



Oklahoma Ad Valorem

FORUM

Director's Notes:

Happy New Year Everyone!

Hope that January ice is gone in your area and the memory of the Bowl Games faded in time for your city visits.

Resolution time for 2005. According to the **BusinessWeek** website, about 48% of all Americans make some sort of resolution for the New Year. Most of these resolutions involve health improvement (exercise, smoking, cholesterol or diet) or saving money and paying off debt. Unfortunately, most of these resolutions are broken or at least in serious trouble by February 1st, but psychologists say that the process of planning and thinking about life changes and resolutions is still a healthy process. It enables people to review what they do and decide on some new courses of action. So good luck on your resolutions (I'm looking forward to the crowds clearing out at the YMCA any day now and I'm cutting down on coffee).

For the Ad Valorem Division, we're looking forward to 2005. Our office rearrangement has settled down, and we'll have lots of challenges ahead, but I think that it should be a good year. Change seems to be the one constant in the ad valorem field.

Our first Rules hearing on the new Veteran's Exemption went well. Thanks to President Denise Heavner and Todd Mathes for attending the hearing in the midst of some pretty tough weather. Remember that the Veteran's Exemption will not take effect until 2006. We're expecting the Oklahoma Department of Veterans Affairs to mail out eligibility letters in late fall 2005.

Glen Blood reports that the Windows version of the State Computer System is functioning reasonably well at this point. Many counties are also using the CAMA system for personal property as well as using laptops in the field to take personal property renditions. This should save a lot of work as well as providing good service to taxpayers.

We're looking forward to seeing everyone at the CODA meeting next month. Kathi Mask has been working hard on the program and so we expect a good session as the historic 2005 legislative session kicks off.

As we move forward into 2005, we're also looking forward to the continued good working relations with the State Auditor and Inspector (SA&I) and Center for Local Government Technology (CLGT), Cooperative Extension, the County

A Look Ahead...

- February 8-10, CODA Mid-Winter Conference, OKC
- February 15-18, Unit I, Intro. To Assessor's Office, Tulsa
- February 21, President's Day Holiday
- February 24, Board of Equalization Training, Enid

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Assessors' Association, the Oklahoma Association of Tax Representatives (OATR). A good solid relationship between these groups helps everyone in the ad valorem system and provides better service for state taxpayers.

Thanks to everyone, and Happy New Year!

Jeff Spelman, CAE Director Ad Valorem Division

P.S. "If you don't have the vaguest idea where you're sailing, it doesn't matter which way the wind is blowing." Anwar Caddo, Ad Valorem Philosopher loosely based on a quote from Seneca.

P.S.S. Robert "Bud" Scribner, a long-time IAAO Instructor, passed away last week after a short illness. Many of you remember Bud. He taught a number of courses in Oklahoma and was an excellent instructor at several Ad Valorem Division Annual Educational Conferences. Bud possessed some style and grace. He had the guts to get up in front of 3,000 people at the last IAAO Conference and propose to his fiancée, a Georgia assessor. Fortunately for him, she accepted and they were to have been married sometime this summer.

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Mapping Grants

Six years ago, I learned about several grants that we at Garfield County could apply for. Each grant had 100 winners nationwide. The winners were not bound to pay support forever, or anything else. We applied for three grants and won all three. As a result, we received four copies of ArcView, a copy of ArcIMS (an internet mapping program), a copy of Map Objects (a mapping program writing tool), various extensions, and a new computer.

Kay County applied for a grant also, and won it as well. Our four applications were the only ones from Oklahoma, and each application won. Since then, I have been telling people about different grants that are available when I find out about them. These grants are usually in the form of free software, hardware, and training.

Last November, at the Fall Assessors Conference, we gave every county assessor's office a copy of grant information relating to three separate grants. The application period for all three grants was from October 29, 2004 to January 28, 2005. The winners will be announced in February. It will be interesting to see how many Oklahoma counties won.

Remember: If you don't look out for yourself, why should anyone else?

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.



