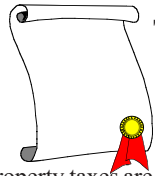


OKLAHOMA PROPERTY TAXES

2000

OKLAHOMA TAX COMMISSION - AD VALOREM DIVISION



TAXPAYERS' RIGHTS, REMEDIES & RESPONSIBILITIES

The Basics

Property taxes are based on the value of the property. For example, the property tax on a vacant lot valued at \$10,000 is usually ten times as much as one valued at \$1,000 if located in the same taxing jurisdiction.

Property taxes are **local taxes**. Your county officials value your property, set your tax rates and collect your taxes. However, state law governs how the process works.

The property tax provides more tax dollars for local services in Oklahoma than any other source. Property taxes help to pay for public schools, city streets, county roads, police, fire protection and many other services.

The Oklahoma Constitution sets rules for the property tax.

🔗 **All tangible property must be taxed on its current market value. The exception is agricultural land.**

A property's market value is the price for which it would sell when both buyer and seller want the best price and neither one is under pressure to buy or sell. Land used for farming and ranching is valued on its capacity to produce crops or livestock, instead of its value on the real estate market. This appraisal is known as agricultural use value.

🔗 **All property is taxable unless a federal or state law provides an exemption for it.**

An exemption excludes all or part of a property's value from taxation.

🔗 **Property owners have a right to notice of increases in appraised property value.**

How does the system work?

There are two main parts to the property tax system in Oklahoma.

🔗 **A county assessor in each county sets the value of your property each year.**

🔗 **A County Board of Equalization settles any disagreements between you and the assessor about your property value.**

January 1 marks the beginning of property appraisal. What a property is used for on January 1, market conditions at that time and who owns the property on that date determine whether the property is taxed, its value and who is responsible for paying the tax.

Between January 1 and March 15, the county assessor processes applications for tax exemptions.

Around April 1, in most counties, the County Board of Equalization (CBOE) appraisal review board begins hearing protests from property owners who believe their property values are incorrect. The CBOE is an independent panel of 3 citizens responsible for handling protests about the appraisal of property.

In August or September, the elected officials of each county adopt tax rates for their operations and debt payments. Every property is taxed by the county and the local school district. You also may pay taxes to a city and to special districts such as hospital, vo-tech, water, fire, and others.

Tax collection starts around November 1 as tax bills go out. Taxpayers have until December 31 to pay the first half of their taxes. The second half must be paid before April 1. On April 1, penalty and interest charges begin accumulating on unpaid tax bills.

What is the taxpayer's role?

You can play an effective role in the process if you know your rights, understand the remedies available to you and fulfill your responsibilities as a property owner and taxpayer.

🔗 **Know your rights:**

- You have the right to equal and uniform tax appraisals. Your property appraisal should be the same as similar properties.
- You have the right to receive all tax exemptions or other tax relief for which you qualify.
- You have the right to notices of changes in your property value or in your exemptions.

🔗 **Understand your remedies:**

- If you believe your property value is too high, or if you were denied an exemption or agricultural use value, you may protest to the assessor and then if denied to the CBOE. If you do not agree with the review board, you may take your case to court.

🔗 **Fulfill your responsibilities:**

- You must apply for exemptions, homestead exemption and other forms of tax relief before the by March 15.
- You must see that your property is listed correctly on the tax records with your correct name, address and property description.
- You must pay your taxes on time.

Appointing an Agent

You may represent yourself in any property tax matter, or you may appoint a representative - commonly called an "agent" - to handle specific duties. You do not need an agent to file for exemptions.

To appoint an agent, you must give that person written authorization to represent you. No authorization is necessary if the person is your attorney, mortgage lender, employee or a person who is simply acting as a courier.

Savings on Home Taxes

An exemption removes part of the value of your property from taxation and lowers your taxes. Other than exemptions for disabled veterans or survivors, these exemptions may apply only for your homestead. They may not apply to other property you own.

Homestead Exemption

Does your home qualify for exemptions?

🔑 You must own your home on January 1.

Your homestead can be a separate structure, condominium or a mobile home located on land that you own.

A residence may be owned by an individual through an interest in a qualifying beneficial trust and may be occupied by a trustor of a qualifying trust.

🔑 You must use the home as your principal residence on January 1.

