

# THE PROPERTY TAX DESKBOOK

2015 ■ 20TH EDITION



# FOREWORD

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The *Property Tax Deskbook* performs an important public service by offering taxpayers and tax practitioners an annually updated guide to the property tax in all fifty states and the District of Columbia. Property tax law is continually evolving, and every year legislative and administrative changes affect exemptions, valuation standards, assessment methods, and appeal procedures. The *Property Tax Deskbook* provides an accurate, complete, and timely compendium of information on the structure and administration of this crucial revenue source.

The property tax is a bedrock of local public finance. In 2007, property taxes accounted for over 70% of all local government taxes, almost 45% of all general revenue from local sources, and 29% of all state and local taxes combined. The property tax supplied 77% of school districts' independent revenue, and 96% of their tax revenue. Despite the vast array of administrative, legal, and accounting resources devoted to the federal corporate income tax, the property tax is a far more powerful revenue instrument. In the decade from 2000 to 2010, average annual inflation-adjusted collections from the federal corporate income tax were \$247 billion, but average annual local property tax revenue was \$366 billion.

The importance of the property tax is never more apparent than in times of economic stress, when sales and income tax collections can suffer dramatic reductions and states facing their own budget short-

falls may reduce local aid. The recession that began in December 2007 saw state tax collections decline more sharply than in any other period on record. At the end of 2009, they had fallen for five consecutive quarters, a decline not seen since the Great Depression. Even after nearly three years of recovery, aggregate state tax revenues remain weak, with inflation-adjusted per capita receipts in 2012 nearly 9% lower than their 2007 peak. This situation highlights the importance of reliable funding sources for municipalities facing diminished transfers from state governments.

Throughout this period, the property tax has been a critical source of stable local revenue. Compared to 2007, real per capita state corporate income tax receipts in 2012 were more than 30% lower and state sales, gross receipts, and individual income tax collections were about 10% lower, whereas local property taxes dropped by only 2%. Given the magnitude of the economic downturn, and particularly the fluctuations in the housing market over this period, the resilience of the property tax has been an anchor for local government finance.

The property tax has strengths beyond its stability and revenue capacity. Paradoxically, some of these, such as its high visibility, also increase political controversy and contribute to continual legislative change. Sales taxes may be collected from any given taxpayer in thousands of transactions annually, with no total calculated at the end of the year. For many taxpayers, income tax withholding obviates the need for a single significant payment with their annual tax returns. Property tax bills, by contrast, generally arrive in one or two large installments, not necessarily tied to any receipt of cash by the taxpayer. They may also be fairly easy to understand. A tax based on assessed value can

be relatively straightforward, a dramatic contrast to the enormous complexity of federal income tax law or the relative invisibility of sales taxes. This high profile increases taxpayer scrutiny, but it is also a strength. Citizens cannot make informed choices as to the efficiency of their local government, the appropriateness of their tax rates, or the balance between costs and services unless they have a means of judging how much they are paying and what they receive in return. Transparency, visibility, and accountability are hallmarks of a good tax system.

Although the property tax can be less complex than other taxes, it plays many roles. It combines elements of a benefit tax, a wealth tax, a user charge, and a special asset tax. Many of its provisions seek to encourage or discourage certain land uses, to promote desirable activities, or to benefit specific classes of taxpayers.

Various measures have sought to balance different types of fairness for taxpayers: taxing equivalent properties equally; avoiding sudden and unexpected increases in assessments; placing heavier taxes on more expensive properties; and giving new owners notice of the obligations that will accompany their purchase. These multiple functions and goals insure that the property tax will always be subject to amendment and adjustment, increasing the importance of an annually updated guide to its operation.

The property tax, familiar from literally centuries of experience, is continually being remade. It serves as an anchor for independent local government, and improvements in its structure and operation benefit all taxpayers and residents. It is most appropriate that the ABA should sponsor this comprehensive guide to its operation.

# INTRODUCTION

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*The Property Tax Deskbook* provides property tax managers, attorneys, accountants, and other professionals the information they are most likely to need to address state property tax issues, planning and procedures. Every state and the District of Columbia has a full chapter in the book. Each chapter identifies the most important principles and processes in that state with references to the pertinent statutes, rules, regulations and case law. The authors also provide additional interpretative information gleaned from rulings, bulletins, and local practice that are often difficult for practitioners to find.

**Perspective and Reliability.** Chapters have been updated for the current year by practitioners highly experienced in the ad valorem property tax law and procedures of their particular state. The chapters are written by lawyers in private practice or lawyers employed by companies and who have responsibility for property tax matters in that state. A few of the authors and reviewers work for state or local tax agencies. In addition, all of the chapters have been reviewed by another lawyer familiar with property tax law and procedures. While the authors remain responsible for the information contained in their chapter, the reliability of the chapter has been greatly enhanced by this review process.

**Organization.** Each chapter is organized in a uniform format to aid the reader in finding information. This feature is particularly helpful for multistate research. Because the property tax laws and procedures are by no means uniform among the states, the authors identify important local variations and differences. Many chapters contain an Introduction highlighting recent and important aspects of the property tax

laws in that state and, where applicable, differences from the uniform outline of topics. Each chapter also contains a definitions section, which sets forth the meaning of key statutory terms. The reader will find a convenient model chapter outline at the beginning of the *Deskbook*. In addition, the enclosed compact disc contains the entire deskbook in a searchable format to make research easier and more efficient.

**For More Information.** To increase the value of the Deskbook, we have provided the contact information of the chapter authors and editors. Readers who have questions or need information beyond the scope of the chapter are encouraged to contact an author for further information.

**Acknowledgements.** The contributions of the chapter authors listed in the following pages are the heart of the *Deskbook*. The *Deskbook* also reflects the enormous effort of the Board of Editors identified on the cover page. The *Deskbook* is a special project of the Committee on State and Local Taxes (SALT), American Bar Association, Section of Taxation. The *Deskbook* also reflects the extraordinary contributions of Anne Dunn and Isel Pizarro of the ABA Section of Taxation, without whose efforts publication of the *Deskbook* would not have been possible. Thanks also must go to Alice G. Abreu, ABA Section of Taxation, Vice Chair (Publications), and Gregg Barton, ABA SALT Committee Chair, whose advice and counsel were invaluable.

**Special Acknowledgement.** It would be a terrible oversight if this Introduction did not recognize the enormous contributions of past editors, William B. Prugh, William M. Backstrom, Jr., and Stewart

M. Weintraub. Bill Prugh was the Editor-in-Chief for the First and Second Editions of the Deskbook. He nurtured the publication through its infancy and established a network of authors, reviewers, and editors that made his successor's job a more manageable one. Bill Backstrom was Editor-in-Chief for the Third and Fourth Editions and was a Co-Editor for the Fifth Edition. Stewart Weintraub served as Co-Editor for the Fifth Edition and as Editor-in-Chief for the Sixth through Tenth Editions. Stewart continued the efforts of Bill Prugh and Bill Backstrom, and, without his advice and guidance, We would not have been able to continue in their footsteps. Our personal thanks to Bill P., Bill B., and Stew. The Section of Taxation and the Committee on State and Local Taxes owe a sincere debt of gratitude to them for their extraordinary efforts.

We wish to thank Professor Walter Hellerstein for his review of the Deskbook and his encouraging comments on its contribution to our collective knowledge. We also wish to thank Joan Youngman, Senior Fellow at the Lincoln Institute of Land Policy, for her interesting and insightful remarks on the importance of the property tax in the toolbox of public revenue sources.

**Suggestions.** Readers are encouraged to send suggestions or corrections to the chapter author with a copy to the Editor-in-Chief.

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## BOOK REVIEW

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One of the most difficult and time-consuming tasks for the state and local tax practitioner, who often faces questions with multistate implications, is to find a reliable source of information on the law and practice in states other than his or her own. While state and local tax services like RIA and CCH offer excellent data bases (statutes, regulations, and cases), and (I like to think) my state tax treatise offers useful analysis of key legal issues, there is a pressing need for a distillation of the laws, regulations, and practices in the states on a state-by-state basis by those who deal with these issues on a daily basis. In no area of state and local tax practice is this more important than in the field of property taxation, where variations in the law and practice from state to state are particularly pronounced. Happily, the State and Local Tax Committee of the ABA's Tax Section has provided us with an invaluable resource that meets the need for a state-by-state guide to property taxation.

*The Property Tax Deskbook*, which celebrates its 15th anniversary with the publication of the 2010 edition, is a massive undertaking that organizes and summarizes the property tax laws of every state and the District of Columbia. It is prepared by noted practitioners in every state who are experts in property taxation in the state about which they have written. Each state summary offers the out-of-state practitioner with a concise but thorough overview of the law of the state in question. Because the summaries all follow the same organizational model, they are easy to use and the reader can quickly find the answer to—or

at least the treatment of—specific questions in all of the states in which he or she is interested.

Of particular interest and value (due to the differing and often arcane procedural rules governing property taxation) is the considerable attention that *The Property Tax Deskbook* devotes to procedural issues. Each of the chapters considers such matters as appeals, protest and exhaustion requirements, and local practice and procedures. In this connection, it is worthy of note that the State and Local Tax Committee is working diligently to encourage the adoption of a uniform tribunal system for resolving state tax controversies in different states, which would significantly streamline the appeals process in many states. In the meantime, however, *The Property Tax Deskbook* remains the “go to” resource for practitioners seeking to understand and contend with the property tax regimes in individual states.

As someone who has spent most of his professional life struggling to get his hands around the tax laws of 50 “laboratories” of democracy as Justice Brandeis described the state legislatures, I have nothing but admiration for the achievement that *The Property Tax Deskbook* represents. The *Deskbook's* widespread use in law, accounting, and consulting firms that deal with property tax issues, as well as in corporate legal departments and law libraries, needs no explanation. Indeed, the only thing requiring an explanation would be the *Deskbook's* absence from the shelves of anyone who has a serious professional interest in property taxation. In short, the ABA State and Local Tax Committee has done the state and local tax community an enormous service by providing us with *The Property Tax Deskbook*.

August 2010

# OKLAHOMA PROPERTY TAX

Sheppard F. Miers, Jr.

**§ 37-000. INTRODUCTION.** Oklahoma imposes an annual ad valorem tax on real and tangible personal property not otherwise exempted from taxation. The ad valorem tax is levied and collected by the county in which the property is situated. Intangible personal property is exempt from ad valorem tax.

Real and personal property are generally valued for tax purposes at fair cash value. Real property is valued at its fair cash value for the highest and best use during the preceding year. Separate values must be determined for land and improvements.

The Oklahoma Constitution and statutes provide for partial assessment of fair cash value. Tangible personal property may not be assessed at a value less than 10% nor more than 15% of its fair cash value; and real property may not be assessed at a value less than 11% nor more than 13.5% of its fair cash value. The assessment rates can be increased by up to 1% per year if approved by vote, but not in excess of the maximum rates.

Valuation and assessment of property is made by the county assessor of the county in which the property is situated, except that property of railroads, air carriers, and public service corporations is valued and assessed by the State Board of Equalization. The assessment rate for public service corporation property is set at the percentage of fair cash value at which it was assessed on January 1, 1996.

The fair cash value of locally assessed real property cannot be increased more than 5% in any taxable year, and locally assessed homestead property and agricultural land by more than 3% in any taxable year, except to the extent the property is transferred, changed or conveyed. The valuation of homestead property of persons aged 65 or older with gross income not exceeding a median income threshold is frozen.

A taxpayer may protest an increased valuation by filing a written complaint with the county assessor for informal hearing, and thereafter appealing the action of

the county assessor to the county board of equalization within times prescribed by statute.

Appeal of a decision of a county board of equalization is made by filing notice of intent to appeal with the county clerk as secretary of the county board of equalization, and filing an appeal in the District Court of the same county within ten days after final adjournment of the board.

Appeal from a District Court is made to the Oklahoma Supreme Court by filing a Petition in Error within 30 days, pursuant to the Oklahoma Code of Civil Procedure in civil cases.

In assessments of railroads, air carriers and public service corporations, which are made by the State Board of Equalization, protest is made by filing complaint with the Court of Tax Review within 20 days, and from the Court of Tax Review by filing notice of intent to appeal with the Clerk of the Court of Tax Review within 30 days, and filing a timely appeal to the Oklahoma Supreme Court from the Court of Tax Review.

The ad valorem tax levied upon the assessed value of property is the number of mills (\$1 per \$1,000 of taxable value, also commonly referred to as "dollars per thousand" of assessed value) set by the county excise board for the year.

Ad valorem tax is generally payable in two installments, the first installment due by December 31, and the second installment due by the following March 31.

