



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

Director's Notes:

We've had some positive news on the budget front, but the session has several months left. The good news is that we've been able to scale back our personnel in the mail room. It also appears that it is likely that we won't undergo any further furloughs. That is definitely good news for right now.

We'll still be carefully watching our travel budget and review our travel while still providing necessary service to county assessors. I appreciate your patience with our field analysts as they work under a reduced travel budget. County government understands how it is to work within tight budget constraints.

We've had our first two meetings with the Forms Committee. Ronnie Funck filled in for Wade Patterson and did a good job on the committee.

The best thing that I think will come out of the process will be focusing everyone's attention on the forms, changing those that need changing, and most of all getting everyone using the proper forms. That will go a long way toward standardization among counties, and it will get everyone on the same page.

Public service activity has picked up with calls and questions about renditions. We'll have a Capitalization Rate Conference later this month on March 25th and 26th. We're looking forward to hearing from interested parties.

We'll post the draft study April 6th with a 10-day comment period. We'll post comments received on the web site. Our final study will be posted April 30th.

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.

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. Watch out for the dragons in the uncharted waters.

Jeff Spelman, CAE
Director, Ad Valorem Division

P.S.: "Very few people (men or women) become wise on their own account or from what they've taught themselves. People who are wise learn from others. A person who has taught themselves everything he or she knows has a fool for their teacher." Anwar Caddo. World famous Ad Valorem Philosopher, quote on loan from Ben Jonson.



Last week (March 8-11) I went to Little Rock, Arkansas to attend the 14th Annual GIS / CAMA Technologies Conference at my own expense. This is the fourth GIS/CAMA conference I have been able to attend. It was interesting to see where we are in comparison with other states.

One of the sessions I attended had an assessor relating her experience with her state department of revenue. She was found out of compliance in her ag land use values. (Like several of you, it was work done, or not done, by her predecessor.) It was determined that because the soil books are old and based on out-of-date soils and soil boundaries, she would use the current NRCS soil layer. She was given the NRCS soil layer (the same layer we have been giving you for years). Since the county only had a small percentage of the county mapped, she had to map the bulk of her rural parcels. She then had to map her land use. Next, the state department of revenue took her parcels, land use, and soils and subdivided everything to create a parcel-soil type-land use layer. Within a year of being out of compliance, she was able to roll values, send out notices, and get back into compliance. Her deputies now maintain the parcel layer, the land use layer, and the subdivided parcel-soil type-land use layer.

Listening to her presentation made me realize how ahead of the curve we actually are. The State converted the soil book soil layers to mapped ten acre grids 15+ years ago. Dr. Bendt converted these grids and supplied them to the MIMS counties. Many MIMS counties have been mapping their parcels and land use for many years creating new ag use breakouts automatically (instead of manually cutting the soils by the land use by the parcel). We have supplied the counties with the newer NRCS soil layers and have duplicated the soil breakout capability of MIMS in ArcView.

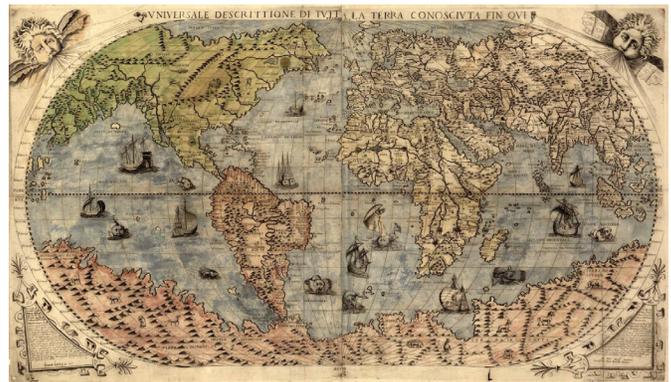
It is fun to go to these conferences and see how much effort and money is being spent on problems Oklahoma has already addressed and solved. Take pride in what you are accomplishing!

Remember: In keeping with the change in daylight saving time, the early worm is for the birds!

A Brief History of Mapping

A map is a graphic representation of spatial concepts for conveying geographic information. Maps are a universal medium for communication, easily understood and appreciated by most people, regardless of language or culture.

Old maps provide much information about what was known in times past, as well as the philosophy and cultural basis of the map, which were often much different from modern cartography (the art and science of making maps). Maps are one means by which scientists distribute their ideas and pass them on to future generations.



Although some historians believe that mapping started in as early as 6,200 B.C. with a nine foot wall painting found in Turkey, most agree that mapping was well under way by 2,300 B.C. with the discovery of various Babylonian clay tablets.

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Ancient Chinese maps produced as early as the 4th century B.C. were known for their accuracy and their detail. By the 2nd century B.C. the Greeks understood that the earth was spherical. By 150 A.D., the Greek astronomer, Ptolemy, proposed a system of projections and coordinate systems to mathematically display a round world flat. During the Middle Ages, map making was warped by religious views in Europe; however, Arabic maps continued to advance earlier Greek concepts.

