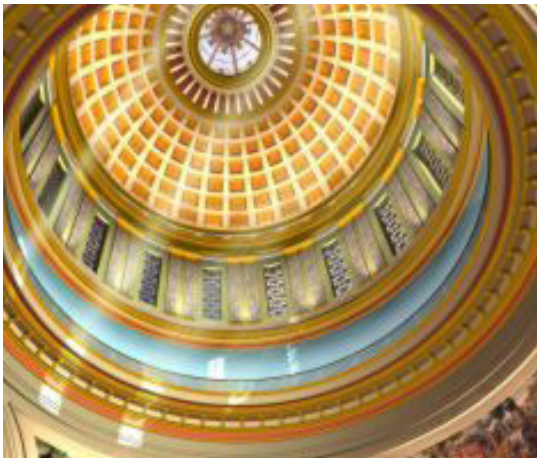

The mission of the Ad Valorem Division of the Oklahoma Tax Commission is to promote an ad valorem property tax system which is fair and equitable to all taxpayers by implementing standard valuation methodology, tax law conformity, and assessment administration compliance.

"IAAO Zangerle Award Winner: 1997 and 2010"

Oklahoma Ad Valorem

FORUM

Volume XXIII, Issue X ● October 2014

Director's Notes:

With Halloween just around the corner it has been a "trick or treat" kind of month. As everyone is aware, Jeff Spelman retired on the first of October which was a big loss for the Ad Valorem system in Oklahoma and the absence of a director and friend for me. With Jeff's retirement I was appointed acting director October 1st and will serve until a new director is appointed by our commissioners. Someone asked me last week how it felt to be director, and I replied "no different that it felt the day before". I guess after a while with all the issues we addressed together over the twenty some years when Jeff was the director, it still seems the same as it was, just no more group therapy sessions with Jeff now. Like I frequently say "It is all the same only different".

The transition will be seamless with no major policy changes and no personnel changes; everything will remain about the same. As usual, my door and phone line are always open to everyone no matter what the issue is, so keep those speed dial lines open.

The fall conference week is always a busy week for us. Just think, two years ago we were just finishing up the "test audit" which the State Board of Equalization directed us to perform. Now, this is the second year of the actual performance audit along with the Equalization Study we have performed for years. The exit conferences this year have been a plus for both the division and the counties. We visited with numerous counties during the week of the conference and were able to answer many questions before the data was finalized. Thanks to all the counties who participated in the exit conference review process.

Last month we had a successful personal property meeting to review the personal property schedule data and methodology for 2015. We have used this approach for several years, so the process will be open and transparent allowing participants opportunity to provide information and comments.

Doug Brydon is currently reviewing the data for the personal property schedule and will post the first draft the first week in November which will open a ten-day comment period. When the final draft is posted on December 1, another ten-day comment period will open before posting the schedule on January 2. Anyone is welcome to provide comments. You may also email your comments to Cyndi Heath cheath@tax.ok.gov or Doug Brydon dbrydon@tax.ok.gov.

Joe Hapgood and his staff have completed the Equalization Studies for 2014, and they are putting the final touches on the performance audit which will be submitted to the State Board of Equalization subcommittee in November. Greg, Rob, Troy and Joe have also been working on the fall county assistance projects which are a very big part of what we do.

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This time of year is the culmination of a year's worth of work for our Assessment and Equalization Analysts. Our staff travels extensively over the year to assist the counties with various issues and finish the work for the mandated equalization study and performance audit. It takes everyone to make all the data come together on these projects. Thank you to all who make this possible.

The five-year manufacturing exemption project inspections are coming to a close now with about 117 new exemptions. Doug Brydon, Patty Heath, Paula Gibson and Mary Shipp have made numerous inspections of applicant assets across the state. Again, the wind electric generations were our most expensive of the new projects this year. We expect the wind projects to be about fifty percent of the total reimbursement for 2015.

Sincerely,

Kenny Chuculate, Acting Director

Help. "Help" is mostly my entire job description.

I help counties with mapping training, mapping questions and mapping hardware and software support. I help cities update their municipal boundaries and answer boundary questions. I help other Tax Commission divisions with sales tax situs and city boundary questions. I help ones within the Ad Valorem Division with taxable district boundaries and situs questions.

