

BOARD OF EQUALIZATION SUBCOMMITTEE MEETING

November 19, 2024, 2:00 PM

State Capitol Building, Room 123

Oklahoma City, OK

Members present:

Blayne Arthur
Shawn Richmond
Wade Patterson
Cindy Byrd, Chairman

Auditor Cindy Byrd called the meeting to order in Room 123 conference room.

Roll call was taken and a quorum was established.

All requirements of the open meetings act have been followed.

Members present:

Blayne Arthur
Shawn Richmond
Wade Patterson
Cindy Byrd, Chairman

Mr. Patterson made a motion to re-convene in the Governor's Large Conference Room. Second by Ms. Arthur. All members present voted "aye"

Meeting was re-convened in the Governor's Large Conference Room at 2:05 PM.

Mr. Wade made a motion to re-convene, second by Ms. Arthur. All members present voted "aye"

Approval of January 25, 2024, minutes – Mr. Patterson made a motion to approve. Second by Ms. Arthur. All members present voted by saying "aye". Motion carried.

Ms. Byrd – Motion carried.

Comments from the public

Mr. Ron Dean, Muskogee County Assessor, expressed his concerns of the recent transaction of LandMark CAMA system purchased by Visions Government Solutions headquartered in Boston, MA. Mr. Dean continued to explain to the subcommittee of the problems/concerns that had developed with the LandMark CAMA software over the last six years. Muskogee County Assessor's office is currently in the process of converting their CAMA software

from LandMark to ACT (Arkansas CAMA Technology). Visions Government Solutions also purchased ACT and Data Scout Companies. Mr. Dean explained he wanted a CAMA system that would value property fair and equal for the property owners in Muskogee County. With the latest transaction that has occurred with LandMark and ACT being owned by the same company has many questions and concerns. He wanted to make sure the State Board of Equalization was aware of the latest transaction and was surprised that they did not have foreknowledge of the transaction.

Mr. Dean posed the question, “Who is advocating on behalf of the County Assessors and the residents they serve? The fact that this transaction could happen without the knowledge of the Subcommittee, OTC or the Assessors Association, much less the County Assessors is alarming.”

“CLGT that is responsible for the contract with Landmark and receives revenue from DOC stamps in each County to perform this task was silent and does not appear to be the advocate I believed them to be,” Dean stated.

Jennifer McCormick, Dewey County Assessor, serves as a member of the Oklahoma Assessor’s Association, but is speaking today on behalf of herself and her county.

She stated this past year a member of this subcommittee was subpoenaed to testify on behalf of the State of Oklahoma in legal proceedings to remove an assessor from office. As an elected official she could be subject to removal from office as well and must be accountable to the taxpayers in her county. She is responsible for the accuracy of information provided by my office and for the responsible use of government funds.

Like a majority of counties in the state, Dewey County uses LandMark Software and CLGT’s services for support. She is publicly documenting her request that they be accountable for the product and services they are paid to provide in support of assessor’s offices. The website landmarkgsi.com touts its advanced software “ensures accuracy, reliability, and ease of use”. She also stated that she clicked on the tab for county websites and Dewey County does not open. Other counties open but don’t appear to be searchable.

Regarding LandMark accuracy, during this past year Dewey County had issues with capped values in excess of the constitutional limit and undocumented increases over noticed values. Her edit log has not worked reliably since 2020. She continued by adding these are serious issues that leave her and possibly other assessors in a vulnerable position.

Assessors were notified last week of a change in LandMark ownership. She respectfully requests that the new owners of LandMark Software and CLGT take seriously accountability for the product and services they provide in support of assessor’s offices.

Ms. Byrd thanked Mr. Dean and Ms. McCormick for their comments. She will be reaching out regarding these comments. No action was taken.

Agenda Item #1 – Performance Audit - Joe Hapgood, OTC, Director Ad Valorem Division

Mr. Hapgood presented the 2024 performance audit results handout to each board member present. He reported 67 of the 77 counties met the point required (140 points) for the new audit which is an improvement over last year. Only 62 counties met the point threshold that is required. There were 5 (five) counties placed in category one non-compliance this year as follows: Choctaw, LeFlore, Murray, Okfuskee and Sequoyah. These counties have met the point threshold in prior years. Caddo, Hughes, McCurtain, Nowata and Okmulgee Counties are currently in category two non-compliance. Mr. Hapgood gave a little history of two counties that over the last four (4) years did not meet the point threshold. Those two Counties are McCurtain and Okmulgee Counties. The

non-compliance issues were waived until last year. Caddo and Nowata Counties did not meet the point threshold for the past three (3) years. Hughes County has not met the point threshold for the past two (2) years. (Handout attached)

Ms. Byrd asked the question of when did the State Board of Equalization choose to continue the performance audit but not formally hold counties out of compliance? Troy Frazier, OTC Ad Valorem, responded to the question 2021 and 2022.

