

OKLAHOMA STATE SENATE
CONFERENCE
COMMITTEE REPORT

May 22, 2023

Mr. President:

Mr. Speaker:

The Conference Committee, to which was referred

SB684

By: Stanley of the Senate and Kannady of the House

Title: County officers; allowing county assessors to use certain technology to inspect and assess real property. Emergency.

_____ together with Engrossed House Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the Senate accept all House Amendments.
2. By restoring the Enacting Clause.
3. By restoring the title as follows:

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

Respectfully submitted

SENATE CONFEREES:


_____ Pugh


_____ Garvin


_____ Stewart


_____ Alvord

_____ Hamilton

_____ Murdock

_____ Young

HOUSE CONFEREES:

Conference Committee on General Government

Senate Action _____ Date _____ House Action _____ Date _____

1 ENGROSSED HOUSE AMENDMENT
TO
2 ENGROSSED SENATE BILL NO. 684 By: Stanley of the Senate
3 and
4 Kannady of the House
5
6

7 [inspection of real property - technology -
8 effective date]
9

10 AMENDMENT NO. 1. Strike the title, enacting clause, and entire bill
11 and insert:

12 "[inspection of real property - technology -
13 emergency]
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15 ~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

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

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

19 1. "Accepted standards for mass appraisal practice" means those
20 standards for the collection and analysis of information about
21 taxable properties within a taxing jurisdiction permitting the
22 accurate estimate of fair cash value for similar properties in the
23 jurisdiction either without direct observation of such similar
24 properties or without direct sales price information for such

1 similar properties using a reliable statistical or other method to
2 estimate the values of such properties;

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

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

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

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

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

21 7. "Assessment ratio" means the relationship between assessed
22 value and taxable fair cash value for a county or for use categories
23 within a county expressed as a percentage determined in the annual
24 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,
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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. "Homestead exemption" means the reduction in the taxable
16 value of a homestead as authorized by law;

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

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

1 23. "List and assess" means the process by which taxable
2 property is discovered, its description recorded for purposes of ad
3 valorem taxation and its fair cash value and taxable fair cash value
4 are established;

5 ~~23.~~ 24. "Mill" or "millage" means the rate of tax imposed upon
6 taxable value. One (1) mill equals One Dollar (\$1.00) of tax for
7 each One Thousand Dollars (\$1,000.00) of taxable value;

8 ~~24.~~ 25. "Multiple regression analysis" means a statistical
9 technique for estimating unknown data on the basis of known and
10 available data;

11 ~~25.~~ 26. "Parcel" means a contiguous area of land described in a
12 single description by a deed or other instrument or as one of a
13 number of lots on a plat or plan, separately owned and capable of
14 being separately conveyed;

15 ~~26.~~ 27. "Sales comparison approach" means the collection,
16 verification, and screening of sales data, stratification of sales
17 information for purposes of comparison and use of such information
18 to establish the fair cash value of taxable property;

19 ~~27.~~ 28. "State Board of Equalization" means the Board
20 responsible for valuation of railroad, airline and public service
21 corporation property and the adjustment and equalization of all
22 property values both centrally and locally assessed;

23 ~~28.~~ 29. "Taxable value" means the percentage of the fair cash
24 value of personal property or the taxable fair cash value of real

1 property, less applicable exemptions, upon which an ad valorem tax
2 rate is levied pursuant to the provisions of Section 8 and Section
3 8B of Article X of the Oklahoma Constitution;

4 ~~29.~~ 30. "Taxable fair cash value" means the fair cash value of
5 locally assessed real property as capped pursuant to Section 8B of
6 Article X of the Oklahoma Constitution;

7 ~~30.~~ 31. "Use category" means a subcategory of real property,
8 that is either agricultural use, residential use or
9 commercial/industrial use but does not and shall not constitute a
10 class of subjects within the meaning of the Oklahoma Constitution
11 for purposes of ad valorem taxation;

12 ~~31.~~ 32. "Use value" means the basis for establishing fair cash
13 value of real property pursuant to the requirement of Section 8 of
14 Article X of the Oklahoma Constitution; and

15 ~~32.~~ 33. "Visual inspection program" means the program required
16 in order to gather data about real property from ~~physical~~
17 examination of the property and improvements in order to establish
18 the fair cash values of properties so inspected at least once each
19 four (4) years and the fair cash values of similar properties on an
20 annual basis.

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

23 Section 2821. A. Each county assessor shall cause real
24 property to be ~~physically~~ inspected as part of the visual inspection

1 cycle and shall require such examination as will provide adequate
2 data from which to make accurate valuations. After an initial
3 physical inspection of property, changes to property may be
4 discovered with the use of digital aerial images taken by fixed-wing
5 aircraft complying with Federal Aviation Administration regulations.

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

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

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

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

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

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

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1 Passed the House of Representatives the 24th day of April, 2023.

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4 Presiding Officer of the House of
Representatives
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6 Passed the Senate the ____ day of _____, 2023.

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9 Presiding Officer of the Senate
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1 ENGROSSED SENATE
2 BILL NO. 684

By: Stanley of the Senate
and
Kannady of the House

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6 [inspection of real property - technology -
7 effective date]
8

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

10 SECTION 4. AMENDATORY 68 O.S. 2021, Section 2821, is
11 amended to read as follows:

12 Section 2821. A. Each county assessor shall cause real
13 property to be physically inspected as part of the visual inspection
14 cycle and shall require such examination as will provide adequate
15 data from which to make accurate valuations. After the initial
16 physical inspection of property, changes to property may be
17 discovered with the use of digital aerial images taken by fixed-wing
18 aircraft complying with Federal Aviation Administration regulations.

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

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.

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

21 Each county assessor shall ensure that the office is equipped
22 with adequate drafting facilities, tools, equipment and supplies in
23 order to produce or update maps, sketches or drawings necessary to
24 support the proper administration of the ad valorem tax and such

1 other tools or equipment as may be required to perform duties
2 imposed by law for the discovery and valuation of taxable property.

3 SECTION 5. This act shall become effective November 1, 2023.

4 Passed the Senate the 22nd day of March, 2023.

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Presiding Officer of the Senate

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8 Passed the House of Representatives the ____ day of _____,

9 2023.

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Presiding Officer of the House
of Representatives

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