If you have more than one house, you can only get exemptions for your main or principal residence.

If you temporarily move away from your home, you can still get an exemption if you do not establish another principal residence and you intend to return. For instance, if you enter a nursing home, your home still qualifies as your homestead if you intend to return.

Military personnel stationed elsewhere, but are Oklahoma citizens, may be granted homestead exemption.

A parent residing in a home which is jointly owned with the parent's non-residing child may receive the exemption.

Renting part of your home or using part of it for a business does not disqualify the remainder of your home from the exemption.

What home exemptions are there?

🔑 Homestead exemption

If you maintain a homestead and meet the ownership and residency requirements, you should qualify for homestead exemption. Homestead exemption is a \$1,000 deduction from the gross assessed value of your home. In most cases this will result in between \$80 and \$100 in tax savings. To apply for the exemption contact the county assessors office anytime during the year and ask for the application forms. Homestead applications received after March 15 will be credited to the following year. You do not have to apply each year providing your ownership or place of residence does not change. Property placed in living trusts is eligible for the exemption. Contact your county assessor for details and forms.

🔑 Additional Homestead Exemption

If your gross household income from all sources (except gifts) is \$20,000 or less a year, and you meet all the homestead exemption requirements, you may qualify for an additional \$1,000 exemption. Contact your county assessor for Form 994 to make application.

🔑 Property Tax Refund

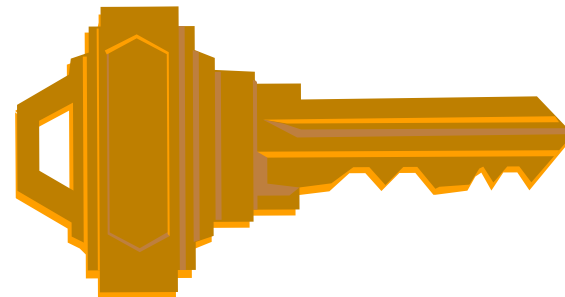
If your gross household income from all sources (except gifts) is \$12,000 or less, AND you are at least 65 years of age OR totally disabled, you may be eligible for a property tax refund. Application is made on Form 538-H which you may obtain from the Oklahoma Tax Commission, Forms Section. You must pay your property taxes in full to the county and attach your receipt to the 538-H form. The tax refund is calculated by subtracting 1% of your income from the amount of property taxes you paid. A refund may not exceed \$200.00.

Are you a disabled veteran or survivor?

You may qualify for a property tax exemption if you are either (1) a veteran who was disabled while serving with the U.S. armed forces or (2) the surviving spouse or child of a disabled veteran or of a member of the armed forces who was killed while on active duty. You must be an Oklahoma resident.

How to File for an Exemption

1. Get an application form at your local county assessor office. Fill out only one application. There is a separate application for the veteran's exemption.
2. Return the form to the assessor's office. Applications may be submitted to the assessor throughout the year, but only those received by March 15 will be effective in the current year. Making false statements on your exemption application is a criminal offense.
3. Provide necessary information. For example, if your home is a mobile home, you must have a copy of the title to the home or a verified copy of the purchase contract.
4. If the assessor denies or modifies your exemption, he or she must tell you in writing within five days. This notice must explain how you can protest before the CBOE.
5. Once you receive a homestead exemption or a disabled veteran's exemption, you do not have to apply again unless your qualifications change. If you move to a new home, you will have to fill out a new application.
6. The assessor may require a new application by sending you a written notice and an application form. If you do not return the new application, you can lose your exemptions.



What should new homeowners do?

🔗 **Before you buy a home, you or your mortgage company should get a tax lien report for the home from the county treasurer.** The tax report will show if delinquent taxes are owed. You cannot get clear title to the property until you have paid all delinquent taxes.

🔗 **Your mortgage company may pay property taxes on your home out of an escrow account.**

If this is the case, make sure the county treasurer sends the original tax bills to the mortgage company. You may want to request a receipt to see if the mortgage company pays the taxes on time and for federal income tax purposes.

🔗 **Apply to the county assessor for a residence homestead and any other exemptions.**

🔗 **If you sold your previous home in Oklahoma, make sure it is listed under the new owner's name and address.**

🔗 **If your home is new, you should receive a notice of appraised value from the assessor usually in April or May.** Contact the county assessor if you do not receive this notice.