During the “Age of Exploration”, 15th – 19th centuries, European maps became more detailed, accurate, and complete. The invention of the magnetic compass, telescope and sextant enabled increasing accuracy. Towards the end of the 17th century Sir Isaac Newton proposed that the Earth is a spheroid, not a true sphere. Many countries undertook national mapping programs. Nonetheless, much of the world was poorly known until the widespread use of aerial photography following World War I.

In addition to aerial photography, technology has accelerated mapping accuracy using computers, satellite imagery, GPS measuring, Computer Aided Drawing (CAD) software, and geographic information systems (GIS). The Internet has taken us to the point that anyone with a computer and access to one of the many, free on-line web services can make presentation-style maps.

Are maps realistic representations of the actual world? Not exactly. Field measurements are subject to errors of accuracy and precision. Aerial photographs and satellite images portray only certain portions of the light spectrum, as filtered through the atmosphere and detection instruments. All maps are estimations, generalizations, and interpretations of true geographic conditions.

In spite of these limitations, maps have proven to be remarkably adaptable and useful through several millennia of human civilization. Maps of all kinds are fundamentally important for modern society.

Fannie Mae to Rent Out Homes Instead of Foreclosing

WASHINGTON - November 9, 2009 — Thousands of borrowers on the verge of foreclosure will soon have the option of renting their homes from Fannie Mae.

The government-controlled company, through its “Deed for Lease” program, will allow borrowers to transfer ownership to Fannie Mae and sign a one-year lease, with month-to-month extensions after that.

The program will “eliminate some of the uncertainty of foreclosure, keep families and tenants in their homes during a transitional period, and help to stabilize neighborhoods and communities,” Jay Ryan, a Fannie Mae vice president, said in a statement.

But the effort is likely to affect a relatively small number of homeowners. In the first half of the year, Fannie Mae took back about 1,200 properties through this process, known as a deed-in-lieu of foreclosure. That pales in comparison to the 57,000 foreclosed properties the company repossessed in the period.

While neither option is particularly attractive for the homeowner, a deed-in-lieu does less harm to the borrower’s credit record.

The rental program is designed to help homeowners who don’t qualify for a loan modification under the Obama administration’s plan, but still want to remain in their homes. Fannie Mae is not planning to market the homes for sale during the one-year rental period.

To qualify, homeowners have to live in the home as their primary residence and prove that they can afford the market rent, which would be determined by the management company. The rent can’t be more than 31% of their pretax income.

Fannie Mae’s sibling company, Freddie Mac, launched a similar effort in March. That policy, however, requires the foreclosure to be complete and only allows month-to-month leases. A Freddie Mac spokesman declined to say how many borrowers have participated.





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“4C” March Meeting

Chairperson Debbie Collins conducted the County Computer Coordination Committee meeting on March 9 which was held in the Ad Valorem Division’s office.

Installation of the new computer program is still on hold awaiting finalization of the licensing agreement.

Although casinos and their parking lots are tax exempt, some hotels which sit adjacent to casinos are taxable as they are not owned by an Indian trust.

The order in which procedures are done is critical to getting the desired outcome. Caution is warranted to ensure the process goes correctly and does not cause the 5% increase to occur twice. It is important to do sample reports to verify the procedure has been accomplished properly. If you believe you have accidentally caused the process to occur twice, notify CCAP immediately for assistance to rectify the situation. Maintaining a good back-up copy is paramount to restoring values in case a double increase occurs.

A few problems have occurred with the new Windows 7 system. However, one county treasurer has all new work stations with Windows 7, and so far all is going well.

Counties are again reminded that cable upgrades are needed for computers to run correctly. Original CAT5 cabling needs to be replaced with CAT6. Bad cabling corrupts the data base. New cabling has provided immediate fixes in some circumstances.

It is important to maintain off-site storage of back-up data. If a county’s back-up tape system is not operational, an option is to contact VLS and send the entire file there for off-site storage.

The future year version which is forthcoming is 2.3.3. Modification was made to the AA file regarding future year to make the process smoother. After testing is completed, it will be on the CCAP website.

Discussion of House Bill 2935 indicated that some additional computer programming would be needed if the measure passes.

The committee’s next meeting date is set for April 6, 2010, at 10:00 a.m. in the Ad Valorem Division office.

District Meetings Dates Set

The following dates have been set for the county assessors’ district meetings in 2010. Additional information will be provided in April.

- **May 7:** S.E. - Pittsburg County
- **May 14:** S.W. - Grady County
- **May 21:** N.E. - Creek County
- **May 28:** N.W. - Logan County

Parking Notice!

Parking is sometimes sparse at the Ad Valorem Division office. If you cannot find a parking place, the building superintendent says it is okay to utilize the parking lot of the similar building north of ours.