The tax must be paid notwithstanding that an appeal is pending from the assessment of the property. If a taxpayer's appeal of assessment is successful, taxes paid in excess of the correct amount are refundable.

## **§ 37-010. Nature of Tax.**

**§ 37-011. Jurisdiction to Tax.** The Oklahoma Constitution allows property not otherwise exempted to be taxed on an ad valorem basis, but real property, tangible

personal property, and homestead property of elderly low income taxpayers may not be assessed at more than specified percentages of fair cash value for its highest and best use. OKLA. CONST. art. X, §§ 8, 8B, 8C.

The jurisdiction to enact laws to tax property ad valorem rests with the state legislature. The legislature is empowered to enact laws defining classifications. OKLA. CONST. art. X, §§ 2, 22.

All taxes, including ad valorem taxes must be levied and collected by general laws, and only for public purposes. OKLA. CONST. art. X, § 14. However, ad valorem taxes are permitted by the Oklahoma Constitution to be levied for school district, county, city and local purposes; and no ad valorem tax may be levied for state purposes, nor shall any part of the proceeds of any ad valorem tax levy upon any kind of property in Oklahoma be used for state government purposes. OKLA. CONST. art. X, § 9(a).

**§ 37-012. Ad Valorem Tax.** The nature of the tax is an ad valorem tax levied on the assessed value of real property and tangible personal property within the county.

**§ 37-013. Incidence of Tax.** The tax is generally imposed upon the assessed, or taxable, value of all real property and tangible personal property owned by the taxpayer, unless exempted by the Oklahoma Constitution and statutes, or applicable federal law.

**§ 37-014. Measure of Tax.** The ad valorem tax is based upon the assessed value of real property and tangible personal property.

**§ 37-015. Tax Rate.** The rate of taxation is determined by a levy of a number of mills (\$1 of tax per \$1,000 of assessed valuation) against the assessed valuation of the property. OKLA. CONST. art. X, §§ 9-10B.

The excise board of each county determines the financial needs of the county and its municipalities based upon financial statements and estimates (budgets) of needs of officers, boards or commissions of each county, and each city, school district or town in the county. That process is initiated by the filing of such reports and budgets by the first Monday in July each year. 68 O.S. 2011, §§ 3004-3007. The county excise board computes the appropriations (purposes of expenditures) to the funds for the governmental entities in the county, and then computes the tax levy for each fund. The levies stated in millage, as so computed, are extended to (placed on) the tax rolls of the county as to each property owner by the county assessor. 68 O.S. 2011, §§ 3014-3017.

Those tax rolls are then filed with the county clerk, and delivered to the county treasurer. The county treasurer then collects the tax levied. 68 O.S. 2011, § 3014.

**§ 37-016. Payment of Property Taxes.** Ad valorem taxes become a lien on taxable property on October 1 of each year. If there is no express agreement as to allocation and payment of taxes between the seller and buyer of property, if it is sold after October 1, the seller is liable for the taxes, and if sold before that date the buyer must pay the taxes. 68 O.S. 2011, § 2912.

All ad valorem taxes levied for each fiscal year become due and payable on November 1 of each year. Taxes are generally payable in two installments. One-half of the tax levied has to be paid on or before December 31 (delinquent on January 1), and one-half must be paid on or before March 31 (delinquent on April 1). If the total tax is \$10 or less, then the total amount must be paid before January 1. Delinquent taxes bear interest at the rate of 1.5% per month, but total accrued interest shall not exceed 100% of the unpaid tax. A 5% late payment penalty applies to delinquent taxes due on property in a dependent school district in a county with a population of less than 75,000 that is held by a nonindividual taxpayer, if the tax has been paid delinquent for two or more consecutive years and the fair cash value of the property exceeds \$500,000. Mortgage servicers must pay all accounts they are servicing in one annual payment before January 1. The county treasurer may waive penalties and interest upon showing that they were incurred through no fault of the taxpayer. 68 O.S. 2011, § 2913.

Taxes are paid to the county treasurer of the county in which the property is located. 68 O.S. 2011, § 2915.

The statutes provide that it is the duty of every person subject to taxation under the Ad Valorem Tax Code to attend the treasurer's office and pay taxes, and if any person neglects to attend and pay taxes until after they have become delinquent, the treasurer shall collect the same in the manner provided by law. If any person owing taxes, removes from one county to another in this state, the county treasurer shall forward the tax claim to the treasurer of the county to which the person has removed, and the taxes shall be collected by the county treasurer of the latter place as other taxes and returned to the property county, less legal charges. The county treasurer may visit, in person or by deputy, places other than the county seat for the purpose of receiving taxes. An agent of any person subject to taxation is allowed to pay the taxes. 68 O.S. 2011, § 2915.A.



Within 30 days after the tax rolls have been completed and delivered to the office of the county treasurer by the county assessor, the county treasurer shall mail to each taxpayer at the taxpayer's last-known address a statement showing separately the amount of all ad valorem taxes assessed against the taxpayer's real and personal property for the current year and all delinquent taxes remaining unpaid thereon for previous years. At the county treasurer's option, in lieu of regular mailing, the treasurer may instead send the tax statement to the taxpayer by electronic mail provided the taxpayer has submitted a written request to receive such statements by electronic mail instead of by regular mail. However, failure of any taxpayer to receive such statement, or failure of the treasurer to so mail it, shall not in any way extend the date by which such taxes shall be due and payable nor relieve the taxpayer of the duty and responsibility of paying the tax due. 68 O.S. 2011, § 2915.B.

The county treasurer statement to a taxpayer must contain an explanation of how the ad valorem tax bill is calculated using language so that a person of common understanding would know what is intended. The statement shall also contain an explanation of the manner in which ad valorem taxes are apportioned between the county, school district or other jurisdiction levying ad valorem taxes and shall identify the apportionment of the taxes for the current year on the subject property. 68 O.S. 2011, § 2915.C.

The payment of ad valorem tax to the county treasurer is by cash or check, or at the option of the county treasurer, by nationally recognized credit or debit card. 68 O.S. 2011, § 2916. A receipt must be furnished to the taxpayer containing prescribed information. 68 O.S. 2011, § 2917. Payment of tax must be entered on tax rolls by the county treasurer. 68 O.S. 2011, § 2919.

The sale of personal property at public sale or under court order, voluntary sales after assessment, seizure of property by attachment, execution or chattel mortgage, and the removal of property from the county, can accelerate the due date for taxes on such property. 68 O.S. 2011, §§ 2925-2933.

The failure to pay ad valorem taxes in a timely manner authorizes the establishment of a tax lien on real and personal property with priority over all other liens, conveyances or encumbrances subsequently filed, and enforcement of collection by the county treasurer, to include the sale of real property. 68 O.S. 2011, §§ 3101-3103. Exemption from tax sale is allowed under specified conditions for individuals age 65 or older or

totally disabled in single-family residential dwellings. 68 O.S. 2011, §§ 3105-3106.

### § 37-100. DEFINITIONS AND CITATIONS.

#### § 37-110. Definitions of Terms Under Oklahoma Ad Valorem Tax Code.

Actual Fair Cash Value, 68 O.S. 2011, § 2802(18)

Ad Valorem Tax Code, 68 O.S. 2011, §§ 2801 through 3152.

Assessment Year, 68 O.S. 2011, § 2802(8)

Real Property, 68 O.S. 2011, § 2806

Personal Property, 68 O.S. 2011, § 2807

Public Service Corporation, 68 O.S. 2011, § 2808

Use Value, 68 O.S. 2011, § 2802(29)

Assessed Valuation or Assessed Value, 68 O.S. 2011, § 2802(5)

Assessment Ratio, 68 O.S. 2011, § 2802(6)

Taxable Fair Cash Value, 68 O.S. 2011, § 2802(28)

Taxable Value, 68 O.S. 2011, § 2802(27)

Equalization, 68 O.S. 2011, § 2802(16)

Mill or Millage, 68 O.S. 2011, § 2802(22)

#### § 37-120. Citations to Statutes, Regulations, Cases, and Other Authority.

Oklahoma Constitution (OKLA. CONST.)

Oklahoma Statutes (O.S. 2011) (O.S. Supp. 2013)

Published opinions of the Oklahoma Supreme Court (e.g., 1995 OK 11)

Published opinions of the Oklahoma Court of Civil Appeals (e.g., 2007 OK CIV APP 15)

Pacific Reporter, 2d Series, 3d Series (P2d) (P3d)

### § 37-200. CLASSIFICATION AND VALUATION OF PROPERTY.

#### § 37-210. Classification of Property.

§ 37-210.01. **General.** The Oklahoma Constitution permits the classification of property for purposes of

taxation, and the valuation of different classes by different means or methods. OKLA. CONST. art. X, § 22.

The Oklahoma legislature has classified the following types of property for purposes of ad valorem taxation:

1. Real Property;
2. Personal Property;
3. Personal Property which is household goods of the head of families and livestock employed in support of families in counties which have exempted such property pursuant to the Oklahoma Constitution;
4. Public service corporation property; and
5. Railroad and air carrier property.

68 O.S. 2011, § 2803.A.

The statutes provide that valuation of each class is to be made by a method appropriate for such class or any subclass thereof, as established by the Ad Valorem Tax Division of the Oklahoma Tax Commission; and that such classification requires uniform treatment of each item within a class or subclass, as provided in Article X, § 5 of the Oklahoma Constitution (which provides that taxes shall be uniform upon the same class of subjects), and the statute provides that there must be uniform treatment of each item within a class of property. 68 O.S. 2011, § 2803.B., C.

**§ 37-211. Real Property.** Real property, as a class of taxable property, is statutorily defined as the land itself, and all rights and privileges thereto belonging or appertaining thereto. 68 O.S. 2011, § 2806.

**§ 37-214. Personal Property.** Personal property, as a separate class of taxable property, is statutorily defined as all goods, chattels and effects, all other property, having an actual, constructive or taxable situs in the state not included within the definition of real property, and a number of specifically described items enumerated in the statute. 68 O.S. 2011, § 2807.

**§ 37-215. Intangible Property.** Intangible personal property is exempt from ad valorem taxation. OKLA. CONST. art. X, § 6A. See § 37-614 below.

**§ 37-216. Public Service Corporation, Railroad, Air Carrier Property.** Public service corporation property is the property of a "public service corporation" which includes all transportation companies, transmission companies, all gas, electric, light, heat and power com-

panies, and all waterworks and water companies, and all persons authorized to exercise the right of eminent domain, or use or occupy any right-of-way, street, alley or public highway, along, over or under the same in a manner not permitted to the general public. 68 O.S. 2011, § 2808.A. Specific definitions are provided as to the meaning of "transportation company" and "transmission company." Railroad and air carrier property are separately classified to comply with federal legislation. 68 O.S. 2011, § 2808.A., 2., 3. Cable television companies are excluded from the definition of transmission company and public service corporation. 68 O.S. 2011, § 2808.B.

### § 37-220. Valuation of Property.

**§ 37-221. Fair Cash Value.** All taxable real and personal property is required to be listed and assessed each year at its fair cash value, estimated at the price it would bring at a fair voluntary sale, as of January 1. The term "fair cash value" or the language "fair cash value, estimated at the price it would bring at a fair voluntary sale" is given the meaning assigned to it in the statute in connection with assessment of real property and is given its ordinary or literal meaning when used in connection with the assessment of personal property. 68 O.S. Supp. 2013, § 2817.H. The manner in which a county assessor arrives at a property's valuation is of little significance, if the figure resulting therefrom is truly representative of the property's fair cash value. *Allright Parking Sys., Inc. v. County Bd. of Equalization*, 1962 OK 198, 375 P.2d 891, 894; *Appeal of Nat'l Bank of Tulsa*, 1957 OK 17, 312 P.2d 495.

Set forth below are valuation for all Oklahoma property tax classifications with the exception of railroad, air carrier and public service corporation property valued by the State Board of Equalization, addressed in §§ 37-1000 through 37-1055 below.

**§ 37-222. Real Property.** All taxable real property is required to be assessed annually as of January 1, at its fair cash value, estimated at the price it would bring at a fair voluntary sale for the highest and best use for which the property was actually used during the preceding calendar year, or the highest and best use for which the property was last classified for use if not actually used during the preceding year. Taxable real property need not be listed annually with the county assessor. 68 O.S. Supp. 2013, §§ 2036, 2817.B.

