

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: May 24, 2022

BILL NUMBER: HB 2627 **STATUS AND DATE OF BILL:** Enrolled 5/19/2022

AUTHORS: House Lowe (Dick) and McDugle Senate Montgomery

TAX TYPE (S): Ad Valorem **SUBJECT:** Administrative

PROPOSAL: Amendatory & New

Section one HB 2627 proposes a new Section 2899.2 of Title 68 to provide that on or before the first day of June each year, the county assessor shall prepare and mail to each school district and local ad valorem taxing jurisdiction a report listing protests filed by taxpayers pursuant to 68 O.S. § 2876(F) which concern a fair cash value of personal property as determined by the county assessor that exceeds \$3,000,000.

Section two of the measure proposes amendment to Section 2876 of Title 68 by providing that at the time of filing a protest pursuant to subsections E and F of Section 2876 which relate to proposed increases of existing property values, the taxpayer shall also file the form provided for in Section 2835 of Title 68¹. If the taxpayer fails to file the required form, a presumption shall exist in favor of the correctness of the county assessor's valuation in any appeal of the county assessor's valuation.

Section three requires that at the time a taxpayer files a protest pursuant to Section 2876 of Title 68, the taxpayer shall be provided a schedule of the protest timeline which shall include all deadlines and the consequences of failing to meet each deadline. The Oklahoma Tax Commission ("OTC") may prescribe a standard schedule for the county assessors to distribute.

Section four proposes amendment to Section 2826 of Title 68 to allow county assessors to appoint or request the OTC to assign, an appraiser to assist the assessor in valuation of residential property. For nonresidential property, after consulting with the OTC, county assessors may appoint an appraiser to assist the county assessor in valuation of the property.

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

FY 23: None

FY 24: None

ADMINISTRATIVE IMPACT:

FY 23: See Attached

May 24, 2022
DATE

Rick Miller
DIVISION DIRECTOR

cjc

5/24/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

5/24/2022
DATE

Joseph P. Hays
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

¹ OTC Forms 901, 901-P, 904-3 and 904-A wherein taxpayer lists and values their property.

ATTACHMENT TO REVENUE IMPACT HB 2627 [Enrolled] Prepared May 24, 2022

Section one HB 2627 proposes a new Section 2899.2 of Title 68 to provide that on or before the first day of June each year, the county assessor of each county shall prepare and mail to each school district and local ad valorem taxing jurisdiction a report listing protests filed by taxpayers pursuant to 68 O.S. § 2876(F) which concern a fair cash value of personal property as determined by the county assessor that exceeds \$3,000,000. The described report shall include 1) a list of the protests filed with the county assessor at the time of the report; 2) the value under protest for each of the protests filed with the county assessor at the time of the report; and 3) the estimated amount under protest that would otherwise be apportioned to the taxing jurisdictions.

Section two of the measure proposes amendment to Section 2876 of Title 68 by providing that at the time of filing a protest pursuant to subsections E and F of Section 2876 which relate to proposed increases of existing property values, the taxpayer shall also file the form provided for in Section 2835 of Title 68². If the taxpayer fails to file the required form, a presumption shall exist in favor of the correctness of the county assessor's valuation in any appeal of the county assessor's valuation.

Section three requires that at the time a taxpayer files a protest pursuant to Section 2876 of Title 68, the taxpayer shall be provided a schedule of the protest timeline which shall include all deadlines and the consequences of failing to meet each deadline. The Oklahoma Tax Commission ("OTC") may prescribe a standard schedule for the county assessors to distribute.

Section four proposes amendment to Section 2826 of Title 68 to allow county assessors to appoint or request the OTC to assign, an appraiser to assist the assessor in valuation of residential property. For nonresidential property, after consulting with the OTC, county assessors may appoint an appraiser to assist the county assessor in valuation of the property. The Section further provides that appraisers whose services were obtained to assist the county assessor for valuation shall not participate in any valuation negotiations, protests to the assessor, or protests to the county board of equalization. Contracts for the described appraiser services shall be subject to the Oklahoma Open Records Act. It also provides that except for communications of information protected by Section 2835 of Title 68³, all communications between a county assessor and an appraiser, including communications through a third party, shall be subject to the Open Records Act.

Revenue Impact

No estimated impact to local ad valorem tax revenues.

Administrative Costs and Concerns

There are no administrative costs for the Tax Commission associated with Sections 1 and 2 of the measure with only nominal costs associated with Section three. The consultation process between the OTC and county assessors provided for in Section 4 of the bill will require the establishment of new administrative procedures with regards to both residential and nonresidential property which can be administered by the Tax Commission. Therefore, any additional administrative costs to be incurred as a result of Section 4 are estimated to be minimal.

The added step of requiring the assessor to consult with the Tax Commission prior to appointing an appraiser to assist in the valuation of nonresidential property has the potential of creating situations which places the Tax Commission between the taxpayer and the county assessor.

² OTC Forms 901, 901-P, 904-3 and 904-A wherein taxpayer lists and values their property.

³ All such sworn lists of property, any other documents produced by a taxpayer to the assessor or the board of equalization during the informal and formal hearing process, or during discovery in any ad valorem tax appeal in the Court of Tax Review or the district court, shall be protected as confidential and shall not be available for inspection under the Open Records Act.