So what does the word "help" mean?

This is the definition of "help" per the Merriam-Webster online dictionary (http://www.merriam-webster.com/dictionary/help):

Help: verb \'help; Southern often 'hep *also* 'heəp\

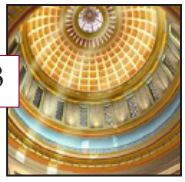
- to do something that makes it easier for someone to do a job, to deal with a problem, etc., to aid or assist someone
- to make something less severe, to make something more pleasant or easier to deal with
- to give (yourself or another person) food or drink

As you can see from this definition, "help" is also your job description.

Remember: Was this Mapping Minute an offer to help… or… a cry for help? You decide!

Ad Valorem Forum Mailing List:

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



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"Let's Get Personal" Property

by Doug Brydon

Patty Heath is wrapping up the 5-year exempt manufacturing inspections. The next set of printouts should be mailed the first week in November. Also, we will be requesting mill levies that week so be on the lookout for those letters from our office.

The XM2-XM5s were distributed at the annual conference and should be balanced now. We haven't heard much feedback on this issue, so I assume that the XM2-XM5s balanced which is good. If there is any variance, please contact Patty Heath to resolve. There will be another printout sent in November with the XM1s included.

The Personal Property Schedule Public Meeting went well. There were no comments to post to the web. Industry data is still under review and the Draft Business Personal Property Schedule which will be on the web November 3, 2014 for review.

Here is the remaining timeline process for the Personal Property Schedule:

November 4, 2014: The Ad Valorem Division will post the Draft Business Personal Property Schedule on the website.

Ten-Day Comment Period: Parties wishing to submit written comments on the draft may do so within the ten-day period by November 14, 2014. These comments will be posted on the website and available to anyone who accesses them.

December 1, 2014: The Ad Valorem Division posts its proposed changes to the Business Personal Property Schedule on the website. The entire schedule will not be reposted. Only those sections the division proposes to change, or those sections where comments were received, will be posted.

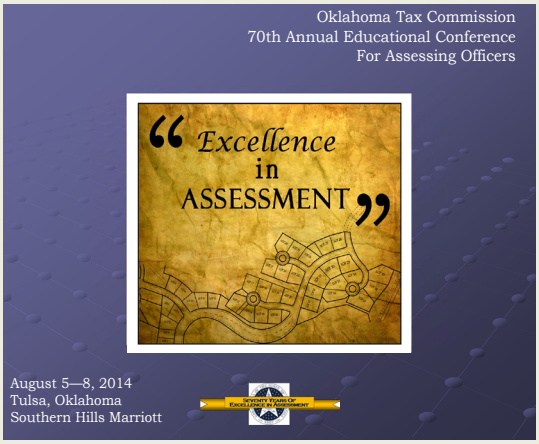
Second Ten-Day Comment Period: Parties wishing to submit written comments on the changes may do so within the ten-day period by December 12, 2014. The division will post all comments received during the second comment period.

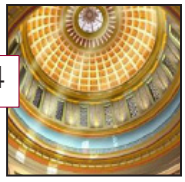
January 2, 2015: Upon approval of the Oklahoma Tax Commissioners, the Business Personal Property Schedule for 2015 will be posted on the website and available for use. Hard copies will not be printed for 2015; the Schedule will only be available through the website.

"The problem is not that people are taxed too little; the problem is that government spends too much." Ronald Reagan

Conference Presentations Available

The presentations given at the Oklahoma Tax Commission Annual Conference for Assessors and Deputies held August 5 - 8, 2014, are now available on the web. The location is the OTC website, Ad Valorem page, and then access the "Assessor's Only" section.





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Henry Sampson Johnston

Seventh Statehood Governor

January 10, 1927 - March 21, 1929

Henry S. Johnson was an American lawyer and politician who served as a delegate to the Oklahoma Constitutional Convention, the first President pro tempore of the Oklahoma Senate, and the seventh governor of Oklahoma. He would become the second governor in Oklahoma history to be impeached and removed from office.

Born in a log cabin on December 30, 1867, Johnston was a native of Evansville, Indiana. Johnston would move to Colorado at age 24 where he studied law and passed the bar exam in 1891. After a few years in Colorado, Johnston would move to Perry in Oklahoma Territory where he would become a powerful and popular figure throughout the area around Noble County.