If any real property becomes taxable after January 1 of any year, the county assessor must assess the property

and place it upon the tax rolls for the next ensuing year. When any building is constructed upon land after January 1 of any year, the value of the building must be added by the county assessor to the assessed valuation of the land upon which the building is constructed at the fair cash value thereof for the next ensuing year. After such a building has been completed it shall be deemed to have a value for assessment purposes of the fair cash value of the materials used in such building only, until the building and the land on which the building is located shall have been conveyed to a bona fide purchaser or shall have been occupied or used for any purpose other than as a sales office by the owner thereof, or shall have been leased, whichever event occurs first. The county assessor must continue to assess the building based upon the fair market value of the materials used therein until the building and land upon which the building is located have been conveyed to a bona fide purchaser or is occupied or used for any purpose other than as a sales office by the owner thereof, or is leased, whichever event occurs first. 68 O.S. Supp. 2013, § 2817.J.

If any real property is zoned for a use by a proper zoning authority, and the use of the property has not been changed, the use and not zoning is to determine assessment. Any reassessment required shall be effective January 1 following the change in use. 68 O.S. Supp. 2013, § 2817.I.

The use value of a lot in any platted addition or a subdivision in a city, town or county zoned for residential, commercial, industrial or other use shall be deemed to be the fair cash value of the underlying tract of land platted, divided by the number of lots contained in the platted addition or subdivision until the lot has been conveyed to a bona fide purchaser or the lot with a building or buildings located on it has been occupied other than as a sales office by the owner thereof, or has been leased, whichever occurs first. A person that purchases a lot for the purposes of constructing and selling a building on the lot shall not be deemed to be a bona fide purchaser for such purposes. If a lot is held for a period longer than two years before construction, the county assessor may consider the lot to have been conveyed to a bona fide purchaser. The cost of any land and improvements to any real property required to be dedicated to public use, including streets, curbs, gutters, sidewalks, storm or sanitary sewers, utilities, detention or retention ponds, easements, parks or reserves are not to be utilized by the county assessor in the valuation of any real property for assessment purposes. 68 O.S. Supp. 2013, § 2817.F.

The transfer of real property without a change in its use classification does not require a reassessment of the property based exclusively upon the sale value of the property. However, if the county assessor determines that by reason of the transfer of a property there is a change in the actual use or classification of the property; or that by reason of the amount of the sales consideration it is obvious that the use classification prior to the transfer of the property is not commensurate with and would not justify the amount of the sales consideration of the property, then the assessor is required to reassess the property for the new use classification for which the property is being used, or, the highest and best use classification for which the property may, by reason of the transfer, be classified for use. 68 O.S. Supp. 2013, § 2817.G.

Each county assessor is required to make visual inspections of all taxable real property at least once every four years, and to record information and adequate data from which to make accurate valuations. The statute provides that visual inspection information gathered must be relevant to the type of property involved, and its use category. The statute also provides that the physical inspection information must be relevant to the valuation methodology to be used, whether the methodology consists of the "cost approach", an "income and expense approach", or "sales comparison" approach. The information gathered must be complete enough to establish the fair cash value of the property in accordance with accepted standards of mass appraisal practice. 68 O.S. 2011, §§ 2820, 2821. Those described methods are all at least recognized as allowable for use in the county assessor's determining fair cash value, although no one method is affirmatively prescribed. The statutes contemplate that valuation by "accepted mass appraisal methodology" which should be used in years in which visual inspection is not made, in order to complete the required annual valuations of fair cash value of all taxable property in the county. 68 O.S. 2011, § 2829.

**§ 37-223. Household Personal Property.** The fair cash value of household personal property is to be valued at 10% of the appraised value of the improvement to the residential real property within which such personal property is located as of January 1 each year, which shall be presumed to constitute the fair cash value for purposes of the requirement of the Oklahoma Constitution applicable to valuation.

**§ 37-224. Unmanufactured Farm Products.** All unmanufactured farm products are assessed and valued as of the preceding May 31, at the fair cash value on that date.

**§ 37-225. Stock, Goods, Wares, and Merchandise.** Stocks, goods, wares and merchandise are assessed at the value of the average amount on hand during the preceding year, or the average amount on hand during the part of the preceding year such items were at their January 1 location. 68 O.S. Supp. 2013, § 2817.A.

The Ad Valorem Division of the Oklahoma Tax Commission is responsible for promulgation of rules to be followed by county assessors for the purpose of providing for equitable use valuation of locally assessed real property. 68 O.S. Supp. 2013, § 2817.B.

**§ 37-226. Agricultural Land.** The use value of agricultural land is to be based upon the income capitalization approach using cash rent with rental income to be capitalized using the direct capitalization method based upon certain specified factors. The use value of nonresidential improvements on agricultural land is to be based on the cost approach to value estimation using currently updated cost manuals published by the Marshall and Swift Company or similar cost manuals approved by the Ad Valorem Division. 68 O.S. Supp. 2013, § 2817.C., D.

The use value of facilities used for poultry production must be determined according to specified procedures required to be developed by the Ad Valorem Division of the Oklahoma Tax Commission, which must include specified depreciation schedules, comparison of facilities only to other facilities used exclusively for poultry production, initial year cost, and other factors. 68 O.S. Supp. 2013, § 2817.D.

**§ 37-227. Oil and Gas Industry Property.** The value of investment in property used exclusively by an oil refinery that is used wholly as a facility, device or method for the desulphurization of gasoline or diesel fuel is not to be included in the capitalization used for the determination of fair market value of such oil refinery if the property would qualify as an exempt manufacturing facility under 68 O.S. 2011, § 2902.

Oklahoma statutes provide that all taxable personal property used in the exploration of oil, natural gas, or other minerals, including drilling equipment and rigs, must be assessed annually at the value set forth in the first Hadco International monthly bulletin published for the tax year, using the appropriate depth rating assigned to the drawworks by its manufacturer and the actual condition of the rig. 68 O.S. Supp. 2013, § 2817.L. This provision was held unconstitutional as violating the fair cash value assessment requirement contained in Article 10, § 8(A)(1) of the Oklahoma Constitution.

*Assessor of Roger Mills Cnty. v. Unit Drilling Co.*, 2011 OK 4, 247 P.3d 1170.

**§ 37-228. Destroyed Property.** If improvements on land or personal property located on land are destroyed by fire, lightning, storm, winds, floodwaters, overflow of streams or other cause, or the value of land is impaired, damaged or destroyed by fire, lightning, storm, winds, floodwaters, overflow of streams or other cause during any year, the county assessor is required to determine the amount of damage, and make an order directing the assessment of the property for that year at the fair cash value of the property, taking into account the actual loss of functional use occasioned by the damage. The county assessor shall make appropriate value adjustments up to the time at which the assessor publishes the assessor's report to the county excise board, after which adjustments must be made by the county board of tax roll corrections. The county board of tax roll corrections must notify property owners of the hearing of such adjustments. The board of tax roll corrections is authorized only to approve or reject the value adjustment submitted by the county assessor. 68 O.S. Supp. 2014, § 2817.K.

**§ 37-229. Limits on Increases in Value.** Constitutional provisions impose a limit or cap on the increase of values of locally assessed real property. Locally assessed real property taxable fair cash value may not be increased by more than 5% in any taxable year, except if such locally assessed property qualified for a homestead exemption or is classified as agricultural land, any increase to the fair cash value in a taxable year shall be limited to 3%. These limits do not apply if the property is transferred, changed or conveyed to another person.

Improvements to locally assessed property may be assessed at fair cash value of the improvement. An "improvement" is defined as a valuable addition amounting to more than normal repairs, replacement, maintenance or upkeep. However, an "improvement" for this purpose does not mean expenditures for the purpose of repairing tornado or other natural disaster damage, and such improvements are disregarded for purposes of the exception to the limit on annual increases of valuation applicable to improvements, unless there is an increase in square footage in which case the county assessor must separately determine amounts for the additional square footage and square footage repaired for damage.

Also, the value of homestead property of individuals aged 65 or older with gross household income not exceeding a threshold amount of median income for the county is frozen upon qualifying for the limit, except for

improvements. OKLA. CONST. art. X, §§ 8B, 8C. The statutes prescribe implementing definitions, exclusions and administrative rules under these constitutional provisions. 68 O.S. 2014, §§ 2802, 2802.1(A)(3), 2817.1, 2819, 2890.1.

### § 37-300. ASSESSMENT PROCEDURE BY LOCAL ASSESSING AGENCY.

**§ 37-310. Assessment of Property.** All taxable personal property and all taxable real property is required to be assessed by the county assessor each year as of January 1. 68 O.S. Supp. 2013, § 2817.

**§ 37-311. Fair Cash Value/Assessment Ratio/Taxable Value.** Taxable personal property is required to be listed and assessed at its fair cash value, estimated at the price it would bring at a fair voluntary sale. 68 O.S. Supp. 2013, § 2817.A.

Taxable real property is to be assessed at its fair cash value, estimated at the price it would bring at a fair voluntary sale for (1) the highest and best use for which such property was actually used during the preceding year, or (2) the highest and best use for which such property was last classified for use if not actually used during the preceding calendar year. 68 O.S. Supp. 2013, § 2817.B.

The taxable values of real and personal property are established by the county assessor in accordance with the requirements of Article X, § 8 of the Oklahoma Constitution which provides that tangible personal property shall be assessed for taxation at a value of not less than 10% or more than 15% of its fair cash value estimated at the price it would bring at a fair voluntary sale, and that real property shall be assessed at a value not less than 11% or greater than 13.5% of its fair cash value for the highest and best use for which the property was actually used, or was previously classified or used during the preceding calendar year. Increase in the rate is subject to voter approval, but may not be increased more than 1% in a year. OKLA. CONST. art. X, § 8.A.1., 2; 68 O.S. 2011, § 2819; *Liddell v. Heavner*, 2008 OK 6, 180 P.3d 1191.

The county assessor has the primary duty and authority to determine the assessment ratio and determine the taxable value of property in the county, subject to the authority of the State Board of Equalization to make adjustments to achieve uniformity and equality of taxation on a statewide basis. OKLA. CONST. art. X, § 21.A.; 68 O.S. 2011, § 2864.B.

The percentage at which real and tangible personal property is assessed within a county shall not be increased except upon approval of the registered voters in the county voting at an election called for that purpose by the county commissioners, or upon petition of not less than 10% of registered voters in the county. In no event will the percentage be increased by more than 1% per year, subject to the maximum percentage limits of 15% for tangible personal property and 13.5% for real property. OKLA. CONST. art. X, § 8.B.

Prior to 1997, a judicially mandated range of the assessment ratios for locally assessed property was ordered to be 12% with permissible intercounty deviations of not more than 3% above or below that ratio as between the various counties. *State ex rel. Poulos v. State Bd. of Equalization*, 1982 OK 68, 646 P.2d 1269. This judicial mandate was imposed after determining that the State Board of Equalization had failed without reason to adopt a 12% ratio recommended to the Board by the Oklahoma Tax Commission to accomplish state wide equalization. The State Board of Equalization acted to establish a statewide range of permissible locally established assessment ratios. The permissible range of ratios for real property was between 11% and 14%. For personal property, the permissible range of assessment ratios was not less than 10%, nor more than 20% of fair cash value.

With respect to the centrally assessed property of railroads, air carriers and public service corporations, the assessment ratio and taxable value of property is determined solely by the State Board of Equalization. That assessment ratio for public service corporations is that which was in effect on January 1, 1996 (22.85%). Railroads and airlines are assessed at separate rates. A subclass of video services providers is assessed at a special rate. OKLA. CONST. art. X, §§ 8.A.3., 21; 68 O.S. 2011, § 2847; see §§ 37-1000 through 37-1055 below.

**§ 37-312.01. Listing of Property.** All taxpayers have a duty, upon written request of the county assessor or county board of equalization, to furnish a written statement of capital invested in any plant, equipment, stock of merchandise or material, or any other property located in the county, and any other information reasonably deemed necessary to enable county officials to assess the property. 68 O.S. 2011, § 2839.

The county assessor must annually proceed to take a list of taxable property, furnish forms and meet with taxpayers to take lists of property, advertise such meeting

times and place of meeting for such purposes. 68 O.S. 2011, §§ 2835, 2836.

A failure to timely list property by March 15, or to provide information requested, results in penalties of 10% of the assessed value if listed before April 15, and 20% of the assessed value if listed after April 15. 68 O.S. 2011, § 2836.C.

Real estate need not be listed by a taxpayer, but may be listed by the taxpayer if the taxpayer desires, showing estimated value of land and value of buildings and improvements separately. 68 O.S. 2011, §§ 2836, 2839; 68 O.S. 2011, § 2835.C.

Sworn lists of property filed by taxpayers are protected as confidential and are not available for inspection under the Oklahoma Open Records Act. 68 O.S. 2011, § 2835.E.