100% Disabled Veteran's Exemption Discussed

Beginning January 1, 2006 with passage of State Question 715, 100% disabled veterans will be able to file for an exemption of 100% of the fair cash value of homestead property up to one acre for urban homesteads, and up to 160 acres on rural homesteads.

Disability criteria is established by the U.S. Department of Veteran's Affairs. Veterans meeting the criteria will receive qualification letters from the Oklahoma Department of Veteran's Affairs beginning sometime this fall. If an applicant for this exemption doesn't receive a qualification letter from the Oklahoma Department of Veteran's Affairs, they will be directed to a 1-800 number for further information. The county assessors probably should not have to make any judgment calls on eligibility.



Eligible veterans will make application with the county assessor After January 1, 2006. The AdValorem Division will supply application forms this fall. Sample qualification letters and sample application forms will be distributed and discussed at the Annual Educational Conference in August. Mr. Phillip Driskill, Executive Director of the Oklahoma Dept. of Veteran's Affairs will be in attendance at the Annual Conference to provide information and respond to any questions from assessors.

Surviving spouses of eligible veterans are also eligible to receive this exemption.

Property Tax News From Around The Country



Arkansas...

Tax Increment Financing Districts in Arkansas cannot touch any part of the state-mandated 25-mill minimum for school maintenance and operations, including tax revenue growth, the state attorney general concluded recently. The opinion strips the proposed TIF districts in Arkansas cities of most of their tax base.

Sen. Jim Argue, D-Little Rock, asked for the attorney general's opinion. He said he was concerned about losing revenue for schools at a time when the state was struggling to improve schools under a state Supreme Court mandate. The more money TIF's take out of local property taxes, the more money the state would have to put in to meet the courts mandates.



Connecticut...

Property tax delinquents might have a new law to worry about in this state. Proposed legislation by State Senator Donald DeFronzo would amend state tax laws to take taxpayers' income tax refunds and apply them to delinquent municipal property taxes. He says the legislation is based on a North Carolina law.



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Hawaii...

Honolulu officials are facing a backlog of more than 2,800 cases of property owners appealing their property tax assessments. That doesn't include appeals that will be filed by January 18th for the most recent valuations that went out in December.

The backlog includes about 300 cases from 2002, about 600 from 2003 and more than 1,900 from last year. Property owners who are part of the backlog must pay taxes each year based on the disputed assessments.

City Councilman Charles Djou say it's unacceptable that the owners are getting new assessments before their appeals from previous years are resolved.

Gary Kurokawa is the administrator of the Real Property Assessment Division. He says he hopes to have most of the backlog cleared by the end of June.



Indiana...

The New Year is bringing big changes in the Hoosier state for Property tax reassessment. Reassessment will now take place every year under new state law. Traditionally, reassessment has taken place once every 10 years in Indiana.

State leaders say the goal is to provide a better distribution of the tax. To do that, they'll take the most recent information on real estate sales. The market information will be used to tweak the values of all homes. Bills from this year's reassessment won't be in the hands of homeowners until the spring of 2006.



Massachusetts...

The Massachusetts Department of Revenue has recommended raising the current property tax exemption for low-income seniors who are 70 or older from \$500 to \$1,400. The average tax bill in 2004 was \$2,894. The Revenue Department also wants the state to change the income restrictions so more seniors are eligible.

Under current law, a single taxpayer must have assets worth \$28,000 or less, excluding his or her home, and an annual income of no more than \$13,000 to qualify for the exemption, although cities and towns can raise those limits to \$40,000 and \$20,000.



New York...

Mayor Michael Bloomberg said homeowners would likely get \$400 tax rebates again this year, despite indications that the city faces growing budget gaps in the near future. The rebates were first introduced in the city budget for the current fiscal year, which ends June 30. The budget allowed—but did not require—\$400 property tax rebates for three years.

The rebates have been credited with helping to boost Bloomberg's approval ratings, which began to plummet after he approved an 18.5 percent increase in property taxes in 2002.



Texas...

