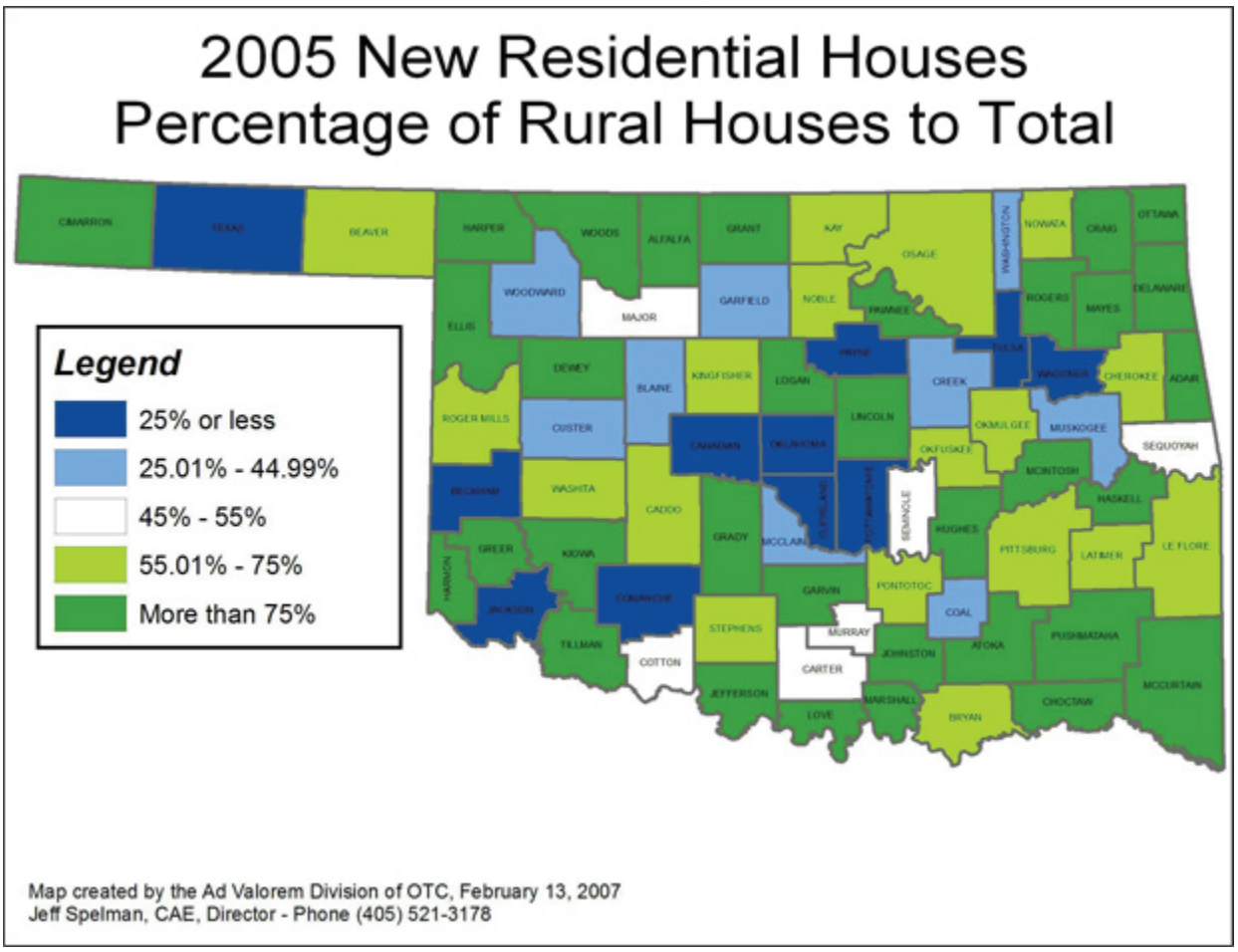
While the state does grant property tax breaks to other privately owned properties, most are tied to income limits or have caps such as the $250,000 cap on the value of a parsonage that may be claimed as exempt.

"I think the concern about veterans and the interest in trying to do something for them probably was primary in their focus," Spelman said, referring to state lawmakers.

Attracting attention: Yazel called the tax break a "well-deserved benefit for those that have offered their life to their country."