Limitations of Value

Valuation Increase

There is a limit for how much your real property taxable value may increase in any one year. The Oklahoma Constitution places a five percent limit on increases for real property valuation. The assessor may not increase above the five percent limit in any year unless the property has had a new addition, substantial improvement added or the property has been sold.

Senior Citizens With Limited Income

There is a constitutional limit on the valuation of homestead property for persons 65 years of age or more, with an annual household income of \$25,000 or less. An application for valuation limitation must be completed by the qualified owner and filed with the county assessor by March 15 beginning with the first year of eligibility. The property value may be reduced at a future date due to market conditions, but the value may not be increased above the level established by the application for limitation as long as the qualifications are maintained.

Agricultural Land Taxes

Agricultural use value lowers the taxable value of land owned by qualified farmers and ranchers. It values rural land based on the land's capacity to produce crops, livestock, instead of its value on the real estate market. This lower value reduces property taxes on qualified agricultural land.

What land qualifies?

🔗 **The land must be devoted principally to agricultural use.**

Agricultural use includes production of crops, livestock, poultry or cover crops. It also can include leaving the land idle for a government program (CRP) or for normal crop or livestock rotation. Land used for raising certain exotic animals to produce human food or other items of commercial value on agricultural land also qualifies. Using land for wildlife management is an agricultural use. Contact your local assessor for details.

The assessor determines if a change to a non-agricultural use has been made and send a notice of the change. If you disagree, you may file a protest with the CBOE. You must file the protest within 20 days of the date the notice was mailed to you. The CBOE decides your case.

If you protest and the CBOE decides against you, you may appeal to district court.

New Business/Going Out of Business

If you own a new business, you must render your personal property. This property includes furniture, fixtures, equipment and inventory. See the next section on "renditions." You will pay taxes on the property that you own on January 1 of the tax year.

The county assessors staff may ask permission to enter your premises and inspect the property to determine what taxable personal property you own and its value. Such an inspection is during normal business hours or at a time agreeable to you and the assessor's staff.

If you go out of business after the first of the year, you will still be liable for taxes on the personal property that you owned on January 1. You are not relieved of the taxes because you no longer operate the business.

Valuing Property

The county assessor determines the value of all locally assessed taxable property in the county. Before the appraisal can begin, the assessor compiles a list of the taxable property. The listing for each property contains a description of the property and the name and address of the owner.



How is your property valued?

The assessor must repeat the inspection process for property in the county at least once every four years.

To save time and money, the county assessor uses mass appraisal to appraise large numbers of properties. In a mass appraisal, the assessor first collects detailed descriptions of each taxable property in the district. Then property is classified according to a variety of factors, such as size, use and construction type. Using data from recent property sales, the assessor appraises the value of typical properties in each class. Taking into account differences such as age or location, the assessor uses the typical property values to appraise all the properties in the class.

For individual properties, the assessor may use three common methods to value property: market, income and cost approach.

The market approach is most often used and simply asks, "What are properties similar to this property selling for?" The value of your home is an estimate of the price your home would sell for. The assessor compares your home to similar homes that have sold recently and determines your home's value.

What if your property value increases?

A notice of increase in appraised value tells you if the assessor intends to increase the value of your property.

County assessors send a notice of appraised value. A detailed notice contains a description of your property, its value, and any exemptions. This notice is sent under three circumstances:

- if the value of your property is higher than it was in the previous year
- if the value of your personal property is higher than the value you gave on a rendition (see next section); or
- if your property was not on the county assessor's records in the previous year.

The assessor will send a short notice without the estimate of taxes if your property was reappraised or changed hands or upon the request of you or your agent.

The assessor will send you the notice of appraised value by May. If you disagree with the value, you have 20 days to file a protest with the county assessor.

The notice of appraised value explains how you can file a protest with the review board if you disagree with the assessor's actions.

What is a rendition?

A rendition is a form you may use to report the taxable property you own on January 1 to the county assessor. The rendition identifies, describes and gives the location of your taxable property. Business owners must report a rendition of their personal property.

🔗 **Advantages** - If you file a rendition, you are in a better position to exercise your rights as a taxpayer.