A Texas State Senate school finance plan would replace the local \$1.50 per \$100 assessed valuation tax for school operations with a \$1 per \$100 statewide property tax. The plan would create a new business tax that would apply to partnerships and corporations. The proposed legislation would also spend \$1.1 billion on teacher pay raises.



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Elsewhere Around The World...Canada

The Provincial government of Saskatchewan announced recently that its promised property tax relief will come in the form of an eight percent across-the-board cut to education property taxes in each of the next two years.

Government Relations Minister Len Taylor said the \$55 million in windfall money already pledged each year for property tax relief in 2005 and 2006 would be used as tax credits for agricultural, residential, multi-unit residential and commercial industrial property owners, with a cap of \$2,500 on the latter two classes.

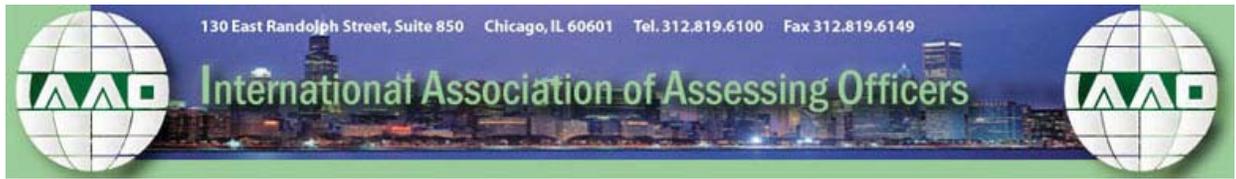


Public Service Update With Mike Isbell

This is an important month for public service. Much of what we have going on is in the form of updates and preparation for the current tax year. It is a methodical process, a lot of "nightstand material." Here is a list of some of the other things we are doing this month.

1. Discovery is always a part of the job. We have accessed corporation commission files and cross-referenced them with our own records, and are in the process of contacting these companies and determining their Oklahoma taxable status.
2. Troy Frazier, our resident mapper, is in the process of scanning or downloading those maps included in the public service returns for 2004. This will be a slow process but well worth the effort as it will help eliminate the potential for double assessment while ensuring that everything is accounted for.
3. Two new rural fire protection districts were added for 2005, Monkey Island and Cedar Country Fire Protection Districts, in Delaware and Cleveland Counties respectfully. Companies have already been contacted and supplied with maps and legal descriptions of the new districts.
4. Legal issues currently active are the Valero protests for 2003. While certainly not the highest profile protest we are currently involved with, it is certainly requiring a lot of time and attention from our staff and that of our Legal Division.
5. Continuing education for William Mack and Ata Babak who will be swept away to the luxurious accommodations of The University Inn on the campus of Utah State University in Logan Utah. Snow will be available on request.
6. Report forms for 2005 have been updated and are at the print shop while our computer files are being updated and readied for the new tax year.





IAAO State Chapter News From President Wade Patterson

Hello Everyone:

I would like to take this opportunity to tell you about the International Association of Assessing Officers (IAAO). The IAAO is an educational and research association of individuals and assessment professionals and others with an interest in property taxation. The mission of the IAAO, as written in the IAAO Assessment Journal, is to promote innovation and excellence in property appraisal and property tax policy, and administration through professional development, education, research and technical assistance. In short, the IAAO is a group of people, like you and me, that network together to improve our appraisal profession. The IAAO is currently based in Chicago but will move to Kansas City, MO early this year. The website for the national IAAO is www.iaao.org.

Here in Oklahoma, we have a state chapter of the IAAO that is made up of local assessment professionals (you and me). Yes, it's important to think of ourselves as an assessment professional! When it comes to local ad valorem issues, you and I are the experts on this very complex topic. This is where the IAAO is a very valuable asset to us. Our associations with other IAAO members, the educational courses, as well as the vast printed materials are some of the tools you can utilize to assist in your appraisal process.

