

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1890

By: May

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Sections 2802, 2821, 2823, 2906, and 2907,
9 which relate to ad valorem tax code, definitions,
10 inspections, and exemptions; modifying definition to
11 exclude requirement for physical examination of
12 property; modifying recording process to exclude
13 physical inspection; modifying income cap; and
14 providing an effective date.

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

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

18 Section 2802. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 20. "Homestead exemption" means the reduction in the taxable
16 value of a homestead as authorized by law;

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

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

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

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

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

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

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

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

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

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

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

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

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

19 Section 2821. Physical inspection of real property - Type of
20 information to be gathered - Recording - Cadastral maps and parcel
21 identification system to be required and maintained - Comprehensive
22 sales file - Office equipment.

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

1 shall require such examination as will provide adequate data from
2 which to make accurate valuations.

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

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

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

22 E. The county assessor shall maintain a comprehensive sales
23 file for each parcel of real property within the county containing
24 relevant property characteristics, sales price information,

1 adjustments to sales price for purposes of cash equivalency,
2 transaction terms and such other information as may be required in
3 order to establish the fair cash value of taxable real property.

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

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

12 Section 2823. Cost of comprehensive visual inspection program.

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

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1 B. The county excise board or county budget board shall
2 apportion such cost among the various recipients of revenues from
3 the mill rates levied, including the county, all cities and towns,
4 all school districts, all sinking funds of such recipients, and all
5 jurisdictions specified in subsection D of this section, in the
6 ratio which each recipient's total tax collection authorized from
7 its mill rates levied for the preceding year bears to the total tax
8 collection authorized of all recipients from all their mill rates
9 levied for the preceding year. The cost shall include only those
10 expenses directly attributable to the visual inspection program and
11 those expenses directly attributable to ~~physical~~ onsite inspections
12 of personal property and shall not include any expenses of the
13 office of the county assessor which, in the judgment of the county
14 excise board or county budget board, are expenses of county
15 assessor's office which would exist in the absence of such program
16 or in the absence of ~~physical~~ onsite inspection of personal
17 property. Expenses that are attributable both to the visual
18 inspection program and physical inspection of personal property, and
19 which would exist in the absence of such program or inspection,
20 including but not limited to salaries, employee benefits, office
21 supplies and equipment, may be prorated; provided, no portion of the
22 salary of the county assessor shall be included in such costs.

23 C. Upon receipt of the billing statement provided for in
24 subsections D and E of this section by each such recipient, the mill

1 rates to be established by the board for each such recipient for the
2 current year shall include and be based upon such amounts and shall
3 constitute an appropriation of such amounts to the county assessor
4 for expenditure for the expenses of administering the visual
5 inspection program each year. In the case of a sinking fund of a
6 recipient, if, after approving its budget, the governing body of a
7 recipient notifies the board in writing that there are no funds
8 appropriated to pay the amount of the billing statement for such
9 sinking fund, such notice shall constitute conclusive evidence of a
10 financial obligation of the recipient as it relates to such sinking
11 fund. The board may seek a judgment for the amount of such
12 obligation and court costs in the district court of the county in
13 which the board is located.

14 D. The county assessor shall render a statement to each of the
15 jurisdictions within the county which receive revenue from an ad
16 valorem mill rate. Such statement shall include the following
17 information:

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

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

3 3. The charge for the entity receiving the statement as well as
4 the charge for each jurisdiction of the county based upon the
5 proportions specified in paragraph 2 of this subsection. The total
6 of all current year charges for all county jurisdictions should
7 equal the total visual inspection program budget for the current
8 fiscal year;

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

12 5. A copy of the County Budget Visual Inspection Account and a
13 brief description of the areas to be visually inspected for the
14 current fiscal year, consistent with the plan on file with the
15 Oklahoma Tax Commission pursuant to Section 2820 of this title.

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

1 payable by the jurisdiction is due and payable by December 31 of the
2 current fiscal year.

3 SECTION 4. AMENDATORY 68 O.S. 2021, Section 2906, is
4 amended to read as follows:

5 Section 2906. Any person sixty-five (65) years of age or older
6 or any totally disabled person, who is the head of a household, a
7 resident of and domiciled in this state during the entire preceding
8 calendar year, and whose gross household income for such year does
9 not exceed ~~Twelve Thousand Dollars (\$12,000.00)~~ Thirty Thousand
10 Dollars (\$30,000.00) may file a claim for property tax relief on the
11 amount of property taxes paid on the household occupied by such
12 person during the preceding calendar year. Each head of household
13 shall be allowed to file only one claim per year.

14 SECTION 5. AMENDATORY 68 O.S. 2021, Section 2907, is
15 amended to read as follows:

16 Section 2907. A. The amount of any claim filed pursuant to
17 Section 108 of this act shall be for the amount of the property
18 taxes paid by the claimant for the preceding calendar year which
19 exceeds one percent (1%) of the household income, but no claim for
20 property tax relief shall exceed ~~Two Hundred Dollars (\$200.00)~~ One
21 Thousand Dollars (\$1,000.00).

22 B. The right to file a claim and to receive property tax relief
23 under the provisions of this act shall be personal to the claimant
24 and shall not survive his death, except that a surviving spouse of

1 the claimant may receive benefits hereunder upon the timely filing
2 of a claim.

3 SECTION 6. This act shall become effective November 1, 2025.

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