- Your correct mailing address is on record so the county treasurer will send your tax bills to the right address.
- Your opinion of your property's value is on record with the county assessor.
- The assessor must send you a notice of appraised value if the appraiser puts a higher value on your property than the value you listed on your rendition.

🔗 **Deadline** - File your rendition with the county assessor after January 1 and no later than March 15.

🔗 **Requirements** - If you own tangible personal property, you must report this property on a rendition form every year. Businesses, for instance, must report their inventories, equipment and machinery on a rendition.

How to Appeal

The right to protest is the most important right you have as a taxpayer. You may protest if you disagree with any of the actions the assessor has taken on your property. You may discuss your concerns about your property value or exemptions with the county assessor in a hearing.

The assessor will informally review your protest with you to try to solve any problems. Check with your assessor for details.

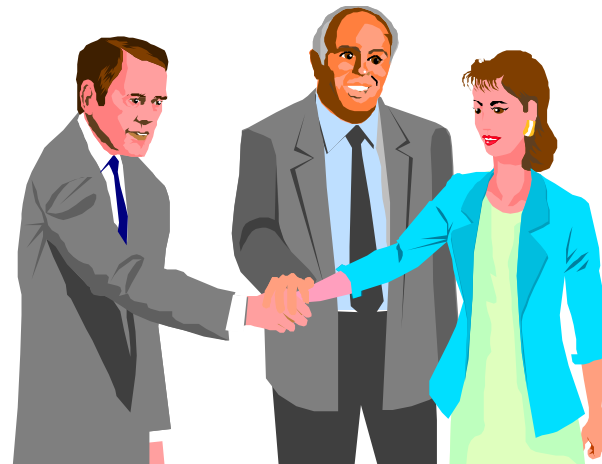
What is a County Board of Equalization?

A CBOE is 3 citizens authorized to resolve disputes between taxpayers and the county assessor.

CBOE members are appointed by the Oklahoma Tax Commission, the County Commissioner, and the District Judge. An individual must be a resident of the county to serve on the CBOE. Members also must comply with special conflict of interest laws.

The CBOE determines taxpayer protest and taxing jurisdiction challenges. In taxpayer protests, it listens to both the taxpayer and the county assessor. The CBOE determines if the assessor has granted or denied exemptions properly and resolves property valuation disputes. The CBOE decisions are binding only for the year in question. The CBOE begins work around April 1 in most counties and finishes by May 31.

CBOE meetings are open to the public. Notices of the date, time and place of each meeting must be posted at least 48 hours in advance.



Should you protest?

The CBOE must base its decisions on evidence. It hears evidence from both sides - the taxpayer and the county assessor.

Following is a list of protest issues that a CBOE can consider and suggestions on evidence you may want to gather.

☞ Is the proposed value of your property too high?

Ask the county assessor to explain the appraisal. Be sure the property description is correct. Are the measurements for your home or business and lot correct? Gather blueprints, deed records, photographs, a survey or your own measurements.

Are there any hidden defects, such as a cracked foundation or inadequate plumbing? Get photographs, statements from builders or independent appraisals.

Ask the assessor for the appraisal records on similar properties in your area. Is there a big difference in the values? This comparison may show that your property was not treated equally.

Collect evidence on recent sales of properties similar to yours from neighbors or real estate professionals. Ask the county assessor for the sales that were used.

Consider using an independent appraisal by a real estate appraiser. Insurance records also may be helpful.

If you decide to use sales information to support your protest, you should:

- Get documents or sworn statements from the person providing the sales information.
- Use sales of properties that are similar to yours in size, age, location and type of construction.
- Use recent sales. Sales that occurred closest to January 1 are best.
- Weigh the costs of preparing a protest against the potential tax savings. Preparing a protest may not be worth the time and expense if it results in only a small tax savings.

☞ Did the county assessor deny your homestead exemption?

First, find out why the assessor denied your exemption. If the assessor denied your homestead exemption, get evidence that you owned your home on January 1 and used the home as your principal residence on that date.

If the assessor denied a homestead exemption for part of the land around your home show how much land is used as a yard.

If the assessor denied you an over-65, a disable person's or a veteran's exemption, read about these exemptions on pages 2-3.

☞ Did the assessor wrongly determine that you took your land out of agricultural use?

Is agricultural activity still taking place on your land? If you took only part of the land out of agricultural use, you may need to show which parts still qualify.