Gross Household Income for Eligibility Requirements

When determining the amount of gross household income pursuant to eligibility requirements for the Additional Homestead Exemption or Senior Valuation Limitation, OTC Form 994 must be used for the application. If additional income verification is required, the county assessor may request any documentation necessary from the taxpayer. If using Federal Income Tax Returns for verification, the following should be considered.

When using Federal Income Tax Returns:

Use the most recent return. (Return 2009 and after) Be aware on Form 1040 and 1040A Line 6, line numbers may be different depending on the tax year.

Combine income amounts from the following lines of a 2009 Federal Form 1040 and schedules. This list is not all inclusive, but should give you most of the items of gross taxable income.

- Form 1040:** Line 7 Wages (minus Line 32 IRA deduction)
 Line 8a Taxable Interest (if no Schedule B)
 Line 8b Tax exempt interest
 Line 9a Dividends
 Line 11 Alimony
 Line 15b IRA
 Line 16b Pensions
 Line 19 Unemployment
 Line 20a Social Security (or amount from Box 5 of 1099-SSA if nothing reported on Line 20a or 20b)
 Line 21 Other income
- Schedule B:** Part I, Line 2 Total interest before exclusion from Form 8815.
- Schedule C:** Line 7 Gross income
- Schedule C-EZ:** Line 1 ... Gross receipts
- Schedule D:** Part I, Line 1, Column F Short Term Gains (do not include losses)
 Part II, Line 8, Column F Long Term Gains (do not include losses)
- Schedule E:** Part I, Line 3 Rents received
 Part I, Line 4 Royalties received
 Part II, III & IV ... The taxpayer's allocable share of the gross income of the Partnership, S-Corporation, Estate, Trust or REMIC. (This cannot be found on Schedule E)
- Schedule F:** Line 11 Gross income
- Form 4797:** Form goes with 1040 Return only along with the Schedules.
 Part I, Line 2, Column G gains from property held 1 year (do not include losses)
 Part II, Line 10, Column G ordinary gains (do not include losses)
- Form 1040A:** Use Line 15 (Total Income) minus Line 17 IRA deduction
- Form 1040EZ:** Use Line 4 (Adjusted Gross Income)

As to the Form 1040, taking Line 22 and adding back certain gross income amounts from Schedules B, C, D, E, F or Form 4797 does not account for all types of gross household income as outlined in 68 O.S. § 2890. Specifically, include tax exempt bond interest income, Social Security, Pension or another annuity income. 68 O.S. § 2890 requires the inclusion of the aforementioned regardless of their taxability.

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Also, it should be pointed out that there are a variety of income items that are not required to be included on a Federal Income Tax Return. Some examples of this include Child Support receipts, Welfare or assistance payments (TANF), Personal injury settlements, Federal Earned Income Credit Refunds, Federal Stimulus Payments, or Federal Economic Recovery Payments and certain state refunds (Sales Tax Relief Credit.)

In summary, utilizing Federal Income Tax Returns will not always accurately reflect actual gross household income. It is difficult to ascertain true gross income without input from the taxpayer as to non-taxable or non-reportable income.

When requesting income verification from the Tax Commission, OTC Form 996 must be used for each individual request. The application Form 994 signed by the taxpayer must be attached to the request for verification Form 996. The Tax Commission verification is based on Oklahoma Gross Adjusted Income and may not represent actual gross income. If no Oklahoma Income Tax Return was filed, the Tax Commission will be unable to verify the income. Individual income tax records cannot be released under Oklahoma confidentiality statutes.

Focus on Coal County

When Oklahoma became a state in 1907, Coal County was formed from part of the Choctaw Nation of the Indian Territory. It was originally called "Tobucksy", the Choctaw word for "coal", because of the vast deposits of coal beneath the area. Coal mining operations began in 1877 on land leased from the Choctaw Indian Nation.



Coal County Courthouse, located in Coalgate, Oklahoma

The county seat of Coalgate had originally been called Liddle. When the post office was established in 1898 and an application for incorporation was drawn up, it was suggested the name be changed to honor the President of M.K.&T Railroad, Coalgate Hoyt. That version of the name change was discredited with claims the name originated from a slogan in the early day mining camps, "A GATE to wealth from the COAL industry". Another likely possibility comes from a steel gate that separated the trains from the coal mines north of the town. To get to the coal mines, someone had to open the Coal-Gate. Coalgate was literally the gateway to the richest coal deposits in the Choctaw Nation.

Coal production in the county was second only to Pittsburg County in Oklahoma. The first mine opened in Coalgate was about 100 feet east of Main Street. The vein was so close to the surface that dirt was scraped off with plows. Coalgate became a prosperous, booming town with at least 65 merchant, carpenters, doctors, veterinarians and as many as 7 attorneys and 3 newspapers. The streets in the downtown area were bricked in 1912. The town continued to grow until the mines shut down in the early 1920s.

In the early days, large numbers of Eastern European immigrants worked in the mines and were required to obtain permits costing five dollars annually from the Choctaw Nation in order to live and work in the area.

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