



# Oklahoma Ad Valorem

# FORUM

## Director's Notes:

Well, we've finally got the question of the month answered... Where is the Annual Educational Conference being held? Other than Tulsa we had no answer until this morning. We'll be back at the Marriott again, and the Ad Valorem Division is working on top speed to get everything ready.

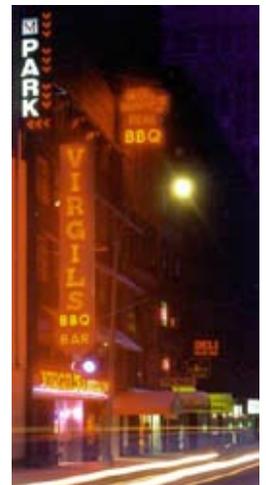
It's an amazing effort to put all the Tulsa material together. I've always been amazed by all the work that goes into getting the conference on its feet. As always, it takes a "team" effort from all the parties involved—the County Assessors Association, Center for Local Government Technology (CLGT) and the Ad Valorem Division, but most of all the efforts and commitment of the county assessors and their deputies.

We've sent out reservations for all counties. The standard procedure of two rooms for each county will be followed. Remember if you have any questions or changes in the room arrangements, please call Cathy Gibson so that we'll maintain the rooms in the hotel block.

We're looking forward to the Annual Conference. I appreciate all the hard work that everyone has done to this point to get ready. Now, we'll get just have to really get busy and finish it up.

I had some Virgil's BBQ sauce last night that my daughter brought me back from a trip. Very good sauce. Tangy and nice flavor. As an Oklahoman, I usually appreciate BBQ and BBQ sauces and I've eaten at lots of good spots over the years: Earl's (not Earl Pierce), Wild Horse in southeastern Oklahoma, Van's Pig Stand in Shawnee, a great place in Ada, and the list goes on. I especially like Head Country Sauce from Kay County. But I really thought that Virgil's sauce was pretty good. Guess where it was from? Right. New York City. Virgil's is right off Times Square and they claim they're the best BBQ in the world. I don't think so. My daughter did tell me, however, they have a national map on their wall that lists what they think are the best BBQ places in the nation. She said that Leo's in Oklahoma City made the map. If you ask me however, I think they need to get out of New York City and travel around some before they claim the national championship.

Thanks for your work this year. We're looking forward to the Annual Conference. I have every confidence that with everyone's help we'll be able to pull off another excellent educational conference. Maybe the best outside of New York City.



### A Look Ahead...

- August 9-12, 61st Annual Education Conference for Assessing Officers, Tulsa
- August 22-26, IAAO Course 300, Mass Appraisal, Tulsa



### Mapping Software Successes And Missteps...

SA&I and the AdValorem Division have been talking about ways to take your mapping and automatically transfer it into pictures for use with the new Windows version of the AA package. After some time and effort, we have found a way to load about 90 lines of code that can be executed at any time by the click of a button on the mapping screen.

The creation of all the section and subdivision map pictures takes about 5 to 15 minutes (longer if you want the aerial photos on). Unfortunately, this code will only work with counties using ArcGIS 8+ (ArcView, ArcEditor, ArcInfo). This same code could be altered to work with TerraScan and Sooner CAMA systems.

I have found a problem with editing shapefiles in the ArcGIS 8+ (ArcView, ArcEditor, ArcInfo). When you create curves with this software using shapefiles, it approximates the curves with two straight line segments. The only solution is to edit geodatabases instead. It raises its own problem.

The counties using geodatabases have problems with keeping their ownership databases attached when editing. While trying to fix this problem, I ran straight into creating the curve problem. If you are using shapefiles and want help converting them into a geodatabase, let me know.

Remember: Show me a perfect mapping system, and I'll show you a liar!