Upon announcement that Oklahoma and Indian Territories were to combine into one state, Johnston was elected in 1906 to represent Noble and the surrounding counties at the Oklahoma Constitutional Convention. During the convention, Johnston would be elected to serve in the body's number-two office as the President Pro Tempore of the Convention. Johnston met future governors Charles Haskell, William Murray and Robert Williams. These men would work together to write one of the most progressive Constitutions of any U.S. state, as well as the longest governing document in the world at the time.

On November 16, 1907, the U.S. Congress accepted the Oklahoma Constitution, and on the same day, Charles N. Haskell was inaugurated as the state's first governor. Johnston was elected to the Oklahoma Senate to serve in the First Oklahoma Legislature. A popular figure, Johnston was selected as the first President Pro Tempore of the Oklahoma Senate. Johnston married Ethel Littleton, one of the reporters for the new legislature, and they adopted four children.

Among Johnston's most powerful supporters were prohibitionists, Protestant churchmen, and Freemasons. So popular was Johnston that he placed his name in the Democratic primary in 1926 to run for Governor of Oklahoma to replace outgoing Governor Martin E. Trapp.

With all the hopes of a successful administration, Johnson was inaugurated as the seventh Governor of Oklahoma on January 10, 1927. Immediately, the Oklahoma Legislature approved Johnston's appropriation proposals to establish a crippled children's hospital and increased school aid funds to over $1,500,000 a year. As one observer cited, it was the "highest public school subsidy in state history at the time."

However, problems would haunt Johnston's governorship from the beginning. Before the state legislature adjourned in May 1927, complaints were raised against Johnston's private secretary, Mrs. O. O. Hammonds. The legislative leaders believed Hammonds held too much power over the governor and believed that she was making executive decisions and appointments. Claiming that Johnston was neglecting his duties, the leaders of the state legislature demanded that she be immediately discharged from the governor's services.

Determined to impeach Johnston, by the end of 1927 the legislative leaders met in special session under a newly adopted initiative proposition. This measure was introduced to deal with Governor Jack C. Walton's impeachment four years earlier. In this special session, the state legislature announced its plans to investigate the governor. Before the Oklahoma Legislature could act, the Oklahoma Supreme Court intervened to the benefit of Johnston. The court ruled in the case Simpson v. Hill that the Legislature's

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actions were unconstitutional, and they could only meet during regular sessions or at the call of the governor in special session. Following the Supreme Court's example, Oklahoma City's district court issued an injunction against the Oklahoma Legislature, preventing state lawmakers from convening.

Ignoring both courts, the state legislature proceeded with its plans and headed for the Oklahoma State Capitol to continue with impeachment charges. The Oklahoma Legislature was only stopped when Oklahoma National Guard troops, under the orders of Johnston, prevented them from entering the Capitol. This did not stop the Legislature from acting. The Legislature convened on December 13, 1927 in the Huckins Hotel in downtown Oklahoma City. There, the Oklahoma House of Representatives raised charges, which the Oklahoma Senate as the Court of Impeachment agreed to, against Governor Johnston and many members of his administration.

However, realizing that the judicial branch sided with the executive branch on this matter and that the courts were concerned over the legality of their session, the state senate dismissed the issues and the state legislature adjourned. The whole event only made Johnston more popular and powerful. The people loved him for using the courts to decide the issue, rather than martial law.

Perry's Courthouse Park was filled with well wishers who turned out to greet Henry S. Johnston in 1929 when he returned from Oklahoma City after having been impeached from the governor's office.

Johnston returned to serve for several months without any harassment from the state legislature. However, everything changed toward the end of 1928. That year, the Democrats had selected Alfred Smith as their U.S. presidential nominee to challenge the Republican nominee, Herbert Hoover. Supporting his Democratic ally, Johnston campaigned in the state on Smith's behalf. Smith supported the end of prohibition and he spoke out against "religious bigots." Hoover won the presidency in an overwhelming national landslide with 58% of the popular vote. In Oklahoma, Hoover did even better and trounced Smith with 63.7% of the vote. Many Oklahoma Republicans won state offices on his coattails, including seats on the Oklahoma Supreme Court, a near majority in the Oklahoma House, and large gains in the Oklahoma Senate. Johnston was left alone as the only strong Democratic figure in the state.

