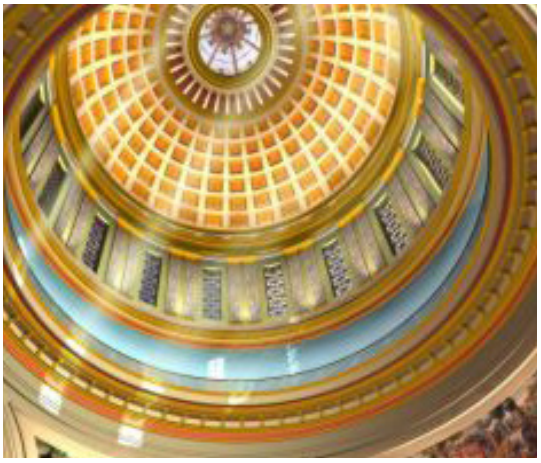


The mission of the Ad Valorem Division of the Oklahoma Tax Commission is to promote an ad valorem property tax system which is fair and equitable to all taxpayers by implementing standard valuation methodology, tax law conformity, and assessment administration compliance.

"IAAO Zangerle Award Winner: 1997 and 2010"

Oklahoma Ad Valorem FORUM

Volume XXV, Issue V ● May 2016

Director's Notes:

We have enjoyed our District meeting visits with everyone. Special thanks to each of our hosts this year. District Chairs were Kelli Minson NE District, Mistie Dunn NW District, Stan Lyles SE District, and Dana Buchanan SW District. Each of you did an amazing job, and you should be proud of your efforts.

It is a lot of work putting together and running these meetings. I just want you to know that it is greatly appreciated. I also know that your staff members played a significant part in your success, and we join you in thanking them as well, for the work that they did on our behalf.

We met with the Assessor's Association Officers, CLGT, and CCAP after the Northeast District Meeting in Vinita May 8th to finalize plans for the 72nd Annual Educational Conference. The conference will be held at the Southern Hills Marriott in Tulsa August 4-7. We have a good agenda planned, and I know the Association officers have been working hard to plan your evening activities.

Remember we will have Randy Ripperger, CAE, IAAO President Elect, attending the Tulsa Conference. We have also arranged for Lisa Hobart, PPS and Toni Viens, MAI to provide instruction on personal property audit and depreciation issues, and commercial appraisal challenges such as valuation of sale-leasebacks, among other appraisal topics.

And of course, our colleagues at CLGT and CCAP will provide valuable information and participate in the Conference in a significant way, as always. We appreciate their assistance and cooperation in helping us provide our Oklahoma Assessors with such great educational material each August.

The end of May also marks the end to yet another Legislative session. There were very few ad valorem bills that made it through the legislative process, and obviously the main attention of the Legislature was directed towards dealing with the significant budget issues at the state level.

The Ad Valorem Division will continue to work hard to minimize the impact that the reduced budgets will have on our audits and county assistance efforts going forward. I am grateful to each and every one of our staff members, who are always striving to operate in a professional manner with a service-oriented approach to all that they do, in spite of the many challenges.

June will be eventful also, with Abstracts due, Assessor's Association "4-C" and Forms Committee Meetings June 14, State Board of Equalization meeting June 20, and IAAO Course 102 "Income Approach to Valuation," June 20-24 in Tulsa.

As always, I continue to enjoy working with your Association Officers and appreciate their service and professionalism. I hope each of you has a great summer season. Hopefully you can find a little time away

Continued on page 2...

Volume XXV, Issue V ● May 2016

Continued from page 1 "Director's Letter"...

from the office to rest and relax during your "calm" period (or maybe that should be your "less hectic and crazy" period)!

Kind Regards,
Joe Hapgood, CAE
Ad Valorem Division Director

P.S. – "Be not simply good; be good for something." - Henry David Thoreau

Let's talk about land valuation. Are you counting dots, or are you using your mapping system to evaluate your land? Per statute, all lands must be evaluated at least once every four years *(§68-2820)*. Along with your normal visual inspections, your *land-use* needs to be updated by visual inspection, with the assistance of aerial photography. If you are using the old land books, the USDA stopped printing those back in the 60's; or if you are using Mylar's given to the Assessor's office back in the 90's, they are out of date as well. A few things have changed since then. The only way to have updated *land-use* is to keep it up-to-date, and that means to reproduce it at least once every four years. Now, that does not mean you need to completely trash what you had previously done, but you do need to go through it (preferable during your visual inspection cycle) and verify that it has not changed since the last time you looked at it.

