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 XV, Issue III ● March 2006

Director's Notes:

We've come up with a new definition of March Madness. It's not the terrible wild fires faced in so many counties or the NCAA basketball tournament but the many challenges of another busy homestead exemption filing period, particularly the new veterans' exemption filing. Everyone is happy to assist with this new program, but we've had to overcome lots of questions in making it work.

As promised, we'll be conducting a survey on the new program right after March 15. Thanks in advance and watch for it in your mailbox. We're hoping to get some results compiled and available for the Legislature as they consider adoption of any other measures in this area.

Special thanks to everyone for helping Teresa Strawther with the information on millage levies for each county and the Form 993. Everyone has gotten the hang of these forms and it really helps us with questions we get from Legislative staff on the condition of the ad valorem system. Thanks especially since Teresa's a lifelong fan of a football team south of the Red River.

The Ad Valorem Division is also issuing a Bulletin on the reporting of the Veteran's exemption so we can get a handle on the final numbers in time for Abstracts later this year. The Bulletin, which the 4-C Committee worked on, should answer most of the questions on reporting. Debbie Gentry, 4-C Chair, requested some clarification on the issue and we appreciate her leadership on that committee.

Public service court cases are proceeding. We'll keep everyone up-to-date on that situation. We are expecting to gear up for public service valuations. We've had lots of calls and questions about renditions as everyone prepares for the next couple of busy months.

The Legislature has under consideration a number of ad valorem bills. Many are significant for the system, but nothing is certain this early. As the session proceeds, many of the ad valorem bills are still making their way through the legislative process.

Reminder from last month's newsletter, we have a complete schedule now of the 2006 District and meeting dates:

- OATR: May 4th and 5th (Tulsa)
- Northeast: May 5 (Tulsa County)
- Southeast: May 12 (Bryan County)
- Northwest: May 19 (Harper County)
- Southwest: May 26 (Cleveland County)

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A Look Ahead...

- **April 2: Daylight Savings Time Begins**
- **April 16: Easter**
- **April 18-21: Unit III, Mass Appraisal, Tulsa**

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Free stuff!! We have two items mentioned in last month's newsletter: Free copies of the ad valorem statutes on a CD. If you don't have one, let us know. Also a reminder that we will have DVD copies of the new aerial photographs available at the District meetings in May (Keep in mind that the May meetings are required). There's an article in this newsletter on the content and quality of these aerials. They are a good product and the price is good. See Troy Frazier for details.

Thanks to everyone for their help on the various legislative surveys. We appreciate the hard work and conscientious effort of all county assessors and deputies out there. We hope that everyone's work helps improve the Oklahoma ad valorem system and make it better than it was given to us for taxpayers everywhere. Like Tom Cusack says, "keep in mind, we should be the guardian of fairness. Watch out for the Dragons in the uncharted waters.

Jeff Spelman, CAE
Director, Ad Valorem Division

P.S.: "Never grow a wishbone, daughter, where your backbone ought to be." Anwar Caddo. World famous Ad Valorem Philosopher quote borrowed from Clementine Paddleford.

Oklahoma IAAO Chapter Provides Training Opportunities

IAAO Chapter President Monica Schmidt (Woods County Assessor) has announced the Chapter is sponsoring two IAAO courses in 2006. "The chapter sponsored two courses last year which were well attended. There is a need across the state for more of this type of training. We expect the 2006 courses to fill up quickly" Schmidt said.

Course 101: Fundamentals of Real Property Appraisal
June 26 – 30, 2006
Instructor: Rick Stuart, CAE
Registration fee: $350.00
Location: Saddleback Inn & Conference Center
4300 S.W. Third, Oklahoma City, OK
405-947-7000
$67 single / $77 double /$87 triple

Course 102: Income Approach to Valuation
July 17 – 21, 2006
Instructor: Marion Johnson, CAE
Registration fee: $350
Location: AmeriSuites Hotel
7037 S. Zurich Avenue, Tulsa, OK
918-491-4010
$64 single/double

Materials for courses:

PAV book:	Soft cover $25 IAAO member/ $40 non-member
	Hard cover $40 IAAO member/ $55 non-member
PAA book:	Soft cover $50 IAAO member/ $75 non-member

Schmidt said the courses serve a dual purpose since they can also be used to meet the mandatory training for assessors and appraisers in keeping with the Assessors Accreditation Program.

Additional information is available through the Center for Local Government Technology at OSU. Contact Gary Snyder at 405-744-6049.

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"Mapping Minute" With Troy Frazier

Here is a preview of the aerial photos we'll be distributing at the District Meetings this May: These are snapshots of the west side of Perry in Noble County.

The first photo is from the 2003, 1-meter, color aerials that quite a few of you helped to purchase for everyone. It is at a compression rate of about 60:1. It looks pretty good. You can zoom in to about 1" = 300'.

The second photo is from the 2004, 2-meter, color aerials that FSA flew without any extra money. It is at a compression rate of about 60:1. At 1" = 300' it looks pretty bad.

The third photo is from the 2005, 2-meter, color aerials that FSA flew without extra money. It is at a compression rate of about 20:1. At 1" = 300' it looks almost as good as the 2003 aerials.

Anyway, these three sets (as well as the 1995 black & whites) are the aerial photos you will receive in May at the Assessors' District Meetings.

Remember: "Never look a gift horse in the mouth…He might kiss 'ya!"

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Property Tax News From Around The Country

California...

A California Constitutional initiative is drawing fire from numerous taxpayer groups. The proposed $50 parcel tax on nearly every California property has generated some intense debate in recent days. Many Californians perceive the tax to be a frontal assault on Prop. 13 that would open the floodgates to escalating property taxes.

