

An Act

ENROLLED SENATE
BILL NO. 1210

By: Stanley of the Senate

and

Kannady and Swope of the
House

An Act relating to inspection of real property; amending 68 O.S. 2021, Sections 2802 and 2821, which relate to physical inspection of certain real property; modifying definitions; allowing county assessors to use certain technology to inspect properties; and declaring an emergency.

SUBJECT: Inspection of real property

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2802, is amended to read as follows:

Section 2802. As used in Section 2801 et seq. of this title:

1. "Accepted standards for mass appraisal practice" means those standards for the collection and analysis of information about taxable properties within a taxing jurisdiction permitting the accurate estimate of fair cash value for similar properties in the jurisdiction either without direct observation of such similar properties or without direct sales price information for such similar properties using a reliable statistical or other method to estimate the values of such properties;

2. "Additional homestead exemption" means the exemption provided by Section 2890 of this title;

3. "Assessor" means the county assessor and, unless the context clearly requires otherwise, deputy assessors and persons employed by the county assessor in performance of duties imposed by law;

4. "Assess and value" means to establish the fair cash value and taxable fair cash value of taxable real and personal property pursuant to requirements of law;

5. "Assessed valuation" or "assessed value" means the percentage of the fair cash value of personal property, or the percentage of the taxable fair cash value of real property, pursuant to the provisions of Sections 8 and 8B of Article X of the Oklahoma Constitution, either of individual items of personal property, parcels of real property or the aggregate total of such individual taxable items or parcels within a jurisdiction;

6. "Assessment percentage" means the percentage applied to personal property and real property pursuant to Section 8 of Article X of the Oklahoma Constitution;

7. "Assessment ratio" means the relationship between assessed value and taxable fair cash value for a county or for use categories within a county expressed as a percentage determined in the annual equalization ratio study;

8. "Assessment roll" means a computerized or noncomputerized record required by law to be kept by the county assessor and containing information about property within a taxing jurisdiction;

9. "Assessment year" means the year beginning January 1 of each calendar year and ending on December 31 preceding the following January 1 assessment date;

10. "Circuit breaker" means the form of property tax relief provided by Sections 2904 through 2911 of this title;

11. "Class of subjects" means a category of property specifically designated pursuant to provisions of the Oklahoma Constitution for purposes of ad valorem taxation;

12. "Code" means the Ad Valorem Tax Code, Section 2801 et seq. of this title;

13. "Coefficient of dispersion" means a statistical measure of assessment uniformity for a category of property or for all property within a taxing jurisdiction;

14. "Confidence level" means a statistical procedure for determining the degree of reliability for use in reporting the assessment ratio for a taxing jurisdiction;

15. "Cost approach" means a method used to establish the fair cash value of property involving an estimate of current construction cost of improvements, subtracting accrued depreciation including any loss in value that may be caused by physical deterioration, functional obsolescence or economic obsolescence and adding the value of the land.

- a. Physical deterioration is a cause of depreciation that is a loss in value due to ordinary wear and tear and the forces of nature.
- b. Functional or internal obsolescence is the loss in value of a property resulting from changes in tastes, preferences, technical innovations or market standards.
- c. Economic or external obsolescence is a cause of depreciation that is a loss in value as a result of impairment in utility and desirability caused by factors outside the boundaries of the property or loss of value in a property (relative to the cost of replacing it with a property of equal utility) that stems from factors external to the property;

16. "County board of equalization" means the board which, upon hearing competent evidence, has the authority to correct and adjust the assessment rolls in its respective county to conform to fair cash value and such other responsibilities as prescribed in Section 2801 et seq. of this title;

17. "Equalization" means the process for making adjustments to taxable property values within a county by analyzing the relationships between assessed values and fair cash values in one or

more use categories within the county or between counties by analyzing the relationship between assessed value and fair cash value in each county;

18. "Equalization ratio study" means the analysis of the relationships between assessed values and fair cash values in the manner provided by law;

19. "Fair cash value" or "market value" means the value or price at which a willing buyer would purchase property and a willing seller would sell property if both parties are knowledgeable about the property and its uses and if neither party is under any undue pressure to buy or sell and for real property shall mean the value for the highest and best use for which such property was actually used, or was previously classified for use, during the calendar year next preceding the applicable January 1 assessment date;

20. "Fixed-wing aircraft" means a manned flying machine, commonly known as an airplane, that generates lift through the forward motion of the aircraft and wings that do not revolve around a mast, but are fixed in relation to the fuselage of the aircraft. Fixed-wing aircraft must also comply with Federal Aviation Administration regulations. For the purposes of this section, fixed-wing aircraft shall not include unmanned aircraft, commonly referred to as drones, as defined in Section 322 of Title 3 of the Oklahoma Statutes;