Corporations (other than railroads, air carriers and public service corporations) must file a sworn return listing taxable property in each county on or before March 15 on forms prescribed by the Oklahoma Tax Commission. The forms should be obtained from the county assessor's office. A corporation must also file a statement of capital and indebtedness, invested capital in and out of the state, and other financial information. Each corporation must also deliver to the county assessor of the county where its principal business is located, a copy of all lists or schedules of property filed in every other county in the state. 68 O.S. 2011, § 2838. The return of a corporation must be signed by an officer, and the return of a partnership must be signed by a partner. 68 O.S. 2011, § 2832.B.

**§ 37-312.02. Place of Listing and Assessment.** All property, both real and personal, having an actual, constructive or taxable situs in Oklahoma, subject to certain exceptions, must be listed and assessed and taxable in the county, school districts, and municipal subdivisions thereof where actually located on January 1 of each year. The statute provides special rules for the place of listing, assessment and taxation of certain specified types of personal property, and property which changes location. 68 O.S. 2011, § 2831.

**§ 37-312.03. Date of Mailing is Date of Delivery, Payment.** Any return, claim, statement or document required to be filed with a county assessor in the state or any payment required to be made to a county assessor in the state within a prescribed period or on or before a prescribed date under the Ad Valorem Tax Code, the date of postmark stamped on the cover in which the

item is mailed shall be deemed to be the date of delivery or date of payment. The item must be deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the county assessor with which it is required to be filed or to which payment is required to be made. If an item is sent by U. S. registered mail, the registration shall be prima facie evidence that the item was delivered to the county assessor to which it was addressed and the date of registration shall be deemed the postmark date. If the prescribed period ends or the prescribed date is a legal holiday or any other day the county assessor office does not remain open for public business until the regularly scheduled closing time, then the prescribed period or prescribed date is to be extended until the end of the next day the office is open until the regularly scheduled closing time. The statute contains an explicit limitation which states that it shall not apply with respect to returns, claims, statements or other documents or payments which are required under any provision of the Ad Valorem Tax Code to be delivered by any method other than mailing. 68 O.S. 2011, § 2802.2.

**§ 37-312.04. Unlisted, Omitted, Unassessed, and Undervalued Property.** A county assessor is authorized to list and assess any personal property not listed by a taxpayer with the county assessor by March 15 of any year. 68 O.S. 2011, § 2843.

If any taxable real property is omitted in the assessment of any prior year or years and thereby escapes taxation, a county assessor or county board of equalization (or State Board of Equalization as to railroad, air carrier and public service corporation property) on discovering the omission may add it as assessed property on the tax rolls for the year or years omitted, not to exceed the last 15 years as to real property, and the last three years as to personal property, and extend the arrearage of taxes, plus 12% per annum interest to the tax rolls. 68 O.S. 2011, § 2844.

Where any real property was not assessed by a county assessor, it must be assessed for the prior years not assessed, and the taxpayer may pay tax thereon within 30 days without penalty or interest. 68 O.S. 2011, § 2845.

When real or personal property has been grossly undervalued through false representations or concealment willfully made by the owner or agent listing the property, the county assessor may add it to the assessment rolls and tax books for the years undervalued. The additional tax due is payable with interest thereon at 6% per annum. 68 O.S. 2011, § 2846.

**§ 37-312.05. Taxpayer's Return Not Conclusive of Value.** The return or listing of any taxpayer is not conclusive as to the value or amount of any taxable property. The county assessor has authority and duty to raise or lower the returned value of personal and real property to the correct valuation amount prescribed by statute. 68 O.S. 2011, § 2818.A.

**§ 37-312.06. County Assessor Fees, Charges.** The State Board of Equalization is authorized to set a fee or schedule of fees to be used by county assessors for the search, production and copying in electronic and/or digital format of property data, administration files, sketches and pictures of real property maintained within the county assessors' computer systems for commercial purposes. The fee or schedule of fees is to be uniform across the state to the extent possible, subject to variances between counties based on technology available, personnel and budget resources. The fees must be posted in the office of the county assessor and the county clerk. Standards apply referring to reasonable cost based fees and for prescribed times in which requests for records are to be met. The fees shall not apply to a property owner obtaining information on the owner's property for the owner's use. 68 O.S. 2011, § 2864.

**§ 37-313. Notice to Taxpayer of Increased Valuation, Added Property.** If the county assessor increases the valuation of any property above that returned by the taxpayer, or in the case of real property, increases the valuation over the assessment from the preceding year, or adds property not listed by the taxpayer, the county assessor must notify in writing the person in whose name any such property is listed, giving the amount of such valuation as increased or the valuation of the property so added. 68 O.S. 2011, § 2876.A.

If the valuation of real property has increased, the county assessor's notice shall include the fair cash value of the property as used in determining the assessment for both the preceding and current year, the taxable value for the preceding and current year, if different than the fair cash value, and the assessment percentage for the preceding and current year. 68 O.S. 2011, § 2876.B.

The notice may be mailed or delivered by the county assessor to the last-known address of the person affected, or to the person in charge of or in possession of the property. The notice is required to be clearly marked with the date upon which it was prepared, and must be mailed or delivered within one working day of such date. The notice is required to describe the property with sufficient accuracy to notify the taxpayer of the

property included, together with the assessed value of the property. 68 O.S. 2011, § 2876.C.

**§ 37-320. Administrative Hearing Procedure at Local Level.** The nonjudicial administrative hearing procedure at the local level involves two stages, which are an informal hearing before the county assessor, and by written appeal from the decision in that hearing to the county board of equalization. 68 O.S. 2011, §§ 2876, 2877. A taxpayer must exhaust these administrative remedies each year to proceed to court with respect to valuation. A prior year's protest will not satisfy this requirement. *Am. Tel. & Tel. Co. v. State ex. rel. Okla. Cnty. Bd. of Equalization*, 1996 OK CIV APP 117, 934 P.2d 363.

**§ 37-321. Request for Hearing/Conference with County Assessor.** A taxpayer has 30 days from the date the county assessor's notice was mailed (or date of delivery, if delivered) in which to file a written complaint with the county assessor. The taxpayer's complaint must set out the pertinent facts in relation to the matter contained in the notice in ordinary and concise language, and in such manner as to enable a person of common understanding to know what is intended. The complaint is required to be made upon a form prescribed by the Oklahoma Tax Commission. 68 O.S. Supp. 2014, § 2876.D. The form OTC Form 974, is published online by the Oklahoma Tax Commission, [www.tax.ok.gov/](http://www.tax.ok.gov/). The taxpayer may also obtain the prescribed form from the assessor's office. A taxpayer may also file a complaint if the valuation of the property has not increased or decreased from the previous year if the complaint is filed on or before the first Monday in May. Such a complaint is also required to be made upon a form prescribed by the Oklahoma Tax Commission. 68 O.S. Supp. 2014, § 2876.E.

The statutory date of mailing treated as date of filing rule under 68 O.S. Supp. 2014, § 2802.2 appears to apply to a filing by a taxpayer of a written complaint with the county assessor with respect to a county assessor notice of increased valuation, assessment or added property. See § 37-312.03 above.

**§ 37-322. Informal Hearing by County Assessor.** The county assessor is required to schedule an informal hearing with the taxpayer to hear the taxpayer's protest as to a disputed valuation or addition of omitted property. The informal hearing may be held in person or telephonically if requested by the taxpayer. A taxpayer unable to participate in a scheduled informal hearing must be given two additional alternative hearing dates by the county assessor. The assessor is required to take final action upon

the matter disputed within five working days of the date of the informal hearing, and to mail or deliver notice of such final action to the taxpayer. The county assessor's notice of final action must clearly be marked with the date upon which the notice was prepared. The notice is required to be mailed or delivered to the taxpayer within one working day of such date. For such purposes "working days" means Monday through Friday and shall exclude Saturday and Sunday and any legal holidays. 68 O.S. Supp. 2014, § 2876.A., F.

**§ 37-323. Appeal to County Board of Equalization.**

Within ten *working days* of the date the county assessor's notice of final action is mailed or delivered, the taxpayer may file an appeal to the county board of equalization. For such purposes "working days" means Monday through Friday and shall exclude Saturday and Sunday and any legal holidays. Such appeal must be made upon a form prescribed by the Oklahoma Tax Commission; and one copy of such form must be mailed or delivered to the county assessor, and one copy must be mailed or delivered to the county board of equalization. 68 O.S. 2011, § 2876.F. The form, OTC Form 976, Formal Appeal County Board of Equalization, is published online by the Tax Commission, [www.tax.ok.gov/](http://www.tax.ok.gov/).

The statutory date of mailing treated as the date of filing rule under 68 O.S. Supp. 2014, § 2802.2 appears to apply to a mailing of the copy of the form to the county assessor, although it does not literally apply to a delivery or mailing to the county board of equalization. *See* § 37-312.03 above. However, 68 O.S. 2011, § 221.1, states a similar rule for a return, claim, statement or other document required to be filed or payment required to be made under authority of any provision of a tax law of the state.

County boards of equalization hold sessions of limited duration each year to hear protests. The sessions generally commence April 1 and end May 31, except in counties having assessed valuation in excess of \$1 billion, sessions commence the fourth Monday in January. A county board of equalization has authority to call and meet in special sessions if necessary to meet its case load. A taxpayer should take appropriate action to obtain hearing within the limited session periods. 68 O.S. Supp. 2013, § 2863.

Upon receipt of a taxpayer's appeal, the secretary of the county board of equalization must fix a date of hearing, at which time the board is authorized and empowered to take evidence pertinent to the appeal. In any county with a population of less than 300,000, the county

board of equalization must provide three dates on which the taxpayer may appear before the board to present evidence. 68 O.S. Supp. 2014, § 2877.A.

The county board of equalization is required to follow procedures prescribed in the Ad Valorem Tax Code, or administrative rules and regulations promulgated thereunder governing the valuation of real and personal property. *Id.*

The taxpayer or agent for the taxpayer may appear at the scheduled hearing either in person, by telephone or other electronic means, or by affidavit. 68 O.S. Supp. 2014, § 2877.C.

The county board of equalization is authorized to compel the attendance of witnesses and the production of books, records and papers by subpoena. If a taxpayer fails or refuses to permit inspection of property or examination of books and records, or fails or refuses to comply with any subpoena duces tecum legally issued, the taxpayer shall be stopped from contesting an assessment to the county board of equalization. This does not prevent an appeal of any order of the board to the district court. 68 O.S. 2011, § 2877.A.

The county board of equalization is authorized to confirm, correct or adjust the valuation of real or personal property or to cancel an assessment of personal property added by the assessor not listed by the taxpayer if the personal property is not subject to taxation or if the taxpayer is not responsible for payment of ad valorem taxes upon such property. *Id.*

The county board of equalization may not modify a valuation of real or personal property as established by the county assessor unless the modification is explained in writing upon a form prescribed by the Oklahoma Tax Commission; and each decision of the board shall be explained in writing upon a form prescribed by the Oklahoma Tax Commission. *Id.*

The county board of equalization must make a record of each proceeding involving an appeal from action by the county assessor either in transcribed or tape recorded form. *Id.*

If the taxpayer or taxpayer's agent fails to appear at a scheduled hearing, unless advance notice is given for the reason, the county is authorized to assess costs against the taxpayer. If such costs are assessed, payment by the taxpayer is a prerequisite to filing of an appeal in district court. A taxpayer that gives advance notice is



entitled to reschedule the hearing date. 68 O.S. Supp. 2013, § 2877.D.

Subject to certain exceptions, a member of the board of equalization shall not directly or indirectly communicate with the county assessor or any deputy assessor or designated agent on any matter relating to any pending appeal before the board of equalization prior to the actual hearing. Each member of the county board of equalization must sign an affidavit stating that he or she is not in violation of the requirement that the board member not communicate with the county assessor relating to a taxpayer appeal prior to the hearing. All parties to the hearing must sign an affidavit stating that the evidence being presented is true to the best of the party's belief and knowledge. The affidavits of board members and parties must be maintained as a part of the hearing record. 68 O. S. Supp. 2014, § 2877A., E.

A county board of equalization may not unilaterally act to lower or raise the value of property in the absence of a protest of the value by the property owner. Okla. Op. Att'y Gen. 97-74, Sept. 24, 1997.

**§ 37-324. Confidentiality.** Documents produced by a taxpayer to the county assessor or county board of equalization during the informal and formal hearing process on protested assessments are protected as confidential and are not available for inspection under the Oklahoma Open Records Act. 68 O.S. 2011, § 2835E.

**§ 37-330. Practice and Procedure at Local Administrative Level.** Practice and procedure at the local level is relatively informal, both in the informal hearing of a taxpayer's protest before the county assessor, and in an appeal therefrom to the county board of equalization.

The pleadings and written filings to initiate such actions must be on forms prescribed by the Oklahoma Tax Commission. The taxpayer or its representative should obtain such forms from the county assessor's office or the secretary of the county board of equalization. Forms are also published online by the Oklahoma Tax Commission at [www.tax.ok.gov/](http://www.tax.ok.gov/).