Still, it might have been better to cap the amount that could be exempted from taxes, Yazel said.

"I don't have a problem with the concept of it, but I do react when I see the $400,000 or half a million dollar homes" that qualify, he said.



Receive The "Forum" By Email:

To receive the "Ad Valorem Forum" by email, please forward your email address to Cyndi Heath at cheath@tax.ok.gov.

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Oklahoma 2007 Centennial Moment

The Old, Oil Story: It Wasn't Just Oklahoma's Capitol City That Got Moved

by Buddy Johnson

One of the more common trivia questions you'll hear about Oklahoma is, "What is the only state capitol with a working oil derrick on its grounds?" Looking at this forest of derricks from the 1930s, it's hard to imagine they almost weren't there – or rather that the building wasn't.

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In the summer of 1910, Oklahoma voters selected Oklahoma City as the new capital. Entrepreneur Israel M. Putnam platted a development on a huge tract of land which he intended to give along with cash to the state if it would build the capitol there. He planned on making his money back by selling residential lots in the area. In August, Governor Charles Haskell accepted the Capitol Commission's recommendation for Putnam's land as the site for the building, which would be designed by the architectural firm Layton-Wemyss-Smith.

The capitol building was at the heart of Putnam's plan. He placed it at what is today NW 40th and Ann Arbor. In Putnam's original plat today's NW 39th was called Putnam City Boulevard. It was a very wide tree-lined boulevard with streetcar tracks running down the middle. A large forested park, named Putnam City Grove, ran from NW 34th to NW 39th between today's Ann Arbor and Grove Ave. The residential section was designed with parks and plazas interspersed and the streets were named for prominent Oklahomans.

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That summer and fall of 1910, engineers and laborers began to excavate and lay utility lines in the area for the capitol. By November, other forces were at work in the legislature. Some sharp-eyed legal eagle brought up the fact that the ballot which named Oklahoma City the capital was not worded properly and the courts decided that the election, therefore, was invalid. This immediately caused a ripple effect in state government.

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The Old, Oil Story: It Wasn't Just Oklahoma's Capitol City That Got Moved...continued from page 6.

by Buddy Johnson

If the election was not valid, then the Capitol Commission was not valid and thus Putnam City was not the site of the new capitol.

The legislature quickly convened and, already knowing the will of the people, named Oklahoma City the state capital. But a new Capitol Commission decided that a site at NE 23rd and Lincoln proposed by J. J. Culbertson, William Harn and E. K. Gaylord was more desirable because it was a seven minute ride on the streetcar to downtown as opposed to a twenty minute ride from Putnam City. That was the stated reason. It probably didn't hurt that the Culbertson-Harn package offered more land and included mineral rights. And that's how, in one of the great ironies of state history, mass transit was the deciding factor in placing the state capitol on one of the biggest pools of oil in North America.

Putnam went back to the drawing board and after noting that there were several small schools near his land he got an idea. What if those schools were consolidated and he could sell housing lots nearby to the parents of the schoolchildren? He knew just the place – and today Putnam City School District's administration building sits where the Oklahoma State Capitol was supposed to be built.

This article was written by Larry "Buddy" Johnson who has been with the Metropolitan Library System since 1998. The article appeared in the Info Magazine, January 2007, and was reprinted by permission Mr. Johnson heads the Oklahoma Images database which is a collection of pictures and essays illustrating the history of central Oklahoma.

You may find this database at http://webinfo2.mls.lib.ok.us.

IAAO News
Oklahoma Chapter Holds Meeting

Gary Snyder, President of the Oklahoma Chapter of the International Association of Assessing Officers conducted a chapter meeting on February 14, 2007. President Gary Snyder presided over the meeting in which activities for the coming year were discussed.

The Chapter is embarking on its next IAAO training effort which will be Course 311, Residential Modeling. Snyder said this course was selected based on survey responses from members across the state.

A motion was made to provide complementary one-year membership to newly elected county assessors to encourage participation in the Chapter's activities.

The Chapter is also working to assist its members who are seeking IAAO designations by offering financial assistance. More information about this program will be forthcoming.

Visit the IAAO website at www.iaao.org.

The Oklahoma Chapter's website is found at http://ok-iaao.oklahomacounty.org/ExecutiveBoard.htm.