When the state legislature met in regular session in 1929, both Democrats and Republicans crafted a second wave of impeachment charges. Of the thirteen charges presented by the Oklahoma House of Representatives, the state senate accepted eleven. On January 21, Johnston was officially suspended from office and Lieutenant Governor of Oklahoma William J. Holloway became acting governor.

Johnston's impeachment trial began on February 6, 1929, and would last over six weeks. The trial came to an end on March 20 with the state senate removing Johnston from office on the eleventh charge: general incompetence. The ten other charges were dismissed. Historians have come to agree with Johnston that he was likely forced from the governor's office not for malfeasance, but solely for political reasons by bitter enemies from within his own party.

On the same day of the impeachment verdict, Holloway became the eighth governor of Oklahoma.

The removal of Johnston proved to be the Oklahoma Legislature's apex of dominance against the other two branches of state government. He was the second lieutenant governor to become governor through the gubernatorial succession process in state history, the first being Martin E. Trapp.

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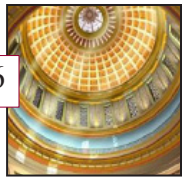

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Following impeachment, Johnston returned to practice law in Perry. Four years later, he would win a term in the state senate, serving from 1933 to 1937. After leaving the Senate, he would once again return to practice law in Perry, where he died at the age of 97 on January 7, 1965 and is buried in Perry.

Over the first two decades of Oklahoma's state existence, the state legislature had brought impeachment charges against four governors and had removed two. Only Governors Charles N. Haskell and Robert L. Williams would wield great executive power during this time. Due to its impeachment ambitions, the state legislature's power diminished in regard to removing governors from office.

Governor Johnston proposes creation of a State Tax Commission during his 2nd State of the State Address

The Constitution of the State of Oklahoma has given the legislature great latitude in dealing with the matter of taxation. But few limitations are found therein. It is the mature judgment of those who have made a life study of taxation, both from the standpoint of those who administer the laws governing the raising of revenues, as well as those who are taxed to meet the expenditures of government, that in the place of a state commission composed of state officers who have many other duties to perform and their work on such commission being secondary, there should be created a State Tax Commission who should be constantly in session, with the same powers and duties as are now given to our present state taxing board.

To accomplish this idea in Oklahoma, it would necessitate an amendment to the Constitution. We may, however, under the terms of our Constitution, create a tax commission by legislative enactment, clothed with sufficient authority to arrive at a just and equalized value of all property in the state, subject to taxation, subject of course to review and approval of the State Board of Equalization.

It is a well-known fact that in Oklahoma, millions and millions of taxable property is either not on the tax rolls or if on the rolls, at a very ridiculous value. Appropriations are growing by leaps and bounds. Additional values must be discovered.

To expect the Governor, the Attorney General, the Secretary of State, the State Treasurer, the State Auditor, the Examiner and Inspector, and the President of the Board of Agriculture to attend to their regular duties prescribed by law and at the same time assess all the public service properties justly, properly, and fairly, equalize valuations as between counties, with satisfactory results, is expecting the impossible.

Our State Board of Equalization has neither the time nor the experience necessary to cope with the problem, while a State Tax Commission, if composed of men who have had years of experience in tax matters, who know valuation, who can analyze balance sheets and who are in session from January to December, is bound to accomplish results so great that a more extensive program relative to our common school relief would soon obtain. My two years' experience on the State Board of Equalization leads me to recommend to you the creation of a Tax Commission, composed of tax experts.

Calendar of Events

Nov. 18 - 20: **Unit V, Personal Property Appraisal**
- Hilton Garden Inn, Norman

Dec. 2 - 5: **Unit VI, Cadastral Mapping**
- Hilton Garden Inn, Norman

Dec. 17 - 18: **Unit VII, Ag Land Valuation**
- Hilton Garden Inn, Norman

Jan. 13 - 16: **Unit I, Intro to the Assessor's Office**
- Hampton Inn, Tulsa Central

Feb. 10 - 13: **Unit II, Real Property Appraisal**
- Hampton Inn, Tulsa Central