A taxpayer may represent himself, or be represented by an attorney or other advisor. The taxpayer may present oral testimony, and other evidence, such as the testimony and written valuation of the property by a qualified appraiser, and may present oral argument and legal memoranda or briefs to the board. The rules of evidence applicable in judicial proceedings are not strictly adhered to in such hearings.

The county assessor and county board of equalization are not subject to the Oklahoma Administrative Procedures Act. 75 O.S. 2011, § 250.5. The county assessor and the county board of equalization are generally subject to the Oklahoma Open Records Act, 51 O.S. 2011, §§ 24A.1-24A.29, except as otherwise provided by law. See § 37-324 above.

The county board of equalization is generally subject to the Oklahoma Open Meeting Act, 25 O.S. 2011, §§ 301-314.; Okla. Op. Att'y Gen. 2005-50, Dec. 21, 2005.

#### **§ 37-400. ASSESSMENT PRACTICE BY TAXPAYERS.**

**§ 37-410. The Property Tax Case Summarized.** As indicated above, the property tax case in the protest of an assessment of locally assessed property consists of several administrative and judicial proceedings consisting of:

1. Informal hearing with the county assessor, *see* §§ 37-321, 37-322 above;
2. Appeal, protest and hearing before the county board of equalization, *see* § 37-323 above;
3. Judicial appeal from the board of equalization and trial de novo in district court of the county in which the property is located, *see* §§ 37-510 through 37-545 below; and
4. Appeal from the district court to the Oklahoma Supreme Court, *see* § 37-546 below.

(There are different protest and appeal procedures for the assessment of railroad, air carrier and public service corporation property. *See* § 37-1050 below.)

**§ 37-420. The Appraiser.** The use of an appraiser to provide expert testimony on the issue of valuation of a property is allowable at all stages of the protest process. The taxpayer and its representative should determine how and when best to present such evidence. A power of attorney form authorizing the appraiser to represent the taxpayer should be filed with the county assessor and/or county board of equalization. The form may be in a requested format provided by the county assessor, or the form prescribed by the Oklahoma Tax Commission, OTC Form BT-129, which is made available online by the Tax Commission at [www.tax.ok.gov/](http://www.tax.ok.gov/). Presentation of the appraiser's report to the county assessor, and at the protest hearing before the county board of equalization is probably advisable in most cases to demonstrate that

the taxpayer's position is supportable and to attempt to resolve the case on favorable terms without the expense and time consumption of litigation in court.

§ 37-430. **The Attorney.** The taxpayer may be represented by an attorney at the hearings with the county assessor before the county board of equalization, and throughout the judicial appeal proceedings. The attorney should file a power of attorney form with the county assessor and/or county board of equalization in the same manner as described for an appraiser above.

§ 37-431. **Appearance by Non-Resident Attorneys.** Nonresident attorneys may represent the taxpayer at the informal hearing with the county assessor and in proceedings before the county board of equalization. Nonresident attorneys may appear in the judicial appeal proceedings in district court and the Oklahoma Supreme Court. See § 37-545 below.

§ 37-432. **Appearance by In-House Attorneys and Officers.** In-house attorneys and tax officers of a taxpayer may appear and represent the taxpayer at the informal hearing with the county assessor, and in proceedings before the county board of equalization. In the judicial appeal proceedings in district court and the Oklahoma Supreme Court in-house attorneys may also appear for the taxpayer. Retention and appearance of a resident Oklahoma attorney who regularly practices in the county in which the property is located is recommended.

§ 37-440. **The Consultant.** The taxpayer may have a consultant appear with the taxpayer at the informal hearing with the county assessor and before the county board of equalization.

§ 37-450. **Other Persons.** There are no restrictions as to other persons representing or assisting the taxpayer at the informal hearings or in proceedings before the county board of equalization, provided that appropriate consideration is given to the times for presentation of the taxpayer's case and that the presence of others will not unduly delay proceedings.

## § 37-500. JUDICIAL APPEAL OF TAX ASSESSMENT.

§ 37-510. **Judicial Review and Appeal.** The judicial review and appeal of a tax assessment from a decision by the county board of equalization is by trial de novo in the district court of the same county, and appeal therefrom to the Supreme Court of Oklahoma. Both the taxpayer and the county assessor have the right to appeal from any order of the county board of equaliza-

tion. However, the county assessor is not permitted to appeal an order of the county board of equalization upon a question of the constitutionality of a law upon which the board based its order, but is authorized to request a declaratory judgment be rendered by the district court. 68 O.S. 2011, § 2880.1.A.

§ 37-511. **Notice of Appeal.** Notice of an appeal to district court must be filed with the county clerk as secretary of the county board of equalization within ten days after final adjournment of the board. 68 O.S. 2011, § 2880.1.B.

§ 37-512. **Appeal From County Board of Equalization in District Court.** The appeal itself must be filed in district court within ten days after final adjournment of the county board of equalization. 68 O.S. 2011, § 2880.1.B. Thus, there are two essential filings involved, which are the notice of appeal to be filed with the county clerk, and the petition to be filed in district court. The better practice is to file the notice of appeal with the county clerk, and the petition to appeal in district court, immediately after the county board of equalization decision is received.

When a county board of equalization failed to complete its work until after the statutorily prescribed adjournment date, it was held that appeal was permissible within ten days after actual final adjournment date. *Oklahoma City Golf & Country Club v. Keyes*, 1992 OK 94, 836 P.2d 1282.

The county clerk is required to preserve all complaints and to make a record of all orders of the county board of equalization. The complaint and such orders must be a part of the record in any case appealed to the district court from the county board of equalization. 68 O.S. 2011, § 2880.1.B. A copy of the board's decision should be made a part of the taxpayer's petition in the appeal filed in the district court. The rules of the district court should be obtained and followed in filing and prosecuting such an appeal.

The district attorney for the county in which the appeal is made has the duty to appear for and represent the county assessor in a district court appeal from the county board of equalization. The General Counsel or an attorney for the Oklahoma Tax Commission may appear on behalf of the county assessor upon request of either the district attorney or county assessor. 68 O.S. 2011, § 2880.1.D.

An appeal from the county board of equalization to the district court may be either upon questions of law or

fact, including value, or upon both questions of law and fact. Trial in the district court is de novo, without regard to the prior decision of the county board of equalization. 68 O.S. 2011, § 2880.1.A. In all appeals taken by the county assessor the presumption shall exist in favor of the correctness of the county assessor's valuation and the procedure followed by him. 68 O.S. 2011, § 2880.1.E.

**§ 37-540. Practice and Procedure.** Practice and procedure in a taxpayer's appeal to the district court is essentially the same as the general civil practice and procedure. The parties are the taxpayer as plaintiff, and county board of equalization as defendant, in a taxpayer appeal. The taxpayer should be represented by an attorney authorized to practice in Oklahoma. The district attorney represents the county board of equalization. The Oklahoma Code of Civil Procedure is applicable. The taxpayer and counsel should obtain the rules of the district court. Intervention is permitted by interested parties, such as the local school district(s), to the extent provided in the rules of civil procedure.

**§ 37-541. Use of Appraisals.** Appraisals of the value of the property may be used in appeal proceedings. The introduction of the appraisal is subject to the pertinent provisions and requirements of the Oklahoma rules of evidence. The taxpayer and counsel should consider seeking stipulation from the board of equalization and district attorney as to facts and matters necessary to establish admissibility and relevance of the appraisal.

**§ 37-542. Expert Witnesses.** The Oklahoma Code of Civil Procedure authorizes the opinion testimony of expert witnesses if technical or specialized knowledge of the witness will assist the trier of fact. The witness may be qualified as an expert by knowledge, skill, experience, training or education.

The testimony is allowed if it is based on sufficient facts or data, is the product of reliable principles and methods and the witness has applied the principles and methods reliably to the facts of the case. 12 O.S. Supp. 2013, § 2702.

The expert may testify as to facts and data perceived by or made known to him at or before the hearing, and the facts or data relied upon need not be admissible if they are of a type relied upon by experts in the particular field in forming opinions or inferences. The facts and data on which the opinion of an expert is based do not need to be admissible for the opinion to be admissible. The expert's opinion testimony may embrace an ultimate

issue to be decided by the trier of fact (e.g. valuation). 12 O.S. 2011, §2704.

An expert may testify without prior disclosure of the underlying facts or data unless the court requires otherwise, but may be required to disclose the underlying facts or data on cross-examination. 12 O.S. 2011, § 2705.

**§ 37-543. Forms and Pleadings.** The forms and pleadings required to be used in the judicial appeal from the county board of equalization in district court are those required and authorized by the Oklahoma Code of Civil Procedure, and the local rules of the district court. The taxpayer should consult with the court clerk of the district court. *Vernon's Oklahoma Forms 2d* is a useful source and reference for drafting and preparation of forms of pleadings.

**§ 37-544. Method of Filing/Delivery.** The judicial appeal in the district court from the county board of equalization is commenced by filing a petition with the clerk of the district court. 12 O.S. Supp. 2013, § 2003. Notice of appeal must also be filed with the county clerk as secretary of the county board of equalization within ten days after final adjournment of the board. Upon filing of the petition in the district court, the clerk must issue a summons, which is signed by the clerk, containing pertinent information regarding the parties and action. 12 O.S. Supp. 2013, § 2004.A., B. Service of process is made, at the election of the plaintiff (taxpayer), by the sheriff, a deputy sheriff, a person licensed to make service of process, or a person specially appointed for that purpose by the court. The plaintiff must deliver the summons to a process server other than the sheriff or a deputy sheriff with a copy of the petition. The court clerk delivers process to the sheriff if service is to be made by the sheriff. 12 O.S. Supp. 2013, § 2004.C. Service must be made upon the county board of equalization by delivering a copy of the summons and petition upon the county clerk as secretary of the county board of equalization. 12 O.S. Supp. 2013, § 2004.C.1.c.(5). Service may also be made by mail in accordance with requirements specified in the Oklahoma Pleading Code. 12 O.S. Supp. 2013, § 2004.C.2. Return and proof of service and return thereof must be made to the court. 12 O.S. Supp. 2013, § 2004.G.

**§ 37-545. Appearances for Taxpayer.** An attorney admitted to practice in the state may appear on behalf of a client which has retained such attorney. An attorney may be required to produce or prove his authority under which he appears. An attorney appearing on behalf of a

client in a case must be made an attorney of record in such matter. 5 O.S. 2011, §§ 1, 5.

An attorney who is not admitted to practice in Oklahoma may appear in an action in Oklahoma only upon registering with the Oklahoma Bar Association and approval of the court or tribunal involved. Article II, Section 5, of Oklahoma Supreme Court Rules Creating and Controlling the Oklahoma Bar Association.

**§ 37-546. Appeal from District Court to Supreme Court.** Either the taxpayer or the county assessor may appeal from the district court to the Oklahoma Supreme Court, as provided for in the Oklahoma Code of Civil Procedure. 68 O.S. 2011, § 2880.1.C.

An appeal from a decision of the district court must be filed in the Supreme Court within 30 days after the order of the district court from which the appeal is being made. 12 O.S. 2011, § 990A. The appeal is made by filing a Petition in Error in accordance with the Oklahoma Supreme Court Rules. 12 O.S. 2011, Ch. 15, App. 1, § RULE 1.23.

No matter shall be reviewed on such an appeal from district court to the Supreme Court which was not presented to the district court. 68 O.S. 2011, § 2880.1.C.

**§ 37-550. Payment of Property Taxes and Protest Procedures.** The full amount of taxes assessed against the property of a taxpayer who has appealed from a decision affecting the value or taxable status of such property must still be paid by the taxpayer at the time the taxes are otherwise due and payable absent such appeal. If the taxes become delinquent any pending appeal by the taxpayer is abated and is dismissed upon a showing that the taxes have not been paid. 68 O.S. 2011, § 2884.A.

When taxes are paid by a taxpayer who has an appeal pending, the taxpayer is required to give notice to the county treasurer when taxes are paid, or by December 31, whichever is earlier, that an appeal involving such taxes has been taken and is pending, and set forth the tax amount is being paid, or will be paid, under protest. The notice must be on a form prescribed by the Oklahoma Tax Commission. The form, OTC Form 990, is published online by the Tax Commission, [www.tax.ok.gov/](http://www.tax.ok.gov/). If taxes are paid in two equal installments and the amount paid under protest does not exceed 50% of the full amount of assessed taxes, all the protested taxes must be specified in the second installment. If the protested amount does exceed 50% of the full amount of assessed taxes, then the portion of protested taxes that exceeds 50% must be specified in the first installment,

and the entire second installment must be specified as paid under protest. The taxpayer must attach to the notice to the county treasurer a copy of the petition filed in district court or other appellate body in which the appeal was taken. For railroads and public service corporations, the amount of taxes protested may not exceed the amount of tax calculated on the protested assessed valuation specified in the complaint filed by the taxpayer. 68 O.S. 2011, § 2884.B. Failure to give such notice results in lack of jurisdiction in the appeal. *Means v. Blevins*, 1995 OK 76, 898 P.2d 1286.