Ms. Arthur voiced her concerns regarding the LandMark conversion in 2019 and the number of counties that did not meet the required performance audit minimum score.

2019 – 1 county

2020 – 1 county

2021 – 6 counties

2022 – 13 counties

2023 – 15 counties

2024 – 10 counties

Some other information presented by Mr. Hapgood regarding the 2024 performance audit was 60 out of 77 counties passed the pool questions. All Counties passed QP5 - Ownership completely mapped, QP10 – County's System has the most current forms prescribed by OTC for use by the Assessor, QP12 – County correctly applying Homesteads depending on application date and QP16 – County updating annual trend table for personal property.

Also, nine counties lost all points on QP3 – Status of VI Data Entry. Mr. Frazier reported there was no pattern regarding this question.

Mr. Hapgood added that the newer performance audit is designed to have 200 points, 100 from the three (3) ratio measurements and 100 from the ten (10) pool questions.

There were 7 counties that scored a perfect score on questions 1, 2 and 3.

There were also 6 Counties that had a perfect score (200 points) – Canadian, Comanche, Mayes, Oklahoma, Stephens and Wagoner.

For two years OTC has emailed sales samples to the counties instead of mailing and that has gone well.

Another part of the audit process is the exit conference which has gone well and has been handled with conversations.

Mr. Hapgood stated Sequoyah County informally filed a protest for the sales samples that were used in the Equalization study and performance audit. The protest was directed towards the equalization study. Sequoyah County is at a category 2 non-compliance status and will be looked at again at the June State Board of Equalization meeting.

Recommendations from OTC would be to take the Counties that were at category 1 non-compliance for the 2023 performance audit and out again this year be moved to category two non-compliance.

Ms. Byrd had a question regarding previous non-compliance scores of McCurtain County.

2021- 173

2023- 189

2022- 158

2024- 130

Ms. Byrd added, since this is a new Assessor, could OTC share the difficulties, this Assessor might be having and how to help this Assessor get back into compliance? Again, since this Assessor is new, he probably inherited some non-compliance problems in his office, how long would it take to get this county back into compliance?

Mr. Hapgood stated that it depends on each individual situation. If the non-compliance score is weighted on property/data quality this could take an entire VI cycle to get back into compliance and problems addressed.

Mr. Frazier, OTC, added the ratio studies have been consistent, it's the difference of the weighted part of the performance audit. Last year the total points for the performance audit were 285 points and the total points for 2024 has dropped to 200. The ratio study has a total of 100 points associated with Q1, Q2, and Q3. According to Mr. Hapgood and Mr. Frazier, the McCurtain County Assessor is spending a lot of time at the high growth properties which the samples for the performance audit consists of the entire county. Mr. Frazier also added OTC looked at the new conversion VI and compared with the old system and there was not much difference.

Mr. Hapgood added the struggles some counties are having is proper application of the adjustment factor to get ratios in the system brought back up.

Ms. Byrd added that she has heard from a lot of Assessor's that are struggling with turnover of employees. Do you see any comparison of this situation and the counties that are out of compliance?

Mr. Frazier did not have any statistics regarding turn over issues, but it could have played a part due to training new employees on the system which CLGT provides to the counties.

Mr. Patterson added that once the Assessor has achieved good data this could be a data entry issue. CLGT has ample employees to help with this issue.

Mr. Patterson also added that the CAMA bill was designed to help appraise property throughout the state regardless of the system the County Assessor is using.

Ms. Byrd asked if there is something that the State Board of Equalization needs to know to help these Counties that are out of compliance.

Mr. Hapgood stated, the County Assessor needs to keep up with valuations and apply adjustment factors along with collecting good data to enter into their system.

Mr. Patterson added that it would be interesting to know if employee turnover was a factor for the counties that are currently out of compliance. Presently some county budgets do not allow for county officials to hire qualified employees to perform the duties of their office.

Mr. Hapgood can look at county progress numbers that are presented to the legislature and see if there is a pattern regarding the out of compliance counties. These results could be presented at the December 2 State Board meeting.

Ms. Arthur asked if there could be performance audit data compiled from 2012-2018. She also asked when OSU/CLGT was started. OSU/CLGT was created in 2019 with the first conversion of LandMark CAMA starting in October 2019 consisting of six (6) counties.

Mr. Hapgood added the Equalization study is more focused on did the county adjust the sold property to resemble the fair cash value. Assessed value vs sales price. Are the valuations at or near fair cash value?

Ms. Byrd asked the question – Is there anything in the performance audit procedures that doesn't align with IAAO standards regarding the way the current ratio study is performed.

Mr. Patterson added that IAAO could come in and do a ratio study for the entire state. That is one of their primary functions. The last state ratio study done by IAAO for Oklahoma was in 1987. The results of the ratio study will tell if the current procedure aligns with IAAO standards.