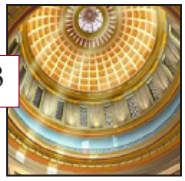
There are four agricultural use categories that have been defined by the State Equalization Board and the Ad Valorem Division, Oklahoma Tax Commission (OTC). The four sub-classifications of agricultural real property are identified as: Cropland, Improved Pasture, Native Pasture, and Timber. Each is defined as follows:

- **Cropland:** Land actually cultivated, or that was cultivated during the immediately preceding calendar year, for the production of agricultural commodities, to include fruit and nut orchards, commonly referred to as farming, according to its actual use. Cultivated land which is idled and placed in a conservation reserve program, and upon which an annual payment is received, will continue to be classed as cropland. (wheat, corn, peanuts, cotton, alfalfa, etc.)
- **Improved Pasture:** Land currently being used, and maintained, for the production of improved grasses. (Bermuda, Fescue, Plains-Bluestem, etc.)
- **Native Pasture:** Land currently used for the production of non-improved grasses. (Old World (native) Bluestems, Buffalo, Indian, Switch, etc.)
- **Timber / Waste:** Refers to all other lands in this state which are not classified as cropland, improved pasture, and native pasture.

Determination of whether a parcel is cropland, improved pasture, native pasture or timberland can be done in the following ways: **On-site inspection, Aerial Photography, Questionnaire to owner, or Questionnaire to renter.**

Since it can be difficult to determine the exact amount of land designated as cropland, improved pasture, native pasture or timber-wasteland by on-site inspection, the county assessor may need to question the renter or owner. An alternative to questioning the renter/owner is inspecting maps and aerial photographs. Maps and aerial photographs on agricultural land use are maintained by the *Natural Resources Conservation*

Continued on page 3...



Volume XXV, Issue V ● May 2016

Continued from page 2 "A Mapping Minute"...

Service (NRCS), USDA. Such maps are available in most county NRCS offices. Aerials flown by the Farm Services Agency (FSA), USDA and provided to the counties by the Ad Valorem Division can also be used to indicate land use. NRCS does not normally measure the area unless the owner is participating in one of their programs. An on-site inspection is necessary to confirm information taken from the photos. A comparison of the aerial photograph with the soil map of the section will more easily identify the use by soil type.

Aerial photographs give a good indication of (a) the agricultural use(s) and (b) the amount of acreage in each agricultural use. It is good practice to first inspect the aerial photographs and then follow up with a visit to the property. The aerial photograph is also an important tool in locating and identifying improvements or structures situated on the land.

Most counties have a soil layer that they can use to help with properly categorizing of *land-use*. If you do not, contact me, and we can work out a way to help modernize your current methods. I will be teaching a class on this subject at the Annual Education Conference in August. If you are interested in mapping, I will look forward to seeing you there. 'Till next time….

§68-2820. Visual inspection of taxable property.

A. Each county assessor shall conduct a comprehensive program for the individual visual inspection of all taxable property within his respective county. Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years.

"Let's Get Personal" Property

by Patty Heath

Thank you for your responses to the 5-Year Exempt Manufacturing balancing. Here are the actual figures: Total Reimbursement - $80,234,967; Common Ed - $54,924,091; County - $12,390,208; Career Tech - $10,063,888; other - $2,281,072; and Community College - $575,708.

With the estimated amount in the Reimbursement Fund at $9.0M, the legislative appropriation will have to be at least $45,000,000 to cover common education. According to Tax Policy, there will be a $47M appropriation in the Governor's budget, which when added to the estimated balance remaining in the fund of $9M, should cover the amount for Common Education.

This should prepare assessors' offices for future conversations that may occur with school superintendents.

This will be the largest appropriation of monies in the history of the 5-Year Exempt Manufacturing Program. The projected payout by property type still has Electric Wind Generation leading the way at 39% of the reimbursement amount, with Traditional Manufacturing at 23%. The rest as follows: Large Manufacturing at 19%, Data Computer Processing at 18%, and Distribution at 1%.