☞ Do the appraisal records show an incorrect owner?

Provide records of deeds or deed transfers to show ownership.

☞ Is your property being taxed by the wrong taxing jurisdiction?

An error of this sort is often simply a clerical error. For example, the appraisal records show your property is located in one school district when it actually is located in another school district.

☞ Is your property incorrectly included on the appraisal records?

Some kinds of taxable personal property move from place to place quite regularly. Property is taxed at only one location in Oklahoma. You can protest the inclusion of your property on the appraisal records if it should be taxed at another location in Oklahoma.

☞ Did the county assessor or CBOE fail to send you a notice that the law requires them to send?

You have the right to protest if the county assessor failed to give you a required notice. But unless you disagree with your appraisal, there is no point in protesting failure to give a notice. Be sure that the assessor has your correct name and address.

You cannot protest failure to give notice if the taxes on your property become delinquent.

A notice is presumed delivered if sent by first-class mail with a correct name and address. Your failure to receive a properly mailed notice does not give you the right to a late hearing.

☞ Is there any other action the county assessor or CBOE took that affects you?

You have the right to protest any action that affects you and your property. For instance, the assessor may claim your property was not taxed in a previous year, and you disagree.

You may protest only actions that affect your property.

How should you protest

The CBOE will notify you in advance of the date, time and place of your hearing. Discuss your protest issue with the assessors office in advance. You may work out a satisfactory solution without appearing before the CBOE.

When you present your protest to the CBOE, you may appear in person, send someone to present the protest for you or send a sworn affidavit containing the evidence to support your protest. See the section on appointing an agent on page 2.

☞ Do not contact CBOE members outside the hearing.

The CBOE members are prohibited from communicating with another person about a property under protest.

☞ Be on time and prepared for your hearing.

The CBOE may adopt a policy to place a time limit on hearings.

☞ Stick to the facts of your presentation.

The CBOE has no control over the assessor's operations or budget, tax rates for the local taxing units, inflation or local politics. Including these topics in your presentation is not helpful to you.

☞ Present a simple and well organized protest.

Stress key facts and figures. Write them down in logical order and give copies to each CBOE member.

☞ Recognize that the CBOE acts as an independent judge.

The CBOE listens to both the taxpayer and the assessor before making a decision. It is not a case of the taxpayer against the CBOE and the assessor.

How to File a Protest

1. **File a written protest.** The county clerk has protest forms available. A notice of protest is sufficient if it identifies the owner, the property that is the subject of the protest and indicates that you are dissatisfied with a decision made by the assessor.
2. **File your notice of protest by May 1** or no later than 20 days after the assessor delivers a notice of change in appraised value to you, whichever date is later.

If the assessor sends you a notice that your agricultural land is no longer in agricultural use, you must file your notice of protest within 20 days of the date the assessor mailed the notice.

If you do not file a notice of protest before the CBOE approves the assessment roll, you lose your right to protest. You also lose the right to file a lawsuit about the taxable value of your property.

Contact your assessor if you have questions about clerical errors, substantial value errors, double taxing or other areas.

Should you appeal to district court?

Once the CBOE rules on your protest, it sends you a written notice by mail. If you are dissatisfied with the CBOE findings, you have the right to appeal its decision to the district court in your county.

You should consult with an attorney. Within 10 days after the adjournment of the CBOE, you must file a petition with the district court.

Setting Tax Rates

Once the CBOE approves the assessment roll, the assessor prepares a tax roll for each taxing unit (school district, city, town, library, etc). A tax roll lists the taxable property within the boundaries of the taxing unit. The assessors job is finished for the current year. It has provided a set of values for all local taxing units to use.

How is tax revenue generated?

The amount of revenue generated from ad valorem tax is based on the local government's taxable valuation and the rate or number of mills (one mill equals 1/1000 of a dollar) levied for its use. The total net assessed valuation is the taxable valuation of all the property subject to as ad valorem taxation within the taxing jurisdiction. The County Excise Board sets the tax levies in the number of mills rather than dollars. One mill would generate \$1 in revenue for every \$1,000 of taxable valuation.

After the levies are set, the County Excise Board certifies the levies to the county assessor. The assessor then computes all the property taxes and prepares the tax roll, which shows the amount of tax each individual taxpayer owes. The county treasurer is then responsible for sending the tax bills and collecting the tax.