Mr. Patterson made a motion to approve the results of the 2024 performance audit as presented by OTC. Second by Ms. Arthur. All members present voted by saying "aye".

Ms. Byrd – Motion carried.

Agenda Item #2 – Report from the County Assessor Association of Oklahoma – Audit Committee – Jonathan Beck, Beckham County Assessor and Chairman, performance audit committee of the County Assessors Association of Oklahoma.

Mr. Beck would like to recommend the grading scale of the residential ratio study.

The current (2024) performance audit question 1 (one):

1a. Residential CAMA Appraisal to Sales median falls between:		
90%-110% - County is in compliance		no points deducted
85%-90% or 111%-115% - County is in partial compliance		15 points deducted
Below 85% or above 115% - County is not in compliance		30 points deducted

After discussion of the Assessor's Association Performance audit committee a vote was made to recommend the following change to performance audit question 1 (one).

1a. Residential CAMA Appraisal to Sales median falls between:

90%-110% -	County is in compliance	no points deducted
80%-90% or 111%-120%	County is in partial compliance	15 points deducted
Below 80% or above 120%	County is not in compliance	30 points deducted

Ms. Byrd asked if this recommendation follows IAAO standards?

Mr. Patterson responded with the 90%-110% does follow IAAO standards. That's accepted standard. Anything below that is the committee helping the County Assessors.

Ms. Byrd asked Mr. Beck when was the percentages changed for question 1 (one)?

Mr. Beck reported that the 2023 performance audit had 4 (four) levels of compliance. Points were awarded on four different levels then the County Assessor's requested the 3 levels and inadvertently changed the grading scale. The 2024 audit the Assessors were held at the tighter scale. When that is combined with the percentage of the weighting on the ratio study it was a lot more restrictive than intended.

Ms. Byrd said the BOE subcommittee sent the performance audit to the Assessor's Association and others. Why was this not brought to our attention at that time? Why now? The subcommittee requested Assessors input on the audit.

Mr. Hapgood reported the BOE subcommittee took action to tighten that question a bit.

Ms. Byrd recalls the three parties (Assessor's Association, CLGT and OTC) agreed on the recommendations, and there was a consensus at that time. Is this correct? Ms. Arthur agreed with Ms. Byrd's comment.

Mr. Frazier report there were other measures that were changed to the performance audit. The bottom level was also struck off the CODs and PRDs as well. This was something that was consistent with all ratios except for commercial which widened the commercial median 70% - 130%. This was to make the audit a little bit tighter since we have had the previous audit for 10 years without much modification.

Ms. Byrd – So we loosened the commercial median and we tightened the residential median.

#1a Residential Median

2023 Performance Audit	<80% or >120% =	0 points
2024 Performance Audit	<85% or >115%=	30 points deducted
2025 Performance Audit	80% - 120%=	20 points deducted
2025 Performance Audit	<80% or >120%=	30 points deducted

#1b Commercial Median

2023 Performance Audit	85% - 115% =	15 points
2023 Performance Audit	80% - 120% =	10 points
2023 Performance Audit	75% - 125% =	5 points
2023 Performance Audit	<75% or >125% =	0 points
2024 & 2025 Performance Audit	85% - 115% =	0 points deducted
2024 & 2025 Performance Audit	70% - 130% =	10 points deducted
2024 & 2025 Performance Audit	<70% or >130% =	20 points deducted

Ms. Byrd – Would these changes have made a difference of those counties that were out compliance for this year’s audit?

Mr. Frazier reported that Okfuskee County would have been in compliance this year.

See attached handout for additional information.

Mr. Beck added this was discussed at the 2022 Assessor’s Fall conference, the changes were presented and approved unanimously. The Assessor’s Association did not request to be put on the agenda for the BOE subcommittee to discuss the next year’s performance audit. The Assessor’s Association audit committee was then temporarily disbanded since the new audit was not in operation. A smaller select group finalized and made the audit. Mr. Beck is not aware of what the discussion was between the audit in 2022 and when the audit was approved by the BOE subcommittee.

Ms. Byrd added that we need to find a performance audit that we are comparing apples to apples and stick with the audit and not come back every year with changes. The recommendation that is made today will be presented at the December 2, 2024 State Board of Equalization meeting. She also added that she does not want to present changes each year. Need to find an audit that everyone agrees with and proceed on.

Mr. Patterson made a motion to approve the change to the performance audit as presented by Assessors Association audit committee (see above). Second by Ms. Arthur. All members present voted by saying “aye”.

Ms. Byrd – Motion carried.

Agenda Item #3 – New Business - none

Agenda Item #4 - Adjourn

Mr. Arthur made a motion to adjourn. Second by Mr. Richmond. All members stating “aye.”
Ms. Byrd declared the meeting adjourned.