The Classroom Learning and Accountability Act would levy an annual $50 flat tax on almost every California property, raising about $500 million for smaller class sizes, school safety, textbooks, school modernization and state-level data collection. Disabled people and senior citizens older than 65 would be exempt from the tax.

Florida...

Florida legislators are focused this year on expanding the 1992 Save Our Homes amendment to allow homeowners to take their exemption from one house to another without seeing a spike or increase in their tax bills.

So far, the issue has gotten off to a fast start. A House panel has already passed two versions of the bill, both of which would give homeowners a tax break when they move. Leaders in a Senate committee are working to craft a consensus version.

The money at stake is staggering. An analysis of one of the bills shows that in seven years, portability would cost local and county governments $2.4 billion in revenue.

Opponents say it would create an unequal tax system, since government won't shrink but people who move from one house to the next pay far less in taxes. The result: A shifted burden to first-time homebuyers, rental property landlords and business owners.

Supporters say those fears are overblown. They point to economic studies that indicate government revenues would continue to grow even with a portability provision added to Save Our Homes.

Maine...

A legislative panel is drafting a constitutional amendment that would radically change the way cities and towns tax property.

The proposal would tie increases in tax value to the rate of inflation rather than market forces—except when a property is sold.

The new system would take effect after approval by lawmakers and voters. Property values would be based initially on market prices, then annual increases would be limited to the rate of inflation.

When a property is sold, the sales price would become the base value for property tax purposes.

New Jersey...

New Jersey's average property tax bill last year neared $6,000, rising 6 percent from the year before and ballooning nearly 40 percent over the past five years.

The average property tax rebate check for most middle-class homeowners barely covered the annual increase, according to figures compiled by the State Department of Community Affairs.

The average rebate was $330 for households earning under $200,000, while taxes rose $323 on average between 2004 and 2005, the report shows. Senior citizens, however, fared better, thanks to rebates of $1,200.

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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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Ohio...

Ohio's decision to eliminate the 10% state rollback on property taxes on commercial properties was challenged in a suit filed recently in the Ohio 10th District Court of Appeals (Franklin County) by two Columbus apartment owners, with support from apartment trade groups.

The lawsuit maintains that dropping the rollback on commercial properties was unconstitutional because it treats residential properties with four or more rentals differently than properties with three or fewer units.

The Ohio General Assembly last year kept in place the property tax rollback on residential properties, including rentals with three or fewer suites, when it eliminated the rollback for commercial properties as part of Governor Taft's deficit reduction and tax reform package.

State government believes the Legislature has the right to establish tax credits, or rollbacks, for different property types, according to Gary Gudmundson, spokesman for the Ohio Department of Taxation.

Texas...

Members of the Tax Reform Commission appointed by Texas Governor Rick Perry met for their final hearing recently in Houston.

Perry formed the Texas Tax Reform Commission in November, shortly before the Texas Supreme Court ruled the school finance system unconstitutional because it amounts to a "de facto" statewide property tax.

The court set a June 1 deadline for the Legislature to devise a new finance system that would give the state's 1,031 school districts "meaningful discretion" in setting property tax rates. Perry is expected to call a 30-day session in April.

Former Texas controller John Sharp, Perry's one-time political rival, has said the 23-member commission is leaning toward recommending a broadened business tax to pay for a one-third deduction in property taxes.

With few exceptions, Texas school districts are capped at $1.50 per $100 valuation in ad valorem taxes for maintenance and operations.

Personal Property News

Dog Included in House Sale
"Rocky" Listed in Contract as 'Personal Property to Stay'

Perhaps Rocky has a nose for real estate. The dog is credited with sealing a home sale in Missouri.

Jared and Whittnie Essner met Rocky while house hunting in Scott City, Mo., and knew they'd found their home—and their new dog.

It turns out the seller couldn't keep Rocky, so as part of the deal, the little guy went with the house.

The realtor says she's never seen a contract like it: "Rocky was in black and white under personal property to stay."

The former owner has visitation rights whenever he wants to see the pooch.

And Jared Essner says he thinks the seller "had a better feeling" about the transaction after seeing the couple with the dog.

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New Home Characteristics (Single-Family)

ITEMS	1950	1970	1990	2003
Finished Area (sq. ft.)				
Average	983	1,500	2,080	2,330
Median		1,385	1,905	2,137
Less than 1,200 sq. ft.	62%	36%	11%	5%
1,200 – 1,599 sq.ft.	19%	28%	22%	17%
1,600 – 1,999 sq. ft.	17%*	26%**	22%	21%
2,000 – 2,399 sq. ft.	—	—	17%	19%
Over 2,400 sq. ft.	—	10%	29%	38%
Number of Stories				
1 story	86%	74%	46%	46%
2 stories or more	14%	17%	49%	53%
Split level	—	10%	4%	1%
Bedrooms				
2 bedrooms or less	66%	13%	15%	12%
3 bedrooms	33%	63%	57%	51%
4 bedrooms	1%	24%	29%	37%
Bathrooms				
1 1/2 bathrooms or less	96%	52%	13%	5%
2 bathrooms	3%	32%	42%	38%
2 1/2 bathrooms or more	1%	16%	45%	56%
Central Air Conditioning				
Yes	NA	34%	76%	88%
No	NA	66%	24%	12%
Fireplaces				
No fireplace	78%	65%	34%	42%
1 fireplace	22%***	35%***	58%	53%
2 fireplaces or more	—	—	8%	5%
Parking				
No garage or carport	53%	25%	16%	10%
1-car garage	41%	22%	10%	6%
2-car or more garage	—	39%	72%	82%
Carport	6%	15%	2%	1%

Source U.S. Bureau of the Census, C-25
* 1,600 square feet or more
** 1,600 – 2,399 square feet
*** 1 or more fireplaces
NA = Not available