How is tax revenue spent?

Public indebtedness is repaid with ad valorem tax levies. Debt is incurred when general obligation bonds and support levies are voted by the people in the counties, cities, towns, school districts and other smaller taxing jurisdictions. This type of indebtedness is in support of public projects such as building for schools, libraries, fire and water districts, health, EMS, museums, airports, vo-tech and sinking funds.

Each dollar of your ad valorem tax, on the statewide average, is apportioned about 70% for common schools, 12% vo-tech, 12% county, with the remaining percent apportioned to other publicly supported projects as authorized by the voters.

Paying Your Taxes

The county treasurer usually mails the tax bills in November. The delinquency date is December 31. If December 31 is drawing near and you have not received a tax bill, contact your local treasurer's office. Find out how much you owe and make sure your correct name and address are on record.

If your mortgage company pays the property taxes on your home, the mortgage company receives the tax bill.

The county treasurer must give you a receipt for your tax payment if you ask for one. Receipts are useful for federal income tax purposes and for ensuring that your mortgage company paid the taxes on your home.

If you appeal your value to district court, you must pay your taxes.

When is the deadline for paying?

In most cases, the deadline for paying property taxes is December 31. Taxes that are unpaid on January 1 are delinquent. Penalty and interest charges are added to the original amount.

Most property owners pay their property taxes before the end of the year, so the payment can be deducted from their federal income taxes. Check with the county treasurer on payment options that may be available, such as:

🏠🏠 **Split payment** of taxes allows you to pay half your taxes by December 31 and the remainder before April 1 without any penalty.

How to Calculate Your Taxes and Who to Call

Property Value (County assessor and local CBOE set values)
x Assessment %
= Assessed Value
- Exempt Value
= Taxable Value or Net Assessed Value

x Rate per \$1000 Value. Taxing unit's governing body sets tax levy.
= $\frac{\text{Taxable Value} \times \text{Rate}}{1000}$ Tax Amount
Make payment to county treasurer.

What if you do not pay your taxes?

The longer you allow your delinquent property taxes to go unpaid, the more expensive and risky it becomes for you.

You have penalty and interest charges added to your taxes.

Regular penalty charges may be as high as 18 percent, depending on how long the tax remains unpaid. Interest is charged at the rate of 1.5 percent per month. There is no maximum amount of interest.

You get delinquent tax notices.

The county treasurer sends at least one notice that taxes are delinquent. The treasurer may send additional notices and warnings.

Your property can be sold at a tax sale.

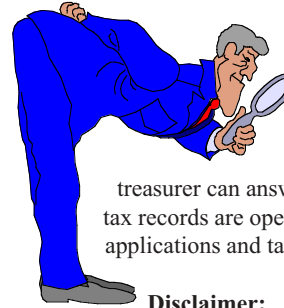
Failure to pay your property taxes can result in the loss of your property. The county treasurer may begin proceedings to sell it at a tax sale unless taxes are paid in full.

You may have problems selling your property.

Each taxing unit holds a tax lien on each item of taxable property. This tax lien gives the county the power to foreclose on the lien and attach the property, even if its ownership has changed. The property will then be auctioned, and the proceeds used to pay the taxes.

As a result of the tax lien, someone who purchases real estate cannot get a clear title until all the delinquent taxes owed on the property are paid in full.

If you are buying a portion of a larger parcel of land, check the taxes on the larger parcel. You will not be able to clear a tax lien against your part unless taxes on the whole are paid.



How to Get More Information

If this pamphlet does not answer all your questions about property taxes, your local officials can.

The county assessor can answer questions about property values, exemption, and protest to the CBOE. Your county treasurer can answer questions about tax rates and tax bills. In addition, property tax records are open to the public, including all the appraised values, exemption applications and tax bills.

Disclaimer:

This pamphlet is intended to give the taxpayer a brief overview of the ad valorem tax process. The information presented is based on statutory requirements and procedures. For more specific information, refer to the Oklahoma Statutes. This document is for informational reference purposes only, not legal reference.

AD VALOREM TAX DIVISION

Oklahoma Tax Commission

(405) 521-3178

<http://www.oktax.state.ok.us>
otcmaster@oktax.state.ok.us

1(800)522-8165

(OKLAHOMA ONLY)