



Oklahoma Ad Valorem

FORUM

Director's Notes:

Happy New Year Everyone!

Time to make a few New Years resolutions for 2004.

The Ad Valorem Division staff members are looking forward to 2004. I believe we'll have lots of challenges ahead, but I think that it should be a good year.

Our County training and support section has spent a lot of time and several thousand miles this past fall completing installation of the Windows version of the CAMA software. Glen Blood reports that the new Windows version of the State Computer System is doing well, but there are always problems related to a new software installation. If you encounter a problem, record as much information as possible on exactly what happened and get in touch with Glen.

Many counties are also using the CAMA system for personal property as well as using laptops in the field to take personal property renditions. This should save a lot of work as well as providing good service to taxpayers.

The State Board of Equalization (SBOE) Subcommittee on Public Service Guidelines has been meeting regularly to review the guidelines for public service valuation. This Subcommittee takes a huge chunk of time for the Ad Valorem Division Public Service Section. It is really difficult to explain a complicated process in a clear manner, but the Subcommittee is doing a good job of focusing on the issues.

We're expecting that the Five Year Exemption for manufacturing facilities and the Additional Homestead Exemption will again face funding challenges. We will have approximately \$48 million in claims and dealing with the reimbursement will be difficult.

As we move forward into 2004, we're also looking forward to the continued good working relations with the State Auditor and Inspector (SA&I) and Center for Local Government Technology (CLGT), Cooperative Extension, the County Assessors' Association, the Oklahoma Association of Tax Representatives (OATR). A good solid relationship between these groups helps everyone in the ad valorem system and provides better service for state taxpayers.

Thanks to everyone.

And Happy New Year.

Jeff Spelman, CAE Director Ad Valorem Division

P.S. "If you wait until the last minute to solve a problem, it only takes a minute." Anwar Caddo.

A Look Ahead...

- February 10-13, CODA meeting, OKC
- February 16, President's Day
- February 18-20, Unit I, Tulsa
- February 26, Board of Equalization Training, Stillwater



Property Tax News from Around the Country

Indiana:

In the midst of Indiana's property tax debates, a House committee on January 7 considered allowing cities, towns, and counties to raise income, sales, hotel, rental car, and food and beverage taxes to help balance their budgets and cut property taxes.

Iowa:

In his Condition of the State address, Iowa Gov. Tom Vilsack (D) said that in this session the General Assembly should expand the base of the sales tax, raise the cigarette tax by 60 cents per pack, and deal with property tax and corporate tax "loopholes."

Kansas:

Kansas Gov. Kathleen Sebelius (D) kicked off the 2004 legislative session with her State of the State address, unveiling a recommendation that public schools receive new money through significant increases in sales, income, and property taxes.

Massachusetts:

A special Massachusetts panel has recommended that 50 or more localities be allowed to increase their property tax rate cap on businesses to 200 percent above residential rates to meet revenue shortfalls, but only for a limited period of time.

Michigan:

Michigan Gov. Jennifer Granholm (D) has signed SB 718, under which municipalities may establish "brownfield redevelopment zones" and "brownfield authorities" to capture property tax revenue for remedial activities on such land.

North Dakota:

In his State of the State speech on January 14, North Dakota Gov. John Hoeven (R) proposed more property tax relief for seniors, credits for investment to lure high-tech companies, and greater accountability for economic development programs.

Texas:

On March 9, voters in the Texas Democratic Party primary will be offered a vote on a proposed constitutional amendment to prohibit unfounded mandates that would require local property tax increases.



Receive The "Forum" By Email:

To receive the "Ad Valorem Forum" by email, please forward your email address to Cyndi Heath at cheath@oktax.state.ok.us.



Present Status of Property Tax in U.S.

Excerpts from an Article by Jeff Spelman, CAE and Mary Spelman, PH.D. entitled "We Come to Faintly Praise the Property Tax, Not to Bury it: The Importance of the Property Tax in the United States," appearing in the Fall, 2003 IAAO Assessment Journal.

Nationally, the property tax still represents a major portion of the tax base for local government. The total property tax collection for 1997 was \$230,150 million for the entire United States, and property tax has continued to grow.

In the first eight years of the 1990's, property tax revenue grew 47.89% or a 5.98% annual rate.

It can be argued that the expansion economy of the 1990's contributed to this growth rate, but it is remarkable that the property tax continued to grow despite the weight of a number of property tax limitations, caps, and freezes placed on the tax.

On a national level, property tax revenues have grown 235% since 1980 in spite of the passage of many tax limitations such as Proposition 13.

It is also clear that the property tax continues to be closely linked to local government. Based on U.S. Statistical Abstract Governments material, the average per capita property tax was \$852, and of that, \$819 or 95% was property tax for local government (U.S. Census Bureau, Statistical Abstract of United States 2001, p. 267).

The number of local governments relying on the property tax has also remained stable. The number of counties relying on property tax has stayed virtually the same with a small growth in the number of municipalities.