One of the goals of the Oklahoma IAAO is to sponsor educational courses. These courses are designed to educate the professional on a specific topic. Just this last year, we sponsored Personal Property Auditing, Basic and Personal Property Auditing, Advanced. These two courses trained us on how to conduct personal property audits. We plan to sponsor a course or two this year and would like suggestions for which courses to sponsor in Oklahoma.

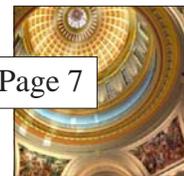
Membership in the Oklahoma IAAO chapter is only \$10.00 per year. The 2005 Oklahoma IAAO Officers are Monica Schmidt, Vice President; Gary Snyder, Secretary/Treasurer; Cathy Hokit and Larry Stein, Executive Committee; David Tinsley, National IAAO Representative, and myself as President. Membership includes a certificate, two informative meetings a year, and voting privileges in all business meetings including what courses to sponsor in Oklahoma. At our fall meeting, we have a guest speaker, business luncheon and general discussion.

In the coming issues of the newsletter, I plan to detail several specific topics about the IAAO, including possible courses we are considering for Oklahoma. If you have any questions about becoming an IAAO member, either national or state, please contact me 580-237-0220 or by email at lwade@garfieldcountymail.com.



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





“How-To” Series:

Neighborhood Delineation Tips, Guide

Over the next couple of months, basic neighborhood delineation tips and guidelines will be provided in the form of articles appearing in the AdValorem Forum. This month, we will discuss the definition and purpose of neighborhood delineation, and the basics for making neighborhood boundary decisions and suggested coding schemes.

Neighborhood delineation is the sorting of properties into groups that are affected by the same factors in the marketplace. The purpose is twofold:

- 1) To allow for a localized adjustment in the cost approach below the countywide level, and
- 2) To allow the comparative sales approach to select sales in the same area as the subject—sales affected by the same market influences.

In the cost approach, this technique can be used to fine-tune values as the market rises or declines in specific market areas. In effect the cost approach figures are adjusted by applying cost adjustment factors based on sales occurring within these areas (really a correlation of the cost and sales comparison approaches to value). Good neighborhood codes and a well-organized neighborhood delineation scheme make this process work smoothly and improve the accuracy of CAMA values.

A neighborhood, as defined by the IAAO, is the environment of a subject property that has a direct and immediate impact on its value. In other words, we are talking about a group of similar properties competing in the marketplace for the same buyers, and affected to the same extent by external influences. A key point is that a neighborhood or market group may be, in many cases, broken into several different physical locations if the properties are similar, and affected by the same market influences (a neighborhood can consist of multiple, non-contiguous groups of property).

Some boundaries for a neighborhood are:

- 1) Natural lakes, rivers, etc.,
- 2) Man-made boundaries such as railroads, highways, etc., and
- 3) Governmental, such as city parks, industrial areas, incorporated city limits, school district boundaries, etc.

Boundaries for a market area group may be the style, age, or size of houses; land size, topography, zoning or use; or the proximity of positive or negative influences. If the market area groups are determined before the fieldwork is begun, much of the work in data entry related to market areas will be simplified.

Adjustments and realignments will still have to be made in some areas, but the number of parcels that will have to be handled more than once should be reduced considerably.

A neighborhood numbering system should be set up for each county based on the properties in that county. One suggested technique is to set up the county seat or the largest city as market areas in the 1000 series, then by quadrant from the northeast quarter of the county being the 2000 series, the northwest quarter 3000's, the southwest quarter the 4000's and the southeast quarter the 5000's.

Neighborhoods within these general market areas could then progress in increments of 10 or 20, going from best to worst, such as neighborhood 1000, 1010, 1020, etc.

Characteristics such as size, consolidated schools, location, or desirability should be considered when establishing neighborhoods within each of these series. To be able to use the CAMA system to its fullest extent, even the rural agricultural and vacant parcels should have a number.

In next month's AdValorem Forum, we will discuss some additional particulars about the neighborhood delineation and coding process, along with some helpful tips and suggestions to make your neighborhood scheme work more effectively for you.

