

BOARD OF EQUALIZATION SUB COMMITTEE MEETING
NOVEMBER 19, 2020, 2 PM
EMBASSY SUITES
2501 Conference Drive, Norman, OK

The meeting was called to order by Chairman, Auditor Cindy Byrd.

Roll Call was taken, and a quorum was established.

Members present:

Mathangi Shankar
Gary Snyder
Wade Patterson
Cindy Bird, Chairman

The open meetings laws were followed to best of our ability.

Agenda Item #1 – Phase in audit – Craftsman cost Table

Mr. Snyder commented on how restrictions have been placed on the counties and staff shortages due to the pandemic. This has placed some counties behind on where they should be. Also, the original 17 Landmark Counties that were converted to the LandMark system have been converted to the Craftsman cost tables and this has been a challenge. The difference between Marshall & Swift Cost tables and the Craftsman cost tables is that Craftsman cost table starts with how the structure was built versus the Marshall & Swift which looks at occupancy first.

The selection committee bid on cost tables and chose Craftsman cost tables because of cost. Craftsman has been available for over 8 years providing cost information to the construction industry. The conversion cost tables have an added expense to counties and has created a hardship on some counties. Counties will have to collect more detailed information for Craftsman cost table. It will be a learning curve.

What is the big difference between Craftsman versus Marshall and Swift cost tables? Todd Holliday explained the fundamental approach to the value of the property – to get the cost of the property new. Craftsman looks at the structure. A concrete building for example may be a drug store. Craftsman looks at the structure of the building then they do an interior occupancy that adjusts the cost where Marshall and Swift are driven by the occupancy. Craftsman costs table has a lot more classifications that Marshall and Swift do not; therefore, the Assessor would need to re analyze the property again to meet the classifications of the Craftsman cost table. Commercial parcels will take a lot more time than residential partials to convert. Commercial parcels will be the most complex for data collection.

A concern was voiced about the VI cycle. The VI cycle for the performance audit is 25% each year. By law Assessors are to value property each year at cash value.

Mr. Holliday explained that in the Landmark system you do not have to roll the entire County at one time. If an Assessor is on VI cycle one, they would roll the values they are in. Next year the Assessor is on VI cycle two they would roll values for one and two, etc.

Auditor Byrd asked Troy how will changing from Marshall & Swift cost tables vs. Craftsman affect the performance audit?

Handouts from Troy Frazier, Oklahoma Tax Commission, were distributed to members present. Exhibit "A". There are 14 Counties listed at the bottom of the hand out that had made conversions the latter part of last year and the first part of this year and so the Counties that were mostly doing data collections on Craftsman system this year and the tax roll next year, the values for that particular County would be measured on the performance audit for 2022. Then we would start the Counties that were taking Craftsman data collections next year would be off set by a year so those would hit the tax roll in 2022 for data collections in 2021 and be in the performance audit for 2023. We are actually 2 years down from when the data is actually collected before we see it on the performance audit.

Auditor Byrd stated that she is concerned about the current pandemic situation; do the County Assessor have the staff in their offices to do the additional work that goes along with the new cost tables?

Mr. Frazier: "By statute, they are supposed to. That's what the visual inspection fund is all about."

Ms. Byrd: I don't think that is a fair statement and at this point most offices have been closed and funds have plummeted. They don't have the money for additional staff. With the staff that the Assessor's have right now in their offices, do they have enough to do the additional work? Joe.....

Mr. Hapgood: It's a hard question to answer. In general terms, there are going to be some challenges no doubt about it. I think the point that Troy was trying to make is there is still statutory responsibilities here as is to figure what a fair cash value is even if you are doing this other stuff. With the staff issues that you are referring to; what is the best way to address the statutory obligation is real challenging. There is no simply answer to that problem.

Mr. Hapgood: We will perform the performance audit as directed by the State Board of Equalization.

Mr. Patterson: I have been working with Texas County and it has doubled the time to switch over to the new cost tables. Assessor's and their employees are having to be trained on the new thought process on how to do visual inspection using the new cost tables. I worked with them for three days training employees and maybe got through around 400 of approximately 2500 parcels. It will take substantially more time for the Counties to switch over to the new cost tables. Possibly need to work with the County budget to hire additional employees for this process.

Mr. Frazier: The 2020 performance audit will be looking at the values set this year based off data that was collected in 2019. The only question that will be affected by data collection this year is

the number of parcels inspected for this year, question 1(D). That is the only thing that will affect next year's performance audit.

Mr. Snyder made a motion to allow all 77 Counties to move into a phase in audit.

Mr. Patterson: Second

Ms. Byrd: We have a motion and a second. Roll Call

Ms. Grantham: Ms. Shankar: Aye
Mr. Snyder: Aye
Mr. Patterson: Aye
Ms. Byrd: Aye

Ms. Grantham: 4 Aye, 0 nay

Ms. Byrd: Motion carries.

Ms. Byrd: Agenda item #2 – Presentation of the 2020 Performance Audit by Mr. Joe Hapgood, OTC, Ad Valorem Division.

The 2020 performance audit report was distributed to subcommittee members.

Mr. Hapgood: It has been a challenge this year to get the data that we need for the performance audit. 76 Counties were in compliance last year and this year. Blaine County was out of compliance last year and Coal County is out of compliance this year. I think Coal County had problems with appraisal of residential and commercial valuations. Also concerned about sales that were not uncapped.

Mr. Frazier commented that he had been in touch with Coal County Assessor several times. She expressed some concerns of the information OTC received was not accurate of what was going on in her office. She also had some concern about question #7; cap/uncap senior freeze.

A question was asked if a lot of Counties are having a problem with the cap/uncap question?

Could this be a data entry problem or system problem? Discussion about training that could be conducted to help Assessor's with this process if Counties are having problems.

Todd Holliday, LandMark, stated that you can not have a market value higher than your capped value. Mr. Frazier stated that the data base shows this to be true in Johnston County which is a LandMark County. Discussion will continue after adjournment.

Ms. Byrd asked for clarification for Coal County. Are saying the performance audit is 2 years behind the data?

Mr. Frazier: Data collect is one year, set values the next year and then it goes on the audit the following year. In Coal County there was a capped value higher than fair cash value.

Mr. Snyder: I move we accept the Oklahoma Tax Commissions findings of the 2020 performance audit and put Coal County in category one non-compliance.

Mr. Patterson: Second

Ms. Grantham: Ms. Shankar: Aye
Mr. Snyder: Aye
Mr. Patterson: Aye
Ms. Byrd: Aye

Ms. Grantham: 4 Aye, 0 nay

Ms. Byrd: Motion carries.

Agenda item #3 – New Business

No new business to report

Ms. Byrd asked for a motion to adjourn.

Mr. Snyder: So moved

Ms. Shankar: Second

Ms. Byrd: All those in favor signify by saying “aye” All members said “aye”

Ms. Byrd declared the meeting adjourned.