An Act

ENROLLED HOUSE
BILL NO. 3188

By: McBride, Turner, Echols, Pittman and Sanders of the House

and

Sykes and Shortey of the Senate

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2802.1, which relates to implementation of Section 8B of Article X of the Oklahoma Constitution; modifying definition; prohibiting certain increase in fair cash value based upon designated improvements resulting from specified causes; providing exception for certain improvements; prescribing method for determination of fair cash value of certain square footage; and declaring an emergency.

SUBJECT: Valuation of real property

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2802.1, is amended to read as follows:

Section 2802.1 A. For purposes of implementing Section 8B of Article X of the Oklahoma Constitution:

1. "Any person" means any person or entity, whether real or artificial, other than the present owner;

2. "Any year when title to the property is transferred, changed, or conveyed to another person or when improvements have been made to the property" means the year next preceding the January 1 assessment date;

3. "Improvement" means a valuable addition made to property amounting to more than normal repairs, replacement, maintenance or upkeep, but for purposes of Section 8B of Article X of the Oklahoma Constitution shall not mean any expenditure, whether or not pursuant to a policy of insurance, for the purpose of repairing damage to a residential or business structure caused by rain, strong winds, tornadic winds, hail, fire or any other natural disaster or other event causing damage and any such improvements made shall be disregarded for purposes of determining the maximum amount of fair cash value subject to ad valorem taxation pursuant to Section 8B of Article X of the Oklahoma Constitution unless the improvements increase the square footage in which case only additional square footage may be considered an "improvement". If improvements constitute an increase in square footage, the county assessor shall determine the fair cash value of the additional square footage and shall separately determine the maximum fair cash value subject to ad valorem taxation for the square footage which is not part of the additional square footage amount and only in the amount authorized by Section 8B of Article X of the Oklahoma Constitution. Except with respect to the additional square footage, such improvements shall not allow any county assessor to increase the fair cash value of the applicable property by more than the percentage allowed by Section 8B of Article X of the Oklahoma Constitution for property upon which no improvements have been made; and

4. "Transfers, change or conveyance of title" means all types of transfers, changes or conveyances of any interest, whether legal or equitable. However, "transfers, change or conveyance of title" shall not include the following:

a. deeds recorded prior to January 1, 1996,

b. deeds which secure a debt or other obligation,

c. deeds which, without additional consideration, confirm, correct, modify or supplement a deed previously recorded,

d. deeds between husband and wife, or parent and child, or any persons related within the second degree of consanguinity, without actual consideration therefor, or deeds between any person and an express revocable trust created by such person or such person's spouse,

e. deeds of release of property which is security for a debt or other obligation,

f. deeds of partition, unless, for consideration, some of the parties take shares greater in value than their undivided interests,

g. deeds made pursuant to mergers of partnerships, limited liability companies or corporations, or deeds pursuant to which property is transferred from a person to a partnership, limited liability company or corporation of which the transferor or the transferor's spouse, parent, child, or other person related within the second degree of consanguinity to the transferor, or trust for primary benefit of such persons, are the only owners of the partnership, limited liability company or corporation,

h. deeds made by a subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock, or

i. any deed executed pursuant to a foreclosure proceeding in which the grantee is the holder of a mortgage on the property being foreclosed, or any deed executed pursuant to a power of sale in which the grantee is the party exercising such power of sale or any deed executed in favor of the holder of a mortgage on the property in consideration for the release of the borrower from liability on the indebtedness secured by such mortgage except as to cash consideration paid.

B. This section shall be applied effective from the date of the passage of Section 8B of Article X of the Oklahoma Constitution.

C. The Oklahoma Tax Commission shall promulgate rules necessary to implement Section 8B of Article X of the Oklahoma Constitution and this section.

SECTION 2. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 22nd day of May, 2014.

Presiding Officer of the House
of Representatives

Passed the Senate the 23rd day of May, 2014.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 23rd

day of May, 20 14, at 9:02 o'clock P M.

By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 3rd

day of June, 20 14, at 10:33 o'clock A M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 3rd

day of June, 20 14, at 1:38 o'clock P. M.

By: Chris Benge