However, the number of school districts, arguably the major clients of the property tax, decreased dramatically. The drop in district numbers over the last fifty years has been noteworthy. One Census publication from 1942 reported an astonishing 106,579 school districts before World War II.

The 1952 data indicated that there were 67,355 school districts, and this number has now dropped to 13,726 districts. Most school consolidations occurred between 1952 and 1972, but the decrease has continued in a moderate fashion for the last ten years.

Despite the Norman Rockwell image of the one-room schoolhouse, consolidated school districts now hold sway.

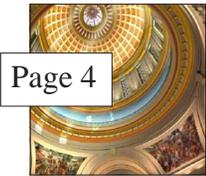
But the most significant finding of the 2002 Census of Governments has been the rise of special taxing districts, which are in effect new "customers" depending on the property tax. Local governments facing property tax limitations have been forced to create special districts to address particular community issues such as fire protection, water supply, sewage, community development, and so forth.

Many of these special districts provide local citizens a way to address limitations on raising general revenue. Unfortunately, new districts of this type create significant administrative problems for the county assessor in tracking and billing properties that may cross or merge with other jurisdictional boundaries.

In my state, Oklahoma, numerous Emergency Medical Districts and Solid Waste Districts have been created in the last ten years demonstrating new functions funded in a different way by the property tax.

The increase in the number of special districts formed to address issues that would originally be considered one of the responsibilities of general local government was exactly one of the unintended consequences of Proposition 13, predicted by several academic works that came out after the passage of the California property tax limitation (Sexton, Sheffrin, and O'Sullivan 1999 p. 108).





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“Mapping Minute” with Troy Frazier

What is the Oklahoma State GIS Council?

GIS stands for Geographical Information System—that basically means computerized mapping with data attached. The Council is formed with members from over a dozen different state agencies. The Ad Valorem Division has a seat with Jeff Spelman or myself usually attending on the Division’s behalf. The Council usually meets on the first Friday of each month.

Why Do You Care?

That is a good question. Why should you care about another state entity? Well, this entity purchased the 1995 digital aerial photos for several million dollars from USGS to make them available to you for free. This entity created a CD-ROM in the mid-1990’s with tons of federal data and a free copy of ArcView for \$15 a copy to cover shipping and handling.

This entity has also created a website with dozens of different data sets for free download and viewing. This entity is allowing state agencies to come together to share resources and funds.

What is Happening Now?

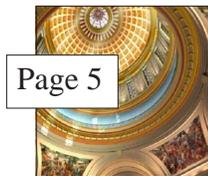
The State Legislature currently has an interim study to see how to change the GIS Council so that it can do more. The Legislature has asked for prospective language to put in a bill for this legislative session. These changes could help to expand the Council to include representatives from county and local government. These changes could also create a few positions in state government responsible for coordination in all levels of government. These individuals may also be able to help with grant applications and other special projects. I guess that we will just have to wait and see!

If you have any questions or concerns, or if you wish to attend the next GIS Council meeting and need the time and location, please give me a call at (405) 521-3178.

Remember:

The easiest to read map is a blank sheet of paper!





Frequently Asked Mfg. Housing Questions

Q: When a home moves to Oklahoma from out-of-state, when do we need an Oklahoma title and how long do we have to get one?

A: Title is to be applied for within 30 (thirty) days of entry into Oklahoma.

Q: How is the excise tax waived if the make/model and serial number is on the warranty deed?

A: On a previously Oklahoma titled home, excise tax is waived per Oklahoma Statutes, Title 68, Section 2105.8.

Q: Do we have to have an Oklahoma title prior to issuing a 936?

A: Oklahoma title needs to be obtained before a 936 is issued unless Oklahoma Tax Commission has issued instructions to the contrary.

Q: How do you get a replacement or duplicate title? How long does it take?

A: The taxpayer needs to go to the local motor license agent and complete an affidavit for a duplicate title. The duplicate title should be received by the taxpayer within 3 to 5 days.

Q: What happens when the owner wants to move a home and the title has not been transferred into their name? What are the procedures, costs, and time involved?

A: If the title is assigned within the current year, a current 936 is required unless a current year registration and decals are issued. If the title is assigned within the previous year, the taxpayer needs to obtain instructions from the Oklahoma Tax Commission, Motor Vehicle Division prior to 936 issuance. The procedures, cost, and time involved depends on the individual situation.

Q: What does "permanently affixed" mean? Is there any state or federal statute? Do finance companies have their own standards?

A: Title cancellation procedures is the only time "permanently affixed" is a considered situation to the Oklahoma Tax Commission Motor Vehicle Division. See the title cancellation procedures letter dated February 11, 2003 in the Manufactured Homes Quick Reference Guide, page 25.

Q: Are manufactured homes in housing authorities' names exempt from property tax?

A: Yes! All property of any housing authority is exempt from ad valorem tax. Refer to 63 O.S. Section 1066, and A.G. Opinions 81-77 and 86-13.