## Square Footage In U.S. Homes Continue To Grow Along With Home Prices

*From An Article by John W. Shoen on MSNBC.com*

Twenty-five years ago, the average price of a new home in the U.S. was \$76,400, according to the National Association of Home Builders. By last year, the price had shot up to \$274,500.

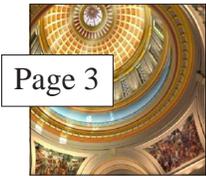
But in 1980, the average home was 1,740 square feet, had three bedrooms or less, and two bathrooms or less, according to U.S. Census figures. About a quarter of the new houses you looked at in 1980 would have had no garage; a third would lack air conditioning.

Not only are today's new houses packing more square footage, they have more volume—nine-foot ceilings are becoming the norm. Today's homebuyers are demanding separate rooms for media centers and home offices, spacious walk-in closets, and kitchens you'd expect to find in a restaurant.

New houses today are built with higher-quality materials, from better finish and trim to granite countertops in the kitchen and bathroom. Buyers are demanding—and getting—central air, state-of-the-

*Continued on page 3...*





Continued from page 2 "Square Footage in US Homes"...

art security systems and broadband wiring for the Information Age. All of which is helping to push home prices higher.

There's another major force driving up home prices: Rising wages and increased buying power continue to push prices higher, according to David Berson, economist at Fannie Mae.

"Home prices over the long run tend to grow—not at the rate of inflation—but instead at the rate of income growth," he said. "Which, over time, is above the rate of inflation by usually about 1.5 to 2 percentage points."

And, even as wages have risen, falling mortgage rates have allowed home prices to go up even faster than income growth, said Berson. Compared to the average 1980-vintage mortgage—at 15 percent interest—the cost of buying a home is less than half what it was 25 years ago.

To be sure, there are still plenty of would-be homeowners who feel priced out of the housing market. But based on overall buying power and affordability, housing in the United States is as cheap as it's been in 25 years.

Housing analysts say that although they see no signs of a slowing in the trend toward bigger and bigger homes, at some point it will level off. But there are no signs of that happening yet.

One force that could slow the swelling of American homes is the rising cost of energy. In the late 1970's, a prolonged rise in energy prices took a toll on expansive, poorly insulated homes—often dubbed "white elephants" by owners who were sometimes forced to sell at below-market prices.

Higher energy costs then sparked a major drive to improve energy efficiency through improvements in design, materials and building standards—along with more efficient appliances and heating and air conditioning systems.

So, while the size of the average American household continues to shrink, homes are still getting bigger and better appointed. Industry analysts say the reason is simple—new home buyers are demanding more space and better amenities than they were a generation ago.

### Then & Now

Home prices have risen steadily over the past 25 years, but houses have gotten bigger.

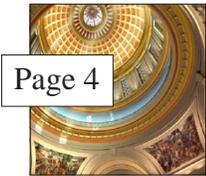
	THEN (1980)	NOW (2004)
<b>SIZE:</b>	1,740 sq. ft.	2,349 sq. ft.
<b>BEDROOMS:</b>		
2 or less	17%	11%
3	63%	51%
4 or more	20%	37%
<b>BATHROOMS:</b>		
1.5 or less	28%	5%
2	48%	39%
2.5	25%	33%
3 or more	NA	24%
<b>PARKING:</b>		
None	24%	9%
Carport	7%	1%
1-car garage	13%	7%
2-car garage	56%	64%
3 or more car garage	NA	19%
<b>AIR CONDITIONING:</b>	63%	90%

Source: U.S. Census



## 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](mailto:cheath@tax.ok.gov).



# Property Tax News From Around the Country



## Idaho...

Members of a legislative committee studying possible revisions to Idaho's property tax system will be touring 12 cities starting at the end of July.

The interim committee on property taxation was one of seven such committees approved by the Legislature and includes 14 state lawmakers.

According to a news release, the goal of the committee is to develop a strategy to encourage economic development, raise revenue for local government and answer concerns over rising property values.

