

SENATE FLOOR VERSION

February 22, 2024

SENATE BILL NO. 1210

By: Stanley of the Senate

and

Kannady 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.

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;

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

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

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

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

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

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

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

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

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

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

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

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

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

20 15. "Cost approach" means a method used to establish the fair
21 cash value of property involving an estimate of current construction
22 cost of improvements, subtracting accrued depreciation including any
23 loss in value that may be caused by physical deterioration,
24

1 functional obsolescence or economic obsolescence and adding the
2 value of the land.

3 a. Physical deterioration is a cause of depreciation that
4 is a loss in value due to ordinary wear and tear and
5 the forces of nature.

6 b. Functional or internal obsolescence is the loss in
7 value of a property resulting from changes in tastes,
8 preferences, technical innovations or market
9 standards.

10 c. Economic or external obsolescence is a cause of
11 depreciation that is a loss in value as a result of
12 impairment in utility and desirability caused by
13 factors outside the boundaries of the property or loss
14 of value in a property (relative to the cost of
15 replacing it with a property of equal utility) that
16 stems from factors external to the property;

17 16. "County board of equalization" means the board which, upon
18 hearing competent evidence, has the authority to correct and adjust
19 the assessment rolls in its respective county to conform to fair
20 cash value and such other responsibilities as prescribed in Section
21 2801 et seq. of this title;

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

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

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

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

15 20. "Fixed-wing aircraft" means a manned flying machine,
16 commonly known as an airplane, that generates lift through the
17 forward motion of the aircraft and wings that do not revolve around
18 a mast, but are fixed in relation to the fuselage of the aircraft.
19 Fixed-wing aircraft must also comply with Federal Aviation
20 Administration regulations. For the purposes of this section,
21 fixed-wing aircraft shall not include unmanned aircraft, commonly
22 referred to as drones, as defined in Section 322 of Title 3 of the
23 Oklahoma Statutes;
24

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

3 ~~21.~~ 22. "Income and expense approach" means a method to
4 estimate fair cash value of a property by determining the present
5 value of the projected income stream;

6 ~~22.~~ 23. "Inspection" means the inspection of real or personal
7 property by using on-ground site inspections and, thereafter where
8 applicable, by using publicly and commercially available aerial
9 image overlays for purposes of valuation, data collection, or any
10 other purposes related to the duties of county assessors;

11 24. "List and assess" means the process by which taxable
12 property is discovered, its description recorded for purposes of ad
13 valorem taxation and its fair cash value and taxable fair cash value
14 are established;

15 ~~23.~~ 25. "Mill" or "millage" means the rate of tax imposed upon
16 taxable value. One (1) mill equals One Dollar (\$1.00) of tax for
17 each One Thousand Dollars (\$1,000.00) of taxable value;

18 ~~24.~~ 26. "Multiple regression analysis" means a statistical
19 technique for estimating unknown data on the basis of known and
20 available data;

21 ~~25.~~ 27. "Parcel" means a contiguous area of land described in a
22 single description by a deed or other instrument or as one of a
23 number of lots on a plat or plan, separately owned and capable of
24 being separately conveyed;

1 ~~26.~~ 28. "Sales comparison approach" means the collection,
2 verification, and screening of sales data, stratification of sales
3 information for purposes of comparison and use of such information
4 to establish the fair cash value of taxable property;

5 ~~27.~~ 29. "State Board of Equalization" means the Board
6 responsible for valuation of railroad, airline and public service
7 corporation property and the adjustment and equalization of all
8 property values both centrally and locally assessed;

9 ~~28.~~ 30. "Taxable value" means the percentage of the fair cash
10 value of personal property or the taxable fair cash value of real
11 property, less applicable exemptions, upon which an ad valorem tax
12 rate is levied pursuant to the provisions of Section 8 and Section
13 8B of Article X of the Oklahoma Constitution;

14 ~~29.~~ 31. "Taxable fair cash value" means the fair cash value of
15 locally assessed real property as capped pursuant to Section 8B of
16 Article X of the Oklahoma Constitution;

17 ~~30.~~ 32. "Use category" means a subcategory of real property,
18 that is either agricultural use, residential use or
19 commercial/industrial use but does not and shall not constitute a
20 class of subjects within the meaning of the Oklahoma Constitution
21 for purposes of ad valorem taxation;

22 ~~31.~~ 33. "Use value" means the basis for establishing fair cash
23 value of real property pursuant to the requirement of Section 8 of
24 Article X of the Oklahoma Constitution; and

1 ~~32.~~ 34. "Visual inspection program" means the program required
2 in order to gather data about real property from physical
3 examination of the property and improvements in order to establish
4 the fair cash values of properties so inspected at least once each
5 four (4) years and the fair cash values of similar properties on an
6 annual basis.

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

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

20 B. The information gathered from the physical inspection shall
21 be relevant to the type of property involved, its use category, the
22 valuation methodology to be used for the property, whether the
23 methodology consists of the cost approach, an income and expense
24 approach or sales comparison approach, and shall be complete enough

1 in order to establish the fair cash value of the property in
2 accordance with accepted standards for mass appraisal practice.

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

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

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

22 Each county assessor shall ensure that the office is equipped
23 with adequate drafting facilities, tools, equipment and supplies in
24 order to produce or update maps, sketches or drawings necessary to

1 support the proper administration of the ad valorem tax and such
2 other tools or equipment as may be required to perform duties
3 imposed by law for the discovery and valuation of taxable property.

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

8 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT
9 February 22, 2024 - DO PASS
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