HJR 1024, which will eliminate the 5-Year Exempt Manufacturing program, popped up during this legislative session, and is still in committee. The bill has until the end of session to be passed. The bill would put the exemption approval back in the hands of the counties with no reimbursement from the state. The end of session is May 27, 2016.

Ad Valorem Forum Mailing List:

If you have coworkers who would enjoy receiving this monthly publication, please send their email address to jbittner@tax.ok.gov.

Volume XXV, Issue V • May 2016

Carol Prewett, a former Ad Valorem Division staff member, passed way Sunday, May 15, 2016, after a struggle with cancer. Carol worked for the state of Oklahoma for 46 years.

Carol did an excellent job with statistical data, revenue impact studies, and other calculations important to the functions of the Ad Valorem Division. As a result of her abilities, the division director at the time decided SHE would be the FIRST person in the division to get a computer. She politely declined, saying she knew nothing about computers. The director said, "it's time for you to learn," and plopped a very large book on her desk and walked away. Reluctantly, she took on the challenge, and in true Carol form, excelled at it. She mastered the computer and software programs needed for the division. She became the "in-house" computer tech, and was very good at it. So good in fact, the I.T. department tried to steal her away. Since she didn't want to leave Ad Valorem, her duties were redefined and job title changed, so she could stay.

Carol loved to help others through her work, and made many friends not only among her co-workers, but with county assessors and others across the state.

The Ad Valorem Division celebrates the life of Carol Prewett, and wishes to extend its deepest sympathy to the family and friends of Carol as they deal with her loss.

Mary Copeland Fallin

Twenty-seventh Statehood Governor

January 10, 2011 - Present

Mary Fallin was the first woman to be elected Governor of Oklahoma. She was sworn in for her first term in 2011, and was elected to a second term, which began in January 2015.

Mary Newt Copeland was born in Warrensburg, Missouri in 1954 to Newton and Mary Jo Copeland. Following completion of her father's service in the U.S. Air Force, the family settled in Tecumseh, Oklahoma. After graduating from Tecumseh High School, she attended Oklahoma Baptist University and the University of Central Oklahoma. She was graduated from Oklahoma State University in 1977, with a degree in Human and Environmental Sciences as well as Family Relations and Child Development.

She married Joseph Fallin in 1984, and the couple had two children. The couple divorced in 1999. In 2009, she married Oklahoma City attorney Wade Christensen. The couple has a combined family of six children.

Continued on page 5...

Volume XXV, Issue V ● May 2016

Continued from page 4 "The Governors of Oklahoma - Mary Copeland Fallin"...

In the past, Fallin has worked for the state at the Department of Tourism and Recreation, the Oklahoma Employment and Security Commission, and the Office of Personnel Management. She worked in the private sector in 1983 in hotel management, and as a real estate broker. She ran for a seat in the Oklahoma state house in 1990, and served four years in the Oklahoma legislature.

Governor Fallin meets with families who lost their houses in the 2012 Creek County fires.

She was the first woman elected as Oklahoma's lieutenant governor in 1994, and was sworn into office in 1995. She served as lieutenant governor until her election to Congress.

In 2006, Fallin ran for the U.S. House seat being vacated by Rep. Ernest Istook. She was elected to the 110th Congress, and served two terms. She chose not to run for a third term, running for the office of governor instead.

During her campaign for governor, Fallin vowed to cut state spending by improving purchasing practices and consolidating state agencies.

In 2013, Governor Fallin joined others on the third annual Stan's Ride, Oklahoma's Own Ride Against Childhood Hunger.

Throughout her first term as governor, Fallin worked to streamline government operations, cut income tax, and rework the state's pension system. She signed legislation which overhauled the state's worker's compensation system, lawsuit reform, and education reform. She also submitted a plan to deal with deficient bridges on the state's highway system.

Fallin was re-elected to a second term, and sworn in January 12, 2015, only the fourth person to be elected consecutively to the office. Since beginning her second term as governor, the state has been faced with a decline in tax revenues, creating a sizable budget deficit.

Gov. Fallin resides in the Governor's Mansion with "first gentleman" Wade Christensen.

Watch Your Mailboxes...

Registration packets for the 72nd Annual Educational Conference will be mailed out the first part of June. The conference is slated for August 4-7 at the Southern Hills Marriott in Tulsa.