The committee is then expected to make a recommendation to the Legislature when the second session of the 58th Legislature reconvenes in Boise next January.



## Illinois...

Following an increasing national trend, Cook County taxpayers will be allowed to pay their property tax bills this fall using a credit card under a pilot program approved recently by the County Board.

Taxpayers will be charged a 2.2 percent user fee and will be limited to using Visa or MasterCard.

The payments will only be permitted over the Internet, but County Treasurer Marie Pappas plans to make a computer available for taxpayers.

Pappas said she would seek proposals from other vendors for a more comprehensive credit card payment system that could begin early next year.



## New York...

India and Mongolia aren't immune from a New York City claim that they owe \$25 million in back property taxes, a federal judge has ruled.

The recent ruling by Manhattan Federal Judge Conway Casey clears the way for the city to seek a summary judgment.

The city claims that India owes more than \$23 million in taxes and interest dating to 1991 on portions of a midtown building that houses scores of diplomats who don't have tax immunity. Mongolia owes more than \$2 million dating to 1980 on an Upper East Side building.

John Low-Beer, the city's senior counsel on the case, said he's optimistic on getting India and Mongolia to pay up.

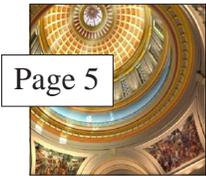
"We believe that if ordered to do so by a court that has jurisdiction, these countries would respect that decision and pay," said Low-Beer, adding that the United States also can deduct unpaid taxes from its foreign-aid payments.



## Texas...

The Texas Senate recently approved a \$4.8 billion property tax cut bill after stripping a new tax on partnerships out of the legislation and narrowly turning down legalization of video slot machines at racetracks.





Continued from page 4 "Property Tax News From Around The Country"...

The final bill scaled back the Senate's proposed property tax relief by about \$2 billion, but it also was closer to legislation adopted by the House and proposed by Gov. Rick Perry. The Senate's proposed sales tax increase remained lower than either the House or Perry's proposals.

All three proposals are designed to cut public school property tax rates by raising business and consumer taxes. The burden of paying consumer taxes falls most heavily on the poor and middle class.

The bill now goes to a conference committee to work out details.

## A.G. Opinion 05-17 Summarized

Amendments to the Constitutional valuation limitations (Article X, Section 8C) that changed the flat \$25,000 senior valuation freeze gross household income limits to the HUD median income figures for each county are to be applied prospectively from January 1, 2005 and thereafter, according to A.G. Opinion 05-17 issued May 16.

The A.G. opinion states that "the general rule is that statutes have prospective operation unless the purpose and intent of the Legislature to give them a retroactive effect is expressly declared or necessarily implied from the language used. In case of doubt, the doubt should be resolved against retrospective effect" (Barnhill v. Multiple Injury Trust Fund, 37 P3d 890, 898 Okla. 2001).

The opinion further explains that ad valorem tax bills are "due and payable on the first day of November." The statewide election that approved the constitutional amendment was held on November 2, 2004 and certified by the Oklahoma State Election Board on November 9, 2004. Absent a provision in the amendment declaring it was retroactive to the January 1, 2004 fair cash value, the new provision should be applied to the fair cash value of qualified homestead property on January 1, 2005.

The statute which allows an individual to apply to limit fair cash value on a homestead requires the application "shall be made on or before March 15 or within thirty (30) days from and after receipt by the taxpayer of a notice of valuation increase." Words used in any statute are to be understood in their ordinary sense.

In conclusion, the opinion says that the word "shall" signifies a mandatory directive or command. Applying a retroactive date to this constitutional amendment would nullify the statutory application to limit fair cash value on a homestead, and all the reviews and approvals by the county assessor, county board of equalization, State Board of Equalization, county excise board and county treasurer.

If you have any questions regarding this recent A.G. Opinion, please call the Ad Valorem Division at (405) 521-3178.

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