If an appeal is on a question of valuation of the property, then the amount of taxes paid under protest by reason of the question of valuation being appealed shall be limited to the amount of taxes assessed against the property for the year in question, less the amount of taxes which would be payable by the taxpayer for that year if the valuation of the property asserted by the taxpayer in the appeal were determined by the court to be correct. 68 O.S. 2011, § 2884.G.

The county treasurer is required to hold taxes that are paid under protest in accordance with such procedures separate and apart from other taxes collected. Any portion of the taxes not paid under protest is apportioned by the county treasurer as provided by law. 68 O.S. 2011, § 2884.C.

Protested taxes are to be invested by the county treasurer in the same manner as surplus tax funds not paid under protest, but in an investment medium which will permit prompt refund or apportionment upon final determination of the taxpayer's appeal. In cases where the amount of protested ad valorem taxes by a taxpayer is in excess of \$15,000, the taxpayer may elect to choose the type of investment and where the investment is to be deposited in a qualified depository in the county. Upon final determination of the appeal which lowers the valuation of the property, the county board of equalization certifies the corrected valuation to the county assessor and sends a copy to the county treasurer. The county assessor then certifies to the county treasurer the correct amount of taxes payable by the taxpayer. A similar certification process is followed by the State Board of Equalization and State Auditor and Inspector for railroad, air carrier and public service corporation property protests. The difference between the amount of tax paid, and the correct amount payable, with accrued interest is required to be refunded by the county treasurer to the taxpayer upon the taxpayer's filing of a verified claim for such overpayment. The remainder, if any, with accrued inter-

est, is apportioned by the county treasurer, as provided by law. 68 O.S. 2011, § 2884.C., D., E.

The statutory date of mailing treated as date of filing rule under 68 O.S. 2011, § 2802.2 appears to apply to a filing by a taxpayer of a written complaint with the county assessor with respect to a county assessor notice of increased valuation, assessment or added property. See § 37-312.03 above.

**§ 37-560. Jurisdictional Requirements.** Oklahoma statutes provide that the statutory authorized proceedings for protesting valuations or exemptions before the county assessor, board of equalization and appeals therefrom are the exclusive and sole method by which assessments or equalization shall be corrected or taxes abated. Equitable remedies may be resorted to only where the aggrieved party has no taxable property within the tax district. 68 O.S. 2011, § 2885.A.

In issues of valuation and assessment for which administrative remedies are provided in the county board of equalization, the taxpayer may not initiate action in the courts without having exhausted those administrative remedies. *Appeal of Billings Cmty. Elevator, Inc.*, 1972 OK 113, 510 P.2d 953; *Keaton v. Bonaparte*, 1935 OK 757, 174 Okla. 316, 50 P.2d 404.

However, where the relief sought by the taxpayer is not within the authority of the board of equalization, action may be commenced in the courts without regard to such administrative procedures. *United Airlines, Inc. v. State Bd. of Equalization*, 1990 OK 29, 789 P.2d 1305 (action challenging jurisdiction of State Board of Equalization was not subject to requirement of exhaustion of administrative remedies); *Cantrell v. Sanders*, 1980 OK 43, 610 P.2d 227 (action challenging county board of equalization's authority to set assessment percentage was not within jurisdiction of that board, thereby allowing taxpayer to file suit directly in court upon payment of taxes under protest).

The statutes also provide that appeals taken from all boards of equalization to the courts are to have precedence in the court to which they are taken. 68 O.S. 2011, § 2885.B.

**§ 37-570. Illegality for Which No Appeal is Provided; Payment of Taxes; Suits for Recovery.** Oklahoma statutes provide for and authorize judicial actions in all cases where the illegality of tax is alleged to arise by reason of some action from which the statutes do not explicitly provide an appeal right and procedure.

In such cases the aggrieved party must pay the full amount of the taxes and give notice of any lawsuit at the same time and in the same manner as required with respect payment of taxes and notice to the county treasurer in cases contesting valuation. 68 O.S. 2011, § 2886; see § 37-550 above.

**§ 37-580. Board of Tax Roll Corrections.** Tax rolls generally may not be corrected or altered after their delivery to the county treasurer by the county assessor, except when made by the county treasurer on authority of a proper certificate authorized by law or pursuant to an order or decree of court in determination of a tax protest or other proper case. 68 O.S. Supp. 2014, § 2871.A.

However, the Oklahoma statutes also authorize certain enumerated errors and mistakes in the tax rolls to be corrected by the board of tax roll corrections for the county.

The board of tax roll corrections consists of the chairman of the board of county commissioners, the chairman of the county board of equalization, the county assessor, and the county clerk as nonvoting member and secretary. 68 O.S. Supp. 2014, § 2871.B.

**§ 37-581. Authority of Board to Correct Errors.** The types of errors which may be corrected by a board of tax roll corrections are specified by the statute. They include errors such as a property having been assessed to a person not owning or claiming to own the property, property exempt from taxation having been assessed, real property having been erroneously described, valuations entered on the rolls being at variance with the final equalized valuation of the property, increases in valuation without notice thereof being sent to the taxpayer, error in extension of tax against valuation entered, error in the name of the person assessed and record owner, and certain other enumerated errors made in the tax rolls. 68 O.S. Supp. 2014, § 2871.C.

A board of tax roll corrections must hear the application of any person interested or in any manner affected by an error in the tax rolls covered by the statute. The application must be verified by affidavit and show that the complainant was not at fault through his own failure to fulfill any duty under law. The county treasurer or county assessor may also bring errors to the board of tax roll corrections before the tax has been paid or attempted to be paid by filing of a verified statement of fact signed by the treasurer or assessor. 68 O.S. Supp. 2014, § 2871.B.

**§ 37-582. Tax Adjustments from Action by Board of Tax Roll Corrections.** The law provides that when

a complaint is pending before a board of tax roll corrections, taxes owed by the protesting taxpayer shall not become due until 30 days after the decision of the board. However, when a complaint is filed on a tax account which has been delinquent for more than one year, upon showing the tax is delinquent, the complaint shall be dismissed.

If an error in the tax rolls is determined to exist which is within those enumerated by the law to be within the board's authority to correct, then the board must enter its finding of fact and correct the error by issuing an order. If the error correction increases the amount of tax the board's order should cause the county clerk to issue a certificate of error to the county assessor ordering the assessor to certify such correction and/or increase to the county treasurer for entry on the tax rolls.

If the corrected error does not increase the amount of tax charged, the board's order should cause the county clerk to issue a certificate of error to the county treasurer, who must make the correction in the tax rolls. 68 O.S. Supp. 2014, § 2871.C.

If the correction results in a decrease in unpaid taxes, the treasurer must enter a credit, in lieu of cash for the amount of decrease of tax shown on the certificate of error. In a case where the taxes affected by such an error have been paid prior to hearing before the board, then if the taxpayer has filed its application for correction of the error within one year after payment of the tax, and the board's findings of fact disclose less tax was due to be paid than was paid, then the taxpayer may execute a cash voucher claim setting forth the facts and board's findings, verify it, and file it with the county clerk. This claim must be filed within six months after the effective date of the board's order of correction. The county clerk must deliver it to the county treasurer for designation of the fund from which the claim must be paid. The fund from which repayment is to be made is then determined by the county treasurer dependent upon whether taxes were paid under protest. The county clerk then must issue a cash voucher against the appropriate fund directing the county treasurer to pay the taxpayer the overpayment caused by the error. 68 O.S. Supp. 2014, § 2871.D.

Upon dismissal of a complaint or denial of relief the county clerk, as secretary of the board of tax roll corrections, must prepare an order of dismissal or denial which is mailed to the taxpayer. 68 O.S. Supp. 2014, § 2871.G.

**§ 37-583. Appeal from Board of Tax Roll Corrections.** Both the taxpayer and the county assessor have the right to appeal from any order of the board of tax roll corrections to the district court of the same county; if such appeal is made, the trial in the district court is de novo. 68 O.S. Supp. 2013, § 2871.H. Notice of appeal must be served on the county clerk, as secretary of the board of tax roll corrections, and a copy must be served on the county assessor. Appeal must be filed in district court within 15 days of the date of mailing of the order of the board of tax roll corrections to the taxpayer. 68 O.S. Supp. 2013, § 2871.I.

When a taxpayer is provided a remedy with the board of tax roll corrections, that precludes suit directly in district court without having exhausted remedies under such administrative procedure. *Parkinson v. Valente*, 1958 OK 69, 326 P.2d 826.

**§ 37-584. Correction of Clerical Errors on Tax Rolls.** The statutes also provide for the correction of certain enumerated "clerical errors" in the tax rolls. These are errors in name, address, legal description, and other minor clerical errors. In such cases, the county treasurer is authorized to make correction upon receipt of a certificate of clerical error issued by the county assessor. 68 O.S. Supp. 2013, § 2874.

#### **§ 37-600. EXEMPTION FROM TAXATION.**

**§ 37-605. Constitutional Exemptions.** The Oklahoma Constitution contains several express exemptions from ad valorem taxation, which are set forth in §§ 37-610 through 37-616 below.

No person is allowed to file for any ad valorem tax exemption for any year prior to such person filing an original application for such exemption with the county assessor. OKLA. CONST. art. X, § 22A.

**§ 37-610. Qualifying Manufacturing Concern Exemption.** A five year exemption from ad valorem taxation is made available under the Oklahoma Constitution for qualifying manufacturing concerns which are newly acquired manufacturing facilities or expansions. If a taxpayer fails to claim the exemption for a year in which it is otherwise qualified on or after March 15, 2003, a claim for exemption for an additional year may be filed within two years of the end of the original five year period. Failure to file for a year does not disqualify the taxpayer for subsequent years. This constitutional provision authorizes enabling legislation to be enacted by the Oklahoma Legislature. OKLA. CONST. art. X, § 6B. The statutes provide additional definitions,

including what constitutes a manufacturing facility, initial and annual filing requirements, and limitations pertinent to the new or expanded manufacturing facility exemption. Generally, a qualifying new manufacturing facility must provide a net payroll increase of at least \$250,000 annually if the facility is in a county with a population of fewer than 75,000, and a net payroll increase of at least \$1 million if the facility is located in a county with a population of 75,000 or more. 68 O.S. Supp. 2014, § 2902.

**§ 37-611. Constitutional Authorization; Local Development Exemptions and Incentives.** The Oklahoma Constitution authorizes enactment of legislation for exemption from ad valorem tax to provide incentives, exemptions and other forms of relief from taxation for historic preservation, reinvestment, or enterprise areas that are exhibiting economic stagnation or decline, and for use of local taxes for specific public investments, assistance in development financing, or as a specific revenue source for other public entities in the area in which the improvements take place, and authorizing apportionment of taxes for such the purposes. OKLA. CONST. art. X, § 6C.C.

**§ 37-612. Statutory Exemptions.** The statutory authorization for local development exemptions and incentives that has been enacted includes locally authorized tax relief and incentives for programs of cities, towns and counties to provide incentives, exemptions and other forms of relief from taxation for historic preservation, re-investment or enterprise areas that are exhibiting economic stagnation and decline, for development and redevelopment, and for encouraging development and renovation of housing. 68 O.S. 2011, §§ 850-887.

**§ 37-613. Tangible Personal Property Moving Through Oklahoma.** A constitutional exemption from ad valorem taxation is provided for all property consigned in the State of Oklahoma from outside the state, which is entitled under tariffs, rules and regulations approved by the Interstate Commerce Commission to be forwarded at through rates from the point of origin to the point of destination, if not detained in the State of Oklahoma for a period of more than 90 days. Such property is deemed to be property moving in interstate commerce. In addition, goods, wares and merchandise, whether or not moving on through rates, are deemed to move in interstate commerce, and not subject to taxation in the State of Oklahoma if not detained more than nine months where such goods, wares and merchandise are held for assembly, storage, manufacturing, processing or fabricating purposes. However, personal

property otherwise consigned for sale within the State of Oklahoma must be assessed in like manner as other personal property. OKLA. CONST. art. X, § 6A. Any person claiming this exemption must file an application with the county assessor during the year in which the tax is due, on or before March 15, or within 30 days from and after receipt by the taxpayer of a notice of valuation increase, whichever is later. An affidavit stating the property qualifies must be filed with the county assessor. Review of applications, and review and appeal are to be conducted in the same manner as in the case of homestead exemption applications. 68 O.S. 2011, § 2902.2.