21. "Homestead exemption" means the reduction in the taxable value of a homestead as authorized by law;

~~21.~~ 22. "Income and expense approach" means a method to estimate fair cash value of a property by determining the present value of the projected income stream;

~~22.~~ 23. "Inspection" means the inspection of real or personal property by using on-ground site inspections and, thereafter where applicable, by using publicly and commercially available aerial image overlays for purposes of valuation, data collection, or any other purposes related to the duties of county assessors;

24. "List and assess" means the process by which taxable property is discovered, its description recorded for purposes of ad

valorem taxation and its fair cash value and taxable fair cash value are established;

~~23.~~ 25. "Mill" or "millage" means the rate of tax imposed upon taxable value. One (1) mill equals One Dollar (\$1.00) of tax for each One Thousand Dollars (\$1,000.00) of taxable value;

~~24.~~ 26. "Multiple regression analysis" means a statistical technique for estimating unknown data on the basis of known and available data;

~~25.~~ 27. "Parcel" means a contiguous area of land described in a single description by a deed or other instrument or as one of a number of lots on a plat or plan, separately owned and capable of being separately conveyed;

~~26.~~ 28. "Sales comparison approach" means the collection, verification, and screening of sales data, stratification of sales information for purposes of comparison and use of such information to establish the fair cash value of taxable property;

~~27.~~ 29. "State Board of Equalization" means the Board responsible for valuation of railroad, airline and public service corporation property and the adjustment and equalization of all property values both centrally and locally assessed;

~~28.~~ 30. "Taxable value" means the percentage of the fair cash value of personal property or the taxable fair cash value of real property, less applicable exemptions, upon which an ad valorem tax rate is levied pursuant to the provisions of Section 8 and Section 8B of Article X of the Oklahoma Constitution;

~~29.~~ 31. "Taxable fair cash value" means the fair cash value of locally assessed real property as capped pursuant to Section 8B of Article X of the Oklahoma Constitution;

~~30.~~ 32. "Use category" means a subcategory of real property, that is either agricultural use, residential use or commercial/industrial use but does not and shall not constitute a class of subjects within the meaning of the Oklahoma Constitution for purposes of ad valorem taxation;

~~31.~~ 33. "Use value" means the basis for establishing fair cash value of real property pursuant to the requirement of Section 8 of Article X of the Oklahoma Constitution; and

~~32.~~ 34. "Visual inspection program" means the program required in order to gather data about real property from physical examination of the property and improvements in order to establish the fair cash values of properties so inspected at least once each four (4) years and the fair cash values of similar properties on an annual basis.

SECTION 2. AMENDATORY 68 O.S. 2021, Section 2821, is amended to read as follows:

Section 2821. A. Each county assessor shall cause real property to be ~~physically~~ inspected as part of the visual inspection cycle and shall require such examination as will provide adequate data from which to make accurate valuations. After an initial physical inspection of property, changes to property may be discovered with the use of digital aerial images taken by fixed-wing aircraft complying with Federal Aviation Administration regulations; the provisions in this section shall not be construed to authorize the use of digital aerial images taken by unmanned aircraft, commonly referred to as drones, as defined in Section 322 of Title 3 of the Oklahoma Statutes.

B. The information gathered from the physical inspection shall be relevant to the type of property involved, its use category, the valuation methodology to be used for the property, whether the methodology consists of the cost approach, an income and expense approach or sales comparison approach, and shall be complete enough in order to establish the fair cash value of the property in accordance with accepted standards for mass appraisal practice.

C. Information gathered during the physical inspection shall be recorded using a standard method as prescribed by the Oklahoma Tax Commission in computerized or noncomputerized form. The information may include property ownership, location, size, use, use category, a physical description of the land and improvements or such other information as may be required.

D. In order to conduct the visual inspections of real property during the four-year cycle, each county assessor shall acquire and maintain cadastral maps and a parcel identification system. The standards for the cadastral maps and the parcel identification system shall be uniform for each county of the state and shall be in such form as developed by the Ad Valorem ~~Task Force~~ Division of the Oklahoma Tax Commission.

E. The county assessor shall maintain a comprehensive sales file for each parcel of real property within the county containing relevant property characteristics, sales price information, adjustments to sales price for purposes of cash equivalency, transaction terms and such other information as may be required in order to establish the fair cash value of taxable real property.

Each county assessor shall ensure that the office is equipped with adequate drafting facilities, tools, equipment and supplies in order to produce or update maps, sketches or drawings necessary to support the proper administration of the ad valorem tax and such other tools or equipment as may be required to perform duties imposed by law for the discovery and valuation of taxable property.

SECTION 3. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 5th day of March, 2024.

Presiding Officer of the Senate

Passed the House of Representatives the 16th day of April, 2024.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____