

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 315

By: Stanley

AS INTRODUCED

An Act relating to the inspection of real property; amending 68 O.S. 2021, Sections 2802, 2821, and 2823, which relate to the visual inspection of real property; modifying definition; modifying certain requirements for physical inspection of certain real property; updating statutory language; updating statutory reference; and providing an effective date.

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

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

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

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

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

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

19 28. "Taxable value" means the percentage of the fair cash value
20 of personal property or the taxable fair cash value of real
21 property, less applicable exemptions, upon which an ad valorem tax
22 rate is levied pursuant to the provisions of Section 8 and Section
23 8B of Article X of the Oklahoma Constitution;

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

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

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

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

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

19 Section 2821. A. Each county assessor shall cause real
20 property to be ~~physically~~ inspected as part of the visual inspection
21 cycle and shall require such examination as will provide adequate
22 data from which to make accurate valuations.

23 B. The information gathered from the ~~physical~~ inspection shall
24 be relevant to the type of property involved, its use category, the

1 valuation methodology to be used for the property, whether the
2 methodology consists of the cost approach, an income and expense
3 approach or sales comparison approach, and shall be complete enough
4 in order to establish the fair cash value of the property in
5 accordance with accepted standards for mass appraisal practice.

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

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

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

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

7 SECTION 3. AMENDATORY 68 O.S. 2021, Section 2823, is
8 amended to read as follows:

9 Section 2823. A. For each fiscal year, the cost of the
10 comprehensive program of visual inspections for real property and
11 the cost of physical inspections of personal property shall be paid
12 by appropriate warrants from those who receive the revenues of the
13 mill rates levied on the property of the county as prescribed by
14 this section. School districts are hereby authorized to pay such
15 costs from revenues accruing to their building funds. The county
16 assessor shall prepare a budget for the comprehensive program of
17 visual inspections for real property and the cost of physical
18 inspections of personal property and file such budget with the
19 county excise board or county budget board.

20 B. The county excise board or county budget board shall
21 apportion such cost among the various recipients of revenues from
22 the mill rates levied, including the county, all cities and towns,
23 all school districts, all sinking funds of such recipients, and all
24 jurisdictions specified in subsection D of this section, in the

1 ratio which each recipient's total tax collection authorized from
2 its mill rates levied for the preceding year bears to the total tax
3 collection authorized of all recipients from all their mill rates
4 levied for the preceding year. The cost shall include only those
5 expenses directly attributable to the visual inspection program and
6 those expenses directly attributable to physical inspections of
7 personal property and shall not include any expenses of the office
8 of the county assessor which, in the judgment of the county excise
9 board or county budget board, are expenses of county assessor's
10 office which would exist in the absence of such program or in the
11 absence of ~~physical~~ on-site inspection of personal property.

12 Expenses that are attributable both to the visual inspection program
13 and ~~physical~~ on-site inspection of personal property, and which
14 would exist in the absence of such program or inspection, including,
15 but not limited to, salaries, employee benefits, office supplies,
16 and equipment, may be prorated; provided, no portion of the salary
17 of the county assessor shall be included in such costs.

18 C. Upon receipt of the billing statement provided for in
19 subsections D and E of this section by each such recipient, the mill
20 rates to be established by the board for each such recipient for the
21 current year shall include and be based upon such amounts and shall
22 constitute an appropriation of such amounts to the county assessor
23 for expenditure for the expenses of administering the visual
24 inspection program each year. In the case of a sinking fund of a

1 recipient, if, after approving its budget, the governing body of a
2 recipient notifies the board in writing that there are no funds
3 appropriated to pay the amount of the billing statement for such
4 sinking fund, such notice shall constitute conclusive evidence of a
5 financial obligation of the recipient as it relates to such sinking
6 fund. The board may seek a judgment for the amount of such
7 obligation and court costs in the district court of the county in
8 which the board is located.

9 D. The county assessor shall render a statement to each of the
10 jurisdictions within the county which receive revenue from an ad
11 valorem mill rate. Such statement shall include the following
12 information:

13 1. The current fiscal year in which the charge has been
14 incorporated in the jurisdiction's budget;

15 2. All jurisdictions receiving statements from the county
16 assessor, the mill rate for each in the previous year, and the
17 proportion of each to the combined mill rates of all jurisdictions
18 within the county for the previous year. The proportions specified
19 in this paragraph should equal a total of one hundred percent
20 (100%);

21 3. The charge for the entity receiving the statement as well as
22 the charge for each jurisdiction of the county based upon the
23 proportions specified in paragraph 2 of this subsection. The total
24 of all current year charges for all county jurisdictions should

1 equal the total visual inspection program budget for the current
2 fiscal year;

3 4. The amount of the total budget for the office of the county
4 assessor and the percentage that visual inspection program expenses
5 are of such total budget; and

6 5. A copy of the ~~County Budget Visual Inspection Account~~ county
7 budget visual inspection account and a brief description of the
8 areas to be visually inspected for the current fiscal year,
9 consistent with the plan on file with the Oklahoma Tax Commission
10 pursuant to Section 2820 of this title.

11 E. In any county wherein any jurisdiction's budget and mill
12 rates are not subject to review and approval by the county excise
13 board, the county assessor shall nevertheless include any such
14 jurisdiction in the calculations required under subsection A of this
15 section. The county assessor shall also render a billing statement
16 to any such jurisdiction showing the charge for the current fiscal
17 year due from the jurisdiction. Such billing statement shall also
18 show all the information specified in subsection D of this section.
19 Such billing statement shall clearly indicate that the charge
20 payable by the jurisdiction is due and payable by December 31 of the
21 current fiscal year.

22 SECTION 4. This act shall become effective November 1, 2025.

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