**§ 37-614. Intangible Personal Property.** Intangible personal property is constitutionally exempted from ad valorem tax and any other tax in lieu of ad valorem tax in Oklahoma. OKLA. CONST. art. X, §6A.

Prior to January 1, 2013, the exemption of intangible personal property was limited to specifically listed items under the Constitution. For this purpose, prior to 2013, intangible personal property was defined as including:

1. Money and cash on hand, including currency, gold, silver, and other coin, bank drafts, certified checks, and cashier's checks;
2. Money on deposit in any bank, trust company, or other depository of money, within or without the State of Oklahoma, including certificates of deposit;
3. Accounts and bills receivable, including brokerage accounts, and other credits, whether secured or unsecured;
4. Bonds, promissory notes, debentures, and all other evidences of debt, whether secured or unsecured; except notes, debentures, and other evidences of debt secured by real estate mortgages which are subject to the Oklahoma Mortgage Registration Tax;
5. Shares of stock or other written evidence or proportional shares of beneficial interests in corporations, joint stock companies, associations, syndicates, express or business trusts, special or limited partnerships, or other business organizations;
6. All interests in property held in trust or on deposit within or without this State, and whether or not evidenced by certificates, shares, or other written evidence of beneficial ownership;
7. Final judgments for the payment of money; and
8. All annuities and annuity contracts.

OKLA. CONST. art. X, § 6A (amended 2013).

The exemption of intangible personal property under the constitutional provision prior to 2013 applied to intangible personal property as defined in it, and not all intangible personal property. *Sw. Bell Tel. Co. v. Oklahoma State Bd. of Equalization*, 2009 OK 72, 231 P.3d 638. The exemption was amended and broadened by constitutional amendment approved by voters in the November 2012, general election to apply to all tax years beginning on and after January 1, 2013.

**§ 37-615. Other Specified Constitutional Exemptions.** The Oklahoma Constitution also exempts from ad valorem taxation:

1. Property used for free public libraries;
2. Free museums;
3. Public cemeteries;
4. Property used exclusively for nonprofit schools and colleges;
5. Property used exclusively for religious and charitable purposes;
6. United States property with certain exceptions;
7. All property of the State of Oklahoma and counties and municipalities of the state;
8. Household goods of heads of families, tools, implements, and livestock employed in support of the family, not in excess of \$100 in value;
9. All growing crops; and
10. Certain other specified exemptions of limited classification.

OKLA. CONST. art. X, § 6A.

**§ 37-616. Exemption of Household Goods, Livestock - County Option.** The household goods of the heads of families and livestock employed in support of the family within any county may be exempted from ad valorem tax by the county after special election in the county called upon a petition signed by 25% of the registered voters of the county. If such exemption is approved by voters in a special election it becomes effective on January of the following year. OKLA. CONST. art. X, § 6(b). If such exemption is approved and becomes effective adjustments and procedures to compute millage rates are authorized. OKLA. CONST. art. X, § 8A.

For purposes of the exemption of livestock allowed under the Oklahoma Constitution, livestock owned by a general partnership, limited partnership, corporation, limited liability company, estate, trust or other lawfully recognized entity the primary purpose of which is to confer the economic benefits derived from the ownership of the livestock on two or more members of the same family and not any persons who are not members of the same family, whether such members are related by consanguinity or affinity, shall be deemed to be livestock employed in support of the family; and an adopted child shall be treated as being related by consanguinity to the person or persons who become the adoptive parent or parents of such child. A surviving spouse having no other family members by consanguinity or affinity after the death of his or her spouse shall continue to be eligible for the exempt treatment of livestock used for his or her support. 68 O.S. Supp. 2013, §2807.1.

**§ 37-617. Statutory Exemptions.** In addition to, and in furtherance of the ad valorem tax exemptions provided for in the Oklahoma Constitution, the following exemptions are allowed by statute; some of which are complimentary or duplicative of the constitutional exemptions:

1. Property of the United States, with certain exceptions;
2. Property of the state, counties, school districts and municipalities of the state;
3. Property of colleges or schools devoted exclusively to objects of the college or school, and all property used exclusively for nonprofit schools and colleges;
4. The books, papers, furniture and scientific or other apparatus pertaining to any institution, college or society referred to in 3., above, devoted exclusively and directly for educational purposes, and the like property of students in any such institution or college, while such property is used for the purpose of their education;
5. All fraternal orphan homes and other orphan homes;
6. All property used for free public libraries, free museums, public cemeteries, or free public schools;
7. All property used exclusively and directly for fraternal or religious purposes within the State of Oklahoma. For purposes of such exemption and in order to determine whether a single family residential property is used exclusively and directly for fraternal or religious purposes, the fair cash value of a single family residential property, for which an exemption is claimed as authorized in



excess of \$250,000 for the applicable assessment year shall not be exempt;

8. All property of any charitable institution organized or chartered under the laws of the State of Oklahoma as a nonprofit or charitable institution, provided the net income from such property is used exclusively within the State of Oklahoma for charitable purposes and no part of such income inures to the benefit of any private stockholder including property which is not leased or rented to any person other than a governmental body, a charitable institution or a member of the general public authorized to be a tenant in property owned by a section 501(c)(3) charitable institution and which includes but is not limited to institutions satisfying specified requirements as to income, occupancy, location and date of construction;

9. All property used exclusively and directly for charitable purposes within the State of Oklahoma, provided that the charity using said property does not pay any rent or remuneration to the owner thereof, unless the owner is a charitable institution described in section 501(c)(3) of the Internal Revenue Code, or a veterans organization described in section 501(c)(19) of the Internal Revenue Code;

10. All property of any hospital established, organized and operated by any person, partnership, association, organization, trust, or corporation, as a nonprofit and charitable hospital, provided the property and net income from such hospital are used directly, solely, and exclusively within the State of Oklahoma for charitable purposes and that no part of such income shall inure to the benefit of any individual, person, partner, shareholder, or stockholder, and provided further that such hospital facilities shall be open to the public without discrimination as to race, color or creed and regardless of ability to pay, and that such hospital is licensed and otherwise complies with the laws of the State of Oklahoma relating to the licensing and regulation of hospitals;

11. All libraries and office equipment of ministers of the Gospel actively engaged in ministerial work in the State of Oklahoma, where said libraries and office equipment are being used by said ministers in their ministerial work, shall be deemed to be used exclusively for religious purposes and are declared to be within the meaning of the term "religious purposes" as used in Article X, section 6 of the Oklahoma Constitution;

12. Household goods, tools, implements and livestock of every person maintaining a home, not exceeding \$100

in value or \$1,000 in value if Article X, section 6 of the Oklahoma Constitution provides for an exemption in such amount; and in addition thereto, personal property of \$200 of all enlisted and commissioned personnel, whether on active duty or honorably discharged, who served in the Armed Forces of the United States during time of war or state of national emergency shall have been or shall be declared to exist by the Congress or the President of the United States. All surviving spouses made so by the death of such enlisted or commissioned personnel, who are bona fide residents of the State of Oklahoma, shall be entitled to such additional exemption provided in this paragraph;

13. Family portraits;

14. All food and fuel provided in kind for the use of the family not to exceed provisions for one year's time, and all grain and forage necessary to maintain for one year the livestock used to provide food for the family. No person from whom pay is received or expected for board shall be considered a member of the family within the intent and meaning of this paragraph;

15. All growing crops; and

16. All game animals, fowl and reptile, which are not being grown for food or sale and which are kept exclusively for propagation or exhibition, in private grounds or public parks in this state.

68 O.S. 2011, §§ 2887, 2887.1.

**§37-617.01. Charitable Institution Exemption; Required Application and Affidavit.** Certain charitable institutions must file an application and an annual affidavit confirming exempt status with the county assessor. 68 O.S. 2011, §§ 2887(8), 2887.1.

**§ 37-618. Homestead Exemption.** All homesteads in the State of Oklahoma are required to be assessed for taxation the same as other real property therein, except that each homestead is exempted from all forms of ad valorem taxation to the extent of \$1,000 of the assessed valuation thereof. 68 O.S. 2011, § 2889.

In addition to the amount of the basic homestead, an additional exemption is granted, to the extent of \$1,000 of the assessed valuation on each homestead of heads of households whose gross household income from all sources for the preceding calendar year did not exceed \$20,000. 68 O.S. 2011, § 2889; 68 O.S. Supp. 2004, § 2890.

A taxpayer must file application for homestead exemption with the county assessor. To be granted exemption for a particular year, a taxpayer must apply for the homestead exemption by March 15 of that year or within 30 days from and after receipt by the taxpayer of notice of valuation increase, whichever is later. If filed after that date the exemption, if granted, will be effective beginning the next year. 68 O.S. 2014, § 2892.

For any owner of real property who is eligible to claim the income tax credit pursuant to 68 O.S. § 2357.29A with respect to a tornado or for any owner of real property whose primary residence was damaged or destroyed in a tornado and who purchased or built a new primary residence at a location within the state other than the location of the damaged or destroyed residence, the application for a homestead exemption may be filed after March 15 and the homestead exemption shall be granted for such year. For a tornado occurring in calendar year 2013, the exemption may be filed no later than June 1, 2014. For any subsequent tornado, the exemption may be filed no later than June 1 of the year immediately following the year during which the tornado occurred. For this purpose, "tornado" means a tornado which occurred in calendar year 2013 or any subsequent tornado for which a Presidential Major Disaster Declaration was issued. 68 O.S. Supp. 2014, § 2892.B.

The term "homestead," as used in the provisions governing homestead exemptions, means and includes the actual residence of a natural person who is a citizen of the State of Oklahoma, provided the record actual ownership of such residence be vested in such natural person residing and domiciled thereon. 68 O.S. Supp. 2013, § 2888.A.

Any single person of legal age, married couple and their minor child or children, or the minor child or children of a deceased person, whether residing together or separated, or surviving spouse shall be allowed only one homestead exemption. *Id.*

No person or the family of such person is required to be domiciled thereon if such person is in the armed service of the United States in time of war or during a state of national emergency as declared by the Congress or the President of the United States, and such person shall not be required to be domiciled thereon in order to assert or claim the exemption, and such exemption may be claimed by any agent of, or member of the family of, such person. *Id.*

The surviving spouse and/or minor children of a deceased person shall be considered record owners of the homestead where the title of record in the office of the county clerk on January 1 is in the name of the deceased; but in all other cases the deed or other evidence of ownership must be of record in the office of the county clerk on January 1 in order for any person to be qualified as the record owner; however, a natural person actually owning, residing and domiciled in the residence on January 1 shall be deemed to be the record owner thereof on January 1, within the meaning of the homestead exemption, if his deed or other evidence of ownership, executed on or before said January 1, is of record in the office of the county clerk on or before February 1. *Id.*

A rural homestead may not include more than 160 acres of land and the improvements thereon; and an urban homestead may not include any land except the lot or lots, or the unplatted tract, upon which are located the dwelling, garage, barn and/or other outbuildings necessary or convenient for family use. Parents may claim the homestead exemption for property in which they reside which is jointly owned with a child or children. The term "rural homestead" means and includes any homestead located outside a city or town or outside any platted subdivision or addition. The term "urban homestead" means and includes any homestead located within any city or town whether incorporated or unincorporated, or located within a platted subdivision or addition, whether such subdivision or addition is part of a city or town. In no case may an urban homestead exceed in area one acre. *Id.*

**§ 37-618.01. Storm Shelter Exemption.** An amendment of the Oklahoma Constitution, Article 10, § 6, was approved by voters November 5, 2002, which provides for the exemption of storm shelters installed or added after January 1, 2002. Laws 2001, H.J. Res. No. 1001, State Question 696.

**§ 37-618.02. Homestead Exemption, Totally Disabled Veterans; Surviving Spouses.** A complete exemption from ad valorem tax is allowed for the homestead for a veteran who has a service related 100% permanent disability, or the surviving spouse of such a veteran. If an exempt homestead is transferred then another homestead of the disabled veteran or surviving spouse is exempt. OKLA. CONST. art. X, § 8E. The surviving spouse of a head of household who has died in the line of duty in a branch of the U.S. military is entitled to a complete exemption of such surviving spouse's homestead until such surviving spouse remarries; the exemption allowed

for such a surviving spouse applies to a newly acquired homestead property if an exempt homestead is transferred. OKLA. CONST. art. X, § 8F.

