

STATE BOARD OF EQUALIZATION

December 1, 2022

10:00 AM

Governor's Conference Room

Second Floor – State Capitol Building

MINUTES

The State Board of Equalization met on December 1, 2022, at 10:00 a.m. in the Governor's Conference Room on the second floor of the State Capitol building. The members were notified by e-mail.

Members present were:

Governor J. Kevin Stitt

Lt. Governor Matt Pinnell

Cindy Byrd, State Auditor

John O'Connor, Attorney General

Randy McDaniel, State Treasurer

Blayne Arthur, Chairman of the Board of Agriculture

Member absent:

Joy Hofmeister, Superintendent of Public Instruction

Guest who took part in discussion:

Joe Hapgood – Director, Ad Valorem Division of Oklahoma Tax Commission

Agenda Item #1 – Call to order

Governor Stitt called the meeting to order

Agenda Item #2 – Roll Call

Roll was called to establish a quorum.

Agenda Item #3 – Announcement of filing of regular meeting and changed meeting notice and posting of the agenda in accordance with the Open Meeting Act.

Jon Dutton, Assistant Attorney General, announced that the State Board of Equalization had complied with filing regular meeting notice and posting of agenda in accordance with the Open Meeting Act.

Agenda Item #4 – Disposition of June 16, 2022, minutes

MR. MCDANIEL MOVED TO ACCEPT THE MINUTES AS PRESENTED. Mr. O'Connor seconded the motion. Roll call was taken, and all members present voted "aye".

Agenda Item #5 – Presentation and possible action regarding the 2022 Equalization Study submitted by the Oklahoma Tax Commission, Ad Valorem Division to the State Board of Equalization as required by 68 O.S. 2011, § 2864.

Mr. Hapgood presented the board with the annual equalization study on which the Ad Valorem Division of the Oklahoma Tax Commission reviewed constitutional and statutory requirements regarding value of real and personal property.

MS. BYRD MADE A MOTION TO ACCEPT THE OKLAHOMA TAX COMMISSION'S 2022 EQUALIZATION REPORT TO THE STATE BOARD OF EQUALIZATION UNDER 68 O.S. 2011, § 2864 AND FIND HUGHES, NOWATA AND SEMINOLE COUNTIES IN CATEGORY ONE NON-COMPLIANCE BASED UPON DATA CONTAINED IN THE REPORT. Mr. O'Connor seconded the motion. Roll call was taken, and all members present voted "aye".

Agenda Item #6 – Presentation, discussion, and possible action to accept the 2022 Performance Audit Report from Subcommittee Chairman, Cindy Byrd.

MS. BYRD, SUBCOMMITTEE CHAIRMAN, REPORTED THE BOARD OF EQUALIZATION SUBCOMMITTEE MET ON NOVEMBER 17, 2022. THE PERFORMANCE AUDIT RESULTS WERE PRESENTED TO THE BOARD BY THE OKLAHOMA TAX COMMISSION. THE BOARD OF EQUALIZATION SUBCOMMITTEE DESIGNED THE PERFORMANCE AUDIT IN 2011 ALONG WITH AUDIT QUESTIONS WITH A POINTS GRADING SYSTEM REQUIRED TO PASS THE AUDIT. THE 2022 AUDIT SHOWS 64 COUNTIES ACCOMPLISHED THE REQUIRED POINTS TO PASS WHILE 13 COUNTIES DID NOT RECEIVE THE MINIMUM POINTS. AFTER MUCH DISCUSSION IN THE SUBCOMMITTEE MEETING REGARDING THE CURRENT PERFORMANCE AUDIT THE SUBCOMMITTEE VOTED TO ACCEPT THE CURRENT PERFORMANCE AUDIT AND RECOMMEND WAIVING ANY COMPLIANCE ACTION FOR THE 13 COUNTIES THAT DID NOT MEET THE MINIMUM REQUIREMENTS. REASONS FOR THIS WERE DELAYS IN VISUAL INSPECTION CYCLE; COUNTIES ARE REQUIRED TO INSPECT ¼ OF COUNTY EACH YEAR BUT DUE TO COVID, THERE WERE MANY RESTRICTIONS THAT WOULD NOT ALLOW THIS. ALSO THE UNPRECEDENTED MARKET VALUE ON PROPERTY THE PAST FEW YEARS. AND OTHER CHALLENGES SUCH AS THE CONVERSION PROCESS OF THE CAMA SYSTEM AS WELL AS THE NEW COST TABLE THAT IS CURRENTLY BEING USED. THIS HAS PLACED A LOT OF DIFFICULTY ON THE ASSESSORS TO MEET THE OBJECTIVES. THERE IS A SILVER LINING, PERFECT SCORES WERE OBTAINED ON THE PERFORMANCE AUDIT BY CARTER AND STEPHENS COUNTIES.

MS. BYRD, BOE SUBCOMMITTEE CHAIRMAN, RECOMMENDED THAT WE ACCEPT THE REPORT AND NOT HOLD THEM OUT OF COMPLIANCE AT THIS TIME.

GOVERNOR STITT ASKED THE QUESTIONS – DO YOU EXPECT THEM TO BE IN COMPLIANCE NEXT YEAR? ARE YOU GOING TO DO THE SAME AUDIT NEXT YEAR?

MS. BYRD ADDED THAT THE SAME AUDIT WILL BE USED NEXT YEAR. SHE ALSO WANTED TO THANK THE OKLAHOMA TAX COMMISSION, FOR THE EXTRA WORK THEY HAVE PUT IN ON THE PERFORMANCE AUDIT THIS YEAR. ALSO, THANK YOU TO THE OKLAHOMA ASSESSOR'S ASSOCIATION FOR COMMENTS ON THE AUDIT PROCEDURES AND WERE VERY COMPLEMENTARY TO OTC. THANKS ALSO TO OSU/CLGT FOR THE WORK ON THE CAMA CONVERSION PROCESS. THIS HAS BEEN A VERY DIFFICULT YEAR AND ALL PARTIES INVOLVED UNDERSTAND THE IMPORTANCE OF THE VALUATIONS AND THE FUNCTIONS THE AD VALOREM TAXES PROVIDE, SPECIFICALLY FOR EDUCATION. I BELIEVE EVERYONE IS WORKING TOGETHER TO ACHIEVE THAT COMMON GOAL, IT HAS

BEEN DIFFICULT THIS YEAR WITH CIRCUMSTANCES OUTSIDE OF THEIR CONTROL FOR THE LAST TWO YEARS.

MS. BYRD MADE A MOTION - BASED ON DISCUSSION AT THE RECENT BOE SUBCOMMITTEE MEETING, I MOVE TO ACCEPT THE PERFORMANCE AUDIT REPORT AND RECOMMEND WAVING ANY COMPLIANCE ACTIONS FOR 2022 FOR THE 13 COUNTIES NOT MEETING THE POINTS THRESHOLD DUE TO THE REASONS JUST STATED. Ms. Arthur seconded the motion. Roll call was taken, and all members present voted “aye”.

Agenda Item #7 – Discussion and possible action on revisions to Equalization Performance Audit for future years.

MS. BYRD, STATED THE BOE PREVIOUSLY APPROVED MODIFICATIONS THAT THE NEW PERFORMANCE AUDIT WOULD BE PERFORMED ALONG SIDE THE PERFORMANCE AUDIT CURRENTLY IN PLACE. AFTER THE TEST AUDIT WAS CONDUCTED THIS YEAR AND THE RESULTS WERE PRESENTED TO THE BOE SUBCOMMITTEE WE REALLY DIDN’T HAVE TIME AFTER THE RESULTS WERE PRESENTED TO WORK OUT PROBLEMS ON THE COUNTIES THAT PASSED THE CURRENT AUDIT AND DID NOT PASSING THE TEST AUDIT. WE DID NOT FEEL LIKE WE HAD DONE OUR DUE DILIGENCE TO SEE WHAT THOSE ISSUES WERE. WE FEEL WE NEED MORE TIME TO LOOK AT THE NEW AUDIT AND MAKE SURE THE PROCEDURES ARE MEETING THE OBJECTIVES WE WANT THEM TO MEET. THE BOE SUBCOMMITTEE PLANS TO DO SOME RESEARCH BEGINNING THE FIRST OF NEXT YEAR AND DIG INTO THE NEW PROCEDURES AND COMPARE TO THE EXISTING AUDIT.

AUDITOR BYRD, WOULD LIKE TO RECOMMEND TO THE BOE TO SUSPEND THE NEW AUDIT PROCEDURES UNTIL NEEDED RESEARCH IS COMPLETE.