**§ 37-618.03. Low Income Elderly Taxpayer Homestead Relief.** A separate form of homestead exemption which freezes the valuation of homestead property of taxpayers age 65 or older having gross household income not exceeding the median income of residents in each county, or metropolitan statistical area that includes the county. OKLA. CONST. art. X, § 8C. A qualifying taxpayer must file an application for such limit on or before March 15, or within 30 days from and after receipt of a notice of valuation increase, whichever is later. 68 O.S. 2011, § 2890.1.

**§ 37-619. Additional Tax Relief/Low Income Head of Household.** Additional tax relief is given to any person who is age 65 or older or totally disabled who is head of a household with gross household income not exceeding \$12,000 in a calendar year. The tax relief is a refund of property tax paid in excess of 1% of household income, but not exceeding \$200. 68 O.S. 2011, §§ 2904-2911.

**§ 37-620. Oklahoma Housing Reinvestment Program Act.** Exemption from ad valorem tax is allowed for specified periods on the increased value on newly constructed residences and certain improvements in qualifying reinvestment districts created in a municipality or county with less than 300,000 population, with limited growth or in an opportunity zone within a municipality or county. 62 O.S. 2011, §§ 881 through 887.

**§ 37-621. Exempt Taxpayers/Use.** In general, whether property is exempt from ad valorem taxation depends upon the purpose for which it is used. The existence of an exempt use of the property is a question of fact. OKLA. CONST. art. X, § 6; 68 O.S. 2001, § 2887; *London Square Vill., Inc. v. Okla. Cnty. Equalization & Excise Bd.*, 1976 OK 159, 559 P.2d 1224.

**§ 37-630. Constitutional Authority and Legislative Power.** The power to exempt property from taxation is vested exclusively in the Oklahoma legislature, and is exercisable only to the extent authorized by the State Constitution. OKLA. CONST. art. X, § 6; *In Re Assessment of Chickasha Milling Co.*, 1920 OK 341, 194 P. 217.

**§ 37-640. Practice and Procedure in Exemption Cases.** The exempt status of property, based upon its use, should be reported to the county assessor upon forms provided by the assessor for listing such property, stating the basis for the exemption.

Specific application and annual affidavit requirements are applied to certain charitable institutions by statute. 68 O.S. 2011, §§ 2887(8), 2887.1.

If an exemption claimed is not allowed or not fully recognized by the assessor, the taxpayer may follow the procedure for informal hearing with the county assessor, by filing a written complaint with the county assessor within 20 calendar days from the date the notice of addition of exempted property or denial of a claimed exemption.

If the exemption is not allowed by the assessor in the informal hearing, then the assessor should mail or deliver notice thereof to the taxpayer within five working days of the date of the informal hearing. The taxpayer then may appeal the action of the county assessor to the county board of equalization by filing an appeal with the board within ten working days of the date the county assessor's notice is mailed or delivered. One copy of the appeal form must be mailed or delivered to the county board of equalization and one copy to the county assessor. This procedure should parallel in most respects that prescribed for protest and appeal of the change in valuation of property. 68 O.S. 2011, § 2876, 68 O.S. Supp. 2013, § 2877. However, the statutory provisions prescribing such procedures do not explicitly refer to issues or protests involving a claimed and denied exemption of real or personal property. Nevertheless, the county assessor's duties and the notification, protest and appeal procedure involved include determinations of *taxable* real and personal property, and a denied exemption of property is therefore a matter which is within the authority of the county board of equalization. In addition, the county board of equalization has the express statutory authority to cancel assessments of property not taxable, and hear all grievances and protests filed with the board. 68 O.S. Supp. 2013, § 2863.B.3., 4.

If the county board of equalization does not allow a claimed exemption the taxpayer may appeal from the board's order to the district court of the same county for trial de novo on all questions of law and fact. The county assessor also has the right of appeal from an order of the board. The appeal must be made within ten days after the final adjournment of the board by filing notice of appeal with the county clerk as secretary of the board, and filing of the appeal in the district court. 68 O.S. 2011, § 2880.1.

The taxpayer or the county assessor may appeal a protested exemption from the district court to the Oklahoma Supreme Court. These procedures and rights of

review are the same as described in §§ 37-320 through 37-560 above.

The board of tax roll corrections also has authority to make corrections of any error or mistake in the tax rolls with respect to any property exempt from taxation which has been assessed. 68 O.S. Supp. 2013, § 2871.C.2; see §§ 37-580 through 37-583 above.

**§ 37-650. Effective Date of Exemption.** The Oklahoma exemption provisions have been interpreted to allow exemption of a property from ad valorem tax for a year even though it is first used for exempt purposes after the January 1 assessment date. *Baptist Bldg. Corp. v. Joe B. Barnes, Cnty. Treasurer, Oklahoma Cnty.*, 1994 OK CIV APP 71, 874 P.2d 68.

**§ 37-700. PROPERTY AND ITEMS SUBJECT TO SPECIFIC TAXES IN ADDITION TO, OR IN LIEU OF, AD VALOREM PROPERTY TAX.**

**§ 37-710. Gross Production Tax.** Oklahoma levies a gross production tax on oil, gas and other specified minerals. The gross production tax is in lieu of ad valorem taxes on the producing property. 68 O.S. 2011, § 1001A., B., S. The gross production tax itself is not considered a property tax. Instead, it is in lieu of, or in substitution for, the property tax, and is not subject to the constitutional uniformity requirement. *Apache Gas Prods. Corp. v. Oklahoma Tax Comm'n*, 1973 OK 34, 509 P.2d 109.

**§ 37-711. Scope of Gross Production Tax Exemption.** The “in lieu of” nature of the gross production tax exempts from ad valorem tax any property rights attached to or inherent in the right to the minerals subject to the gross production tax, producing leases for mining or producing such minerals, the mineral rights and privilege belonging or appertaining to land, and the machinery appliances and equipment used in and around any well or mine and actually used in the operation of such well or mine. The exemption extends to the minerals extracted or produced during the tax year in which they are produced. Also, exempted is “any investment in” any leases, rights, privileges, minerals or other property from which mineral production subject to gross productions tax is derived. 68 O.S. Supp. 2013, § 1001.S.

Lands not used or involved in the lease, producing mine or well are to be assessed and subject to ad valorem tax. Minerals in storage, or produced and on hand at the assessment date for general ad valorem taxes for any year subsequent to the year of production are subject to the ad valorem tax for that subsequent year. *Id.*

The statutes explicitly provide that the ad valorem tax exemption arising from the imposition and payment of gross production tax extends only to such equipment, machinery, tools, material or property as is actually necessary and being used in the production of the minerals subject to the gross production tax. There is expressly excluded from the exemption certain specified facilities such as office buildings of gasoline extraction and absorption plants, water and fuel systems and other enumerated facilities. 68 O.S. Supp. 2013, § 1001.T. The property exempted includes, but is not limited to, lease production tanks, lease production meters, and lease disposal systems which are not for commercial purposes, and such exemption remains effective as long as the property is essential to the production of oil and gas in commercial quantities.

The exemption from ad valorem tax for producing mines, wells and properties provided by the gross production tax is also allowed and extended to wells from which production is exempted from the gross production tax itself under certain oil and gas production incentive provisions applicable to incremental production from enhanced, secondary and tertiary production projects, horizontally drilled wells, production enhancement projects, reestablished inactive wells, deep wells and new discovery wells. 68 O.S. Supp. 2013, § 1001.U.

**§ 37-712. Timing of Gross Production Tax “In Lieu of” Exemption.** Gross production tax which becomes due for the month of January triggers the application of the statutory exemption from ad valorem tax of property included in the gross production tax “in lieu of” exemption. The gross production tax levied on January 1 permits the substitution of gross production tax in lieu of ad valorem tax, and a change in tax status of the property before or after January 1 will not trigger the “in lieu” of provision. 68 O.S. Supp. 2013, § 1001.S.; *Okla. Indep. Petroleum Ass'n. v. Youngker*, 1988 OK 146, 769 P.2d 109.

The Oklahoma statutes provide that the Oklahoma Tax Commission shall adopt rules and regulations to establish guidelines for the determination of property exempt from ad valorem taxation by reason of the “in lieu of” provision. The rules are to include definitions of “producing leases” and “payment of gross production tax.” 68 O.S. 2011, § 1001.1.

**§ 37-800. BUSINESS ACTIVITY TAX IN LIEU OF AD VALOREM TAX ON INTANGIBLE PERSONAL PROPERTY.** A business activity tax code was enacted in 2010 to levy a business activity tax in lieu

of ad valorem tax on intangible personal property that is not exempted by Article 10, § 6A of the Oklahoma Constitution. This followed the decision in the case of *Sw. Bell Tel. Co. v. Oklahoma State Bd. of Equalization*, 2009 OK 72, 231 P.3d 638. See § 37-614 above. The business activity tax in lieu of ad valorem tax on non-exempted intangible personal property was in effect for 2011 and 2012. The business activity tax in lieu of ad valorem tax on non-exempt intangible personal property did not apply to public service corporations, railroads and air carriers. 68 O.S. 2011, §§ 1215-1218.

**§ 37-810. Revocation of Business Activity Tax.** The Oklahoma business activity tax ceased to apply for tax years beginning after December 31, 2012, by reason of voter approval of the amendment of the constitutional provision authorizing exemption of intangible personal property from ad valorem tax. All intangible personal property is now exempt from ad valorem tax. The statutory arrangement for collection of a business activity tax in lieu of ad valorem tax on intangible personal property became unnecessary and expired. OKLA. CONST. art. X, § 6.A.

**§ 37-900. OTHER FEES OR TAXES IN LIEU OF AD VALOREM TAX.** There are a number of other state taxes and fees levied under Oklahoma law which are specifically designated as being in lieu of ad valorem tax, whether in lieu of real property tax, personal property tax, or both. These include registration fees for aircraft and motor vehicles, transfer fees on used vehicles, registration and license fees on vessels and motors, taxes on textiles, freight cars, farm equipment and certain other enumerated state taxes. 68 O.S. 2011, § 2805.

**§ 37-1000. TAXATION OF PUBLIC SERVICE CORPORATIONS.**

**§ 37-1010. State Board of Equalization Assessment of Railroad, Air Carrier and Public Service Corporation Property.** Public service corporation, railroad and air carrier property is centrally assessed by the Oklahoma State Board of Equalization. 68 O.S. 2011, § 2847. County assessors do not assess public service corporation property. The State Board of Equalization has a membership consisting of the Governor, State Auditor and Inspector, State Treasurer, Lieutenant Governor, Attorney General, Superintendent of Public Instruction and President of the Board of Agriculture. The official action of the State Board requires approval by a majority of all members of the Board. OKLA. CONST. art. X, § 21.A.; 68 O.S. 2011, § 2864.

**§ 37-1020. "Public Service Corporation" Defined.** A "public service corporation" includes all transportation companies, transmission companies, all gas, electric, light, heat and power companies and all waterworks and water power companies, and all persons authorized to exercise the right of eminent domain or to use or occupy any right-of-way, street, alley, or public highway, along, over or under the same in a manner not permitted to the general public. A video services provider is a subclass of public service corporations. Railroad and air carrier property is excluded from the definition of "public service corporation," but is assessed by the State Board of Equalization. 68 O.S. Supp. 2011, § 2808; *EOG Res. Mktg. v. Oklahoma State Bd. of Equalization*, 2008 OK 95, 196 P.3d 511.

**§ 37-1030. Valuation and Assessment of Railroad, Air Carrier and Public Service Corporation Property.** The State Board of Equalization is required to annually assess the property of all railroad, air carrier and public service corporation property. The assessment ratio and taxable values determined by the State Board must be established in accordance with the requirements of Article X, section 8 of the Oklahoma Constitution. The assessment ratio is the ratio at which public service corporation was assessed on January 1, 1996 (22.85%). OKLA. CONST. art. X, § 8.A.3. The statutes require uniform application of assessment ratios to all public service corporation property throughout the state, subject to the requirements of federal law. 68 O.S. 2011, § 2847.

The assessment ratio of railroad and airline property has been set by the State Board of Equalization at a level corresponding to the assessment ratios applicable to locally assessed property in the state. This is done by the Board pursuant to the federal mandates for railroads and airlines. The property of all other public service corporations has been assessed at higher percentages of fair cash value than locally assessed property. This disparity in assessment as between railroads, airlines and other public service corporations has been a source of controversy. The assessment ratio for video services providers is a statewide average of ratios applied to cable television companies.

**§ 37-1035. Reporting by Public Service Corporations; Findings of Tax Commission.** Railroads, air carriers and public service corporations organized, existing, or doing business in Oklahoma must return sworn lists or schedules of their taxable property to the Oklahoma Tax Commission by April 15; stating or listing the amount, kind, and value thereof as of January 1. The Tax Commission may request certain other financial data. The