AUDITOR BYRD ALSO RESPONDED TO GOVERNOR STITT’S QUESTION THAT THE CURRENT PERFORMANCE AUDIT AND THE TEST AUDIT WERE BOTH PERFORMED THIS YEAR. THE SUBCOMMITTEE IS WORKING ON SOME ISSUES AS TO WHY A COUNTY PASSED THE CURRENT AUDIT BUT FAIL THE TEST AUDIT.

MS. ARTHUR, BOE SUBCOMMITTEE MEMBER, COMMENDED THE OTC AND THE COUNTY ASSESSORS FOR TAKING THE TIME TO ATTEND SUBCOMMITTEE MEETINGS AND WORKING WITH THE BOE SUBCOMMITTEE TO MAKE THE AUDIT PROCEDURES A BETTER PROCESS.

MS. BYRD MADE A MOTION TO ACCEPT THE RECOMMENDATIONS OF THE SUBCOMMITTEE AND TO DIRECT THE OKLAHOMA TAX COMMISSION TO UTILIZE THE CURRENT EQUALIZATION PERFORMANCE AUDIT FOR 2023, WHILE FURTHER REVIEW OF THE TEST PERFORMANCE AUDIT IS UNTAKEN BY THE SUBCOMMITTEE. MS. ARTHUR seconded the motion. Roll call was taken, and all members present voted “aye”.

Agenda Item #8 – Discussion and possible action to change Assessor fee schedule per 68 O.S. 2011 § 2864(f)

MS. BYRD, SUBCOMMITTEE CHAIRMAN, STATED THE STATUTES REQUIRE THE BOARD TO REVIEW THE ASSESSOR FEE SCHEDULE EACH YEAR. AT THIS TIME THE ASSESSOR’S

ASSOCIATION IS RECOMMENDING NO CHANGE TO THE ASSESSOR FEE SCHEDULE. NO ACTION IS REQUIRED BY THE BOARD AT THIS TIME.

Agenda Item #9 – Discussion and possible action to waive the penalty of \$14,000 for Lake Region Technology & Communications, LLC (T258), as assessed at the June 16, 2022, meeting, due to a clerical error regarding the request for filing extension.

LT. GOVERNOR PINNELL MADE A MOTION WAIVE THE PENALTY FOR LAKE REGION TECHNOLOGY & COMMUNICATIONS, LLC AS RECOMMENDED BY THE OKLAHOMA TAX COMMISSION AND CONTAINED IN THE REPORT TO THE STATE BOARD OF EQUALIZATION. Mr. McDaniel seconded the motion. Roll call was taken, and all members present voted “aye”.

Agenda Item #10 – Discussion and possible action to waive partial penalty in the amount of \$18,001 upon payment of the remaining penalty of \$2,800 for Cross Wireless, LLC (T171), as assessed at the June 16, 2022, meeting, based on review of taxpayer and staff accounts regarding submission of the return.

AUDITOR BYRD MADE A MOTION WAIVE PARTIAL PENALTY OF \$18,001 UPON PAYMENT OF THE REMAINING PENALTY OF \$2,800 FOR CROSS WIRELESS, LLC (T171), AS RECOMMENDED BY THE OKLAHOMA TAX COMMISSION AND CONTAINED IN THE REPORT TO THE STATE BOARD OF EQUALIZATION. Mr. McDaniel seconded the motion. Roll call was taken, and all members present voted “aye

Agenda Item #11 – Discussion and possible action to ratify and approve of settlement of the protest and certification for Southern Star Central Gas Pipeline, Inc. (G370) (EQ-2022-02) on the basis of fair cash value appraisal.

No executive session

Mr. Hapgood gave a brief summary of this agenda item:

2022 Certified valuation:	\$157,817,623
2022 Protested value:	\$138,418,381
Settlement agreement:	\$145,621,678
2021 Certified valuation:	\$128,050,695

Mr. Hapgood added the settled number is a 13.72% increase in Oklahoma Taxable Unit value from last year to this year

MR. O’CONNOR MADE A MOTION TO CERTIFY AND APPROVE THE SETTLEMENT FOR SOUTHERN STAR CENTRAL GAS PIPELINE, INC. (G370) AS CONTAINED IN THE REPORT TO THE STATE BOARD OF EQUALIZATION. Lt. Governor Pinnell seconded the motion. Roll call was taken, and all members present voted “aye

Agenda Item #12 – New Business – None

Agenda Item #13 – Adjournment

MS. ARTHUR MADE A MOTION TO ADJOURN. Mr. McDaniel seconded the motion.
Governor Stitt declared the meeting adjourned.