

1 ENGROSSED SENATE AMENDMENT
TO

2 ENGROSSED HOUSE
3 BILL NO. 3961

By: Echols of the House

and

Hall of the Senate

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5
6
7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Section 2802, which relates to definitions
9 used in the Ad Valorem Tax Code; providing definition
10 of rural internet service provider; amending 68 O.S.
11 2021, Section 2803, which relates to classification
12 of subjects for purposes of ad valorem taxation;
13 providing classification of certain rural internet
14 service providers; prescribing requirements for
15 valuation and determination of taxable values;
16 prescribing procedures for election and revocation of
17 election; and providing an effective date.

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19
20 AMENDMENT NO. 1. Page 1, strike the title, enacting clause and
entire bill and insert

21 "[ad valorem tax - centrally assessed property -
22 broadband service providers - effective date]

23
24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2808, is
amended to read as follows:

Section 2808. A. As used in the Ad Valorem Tax Code:

1 1. "Public service corporation" means all transportation
2 companies, transmission companies, all gas, electric, light, heat,
3 and power companies, and all waterworks and water power companies,
4 and all persons authorized to exercise the right of eminent domain
5 or to use or occupy any right-of-way, street, alley, or public
6 highway, along, over, or under the same in a manner not permitted to
7 the general public;

8 2. "Transportation company" means any company, corporation,
9 trustee, receiver, or any other person owning, leasing, or operating
10 for hire, a street railway, canal, steamboat line, and also any
11 sleeping car company, parlor car company, and express company, and
12 any other company, trustee, or person in any way engaged in such
13 business as a common carrier. As used in the Ad Valorem Tax Code,
14 the term ~~"transportation company"~~ transportation company shall not
15 include any railroad or any air carrier. However, all railroad and
16 air carrier property shall continue to be valued and assessed by the
17 State Board of Equalization for purposes of ad valorem taxation;

18 3. "Transmission company" means any company, corporation,
19 trustee, receiver, or other person owning, leasing, or operating for
20 hire any telegraph or telephone line or radio broadcasting system;

21 4. "Person" means individuals, partnerships, associations, and
22 corporations in the singular as well as plural number;

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24

1 5. "Video services provider" means a subclass of public service
2 corporations consisting of any public service corporation offering
3 video programming services;

4 6. "Video programming" shall have the same meaning as set forth
5 in 47 U.S.C., Section 522(20); ~~and~~

6 7. "Fixed wireless broadband Internet service provider" means
7 an entity that solely offers access to the Internet through a
8 stationary fixed point-to-point connection often requiring direct
9 line of sight between the provider's wireless transmitter and its
10 end-user consumer's receiver; and

11 8. "Broadband service providers" means a subclass of public
12 service corporations consisting of any public service corporation
13 offering broadband-based services including Internet access, Voice
14 over Internet Protocol, or Internet Protocol television to end-user
15 consumers. For the purposes of this paragraph, "broadband" means
16 wired internet at speeds in excess of one hundred megabits per
17 second (100 Mbps) for download and twenty megabits per second (20
18 Mbps) for upload.

19 B. As used in the Ad Valorem Tax Code, ~~"transmission company"~~
20 transmission company and ~~"public service corporation"~~ public service
21 corporation shall not be construed to include cable television
22 companies or fixed wireless broadband Internet service providers.

23 C. Any real or personal property used by any company,
24 corporation, trustee, receiver, or other person owning, leasing, or

1 operating for hire any pipeline or oil or gas gathering system which
2 was assessed by the State Board of Equalization after January 1,
3 1997, shall continue to be assessed by the State Board of
4 Equalization through ad valorem tax year 1998.

5 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2847, is
6 amended to read as follows:

7 Section 2847. A. The property of all railroads, air carriers,
8 and public service corporations shall be assessed annually by the
9 State Board of Equalization at its fair cash value estimated at the
10 price it would bring at a fair voluntary sale.

11 B. Taxable values of real and personal property of all
12 railroads, air carriers, and public service corporations shall be
13 established in accordance with the requirements of Section 8 of
14 Article X of the Oklahoma Constitution. The State Board of
15 Equalization shall determine the taxable value of all taxable
16 property that the Board is required by law to assess and value, and
17 shall determine such taxable value in accordance with the
18 requirements of Section 8 of Article X of the Oklahoma Constitution.

19 C. The State Board of Equalization shall assess the property of
20 that subclass of public service corporations known as video services
21 providers, as defined in Section 2808 of this title, as provided:

22 1. Every video services provider shall file with the State
23 Board of Equalization a certification regarding total gross receipts
24 for the immediate preceding calendar year by April 15 and shall

1 specify the total gross receipts derived from video programming
2 services;

3 2. The State Board of Equalization shall determine the
4 percentage of gross receipts the video services provider has derived
5 from video programming in the immediately preceding calendar year;
6 and

7 3. The percentage determined pursuant to paragraph 2 of this
8 subsection shall be applied to the taxable fair cash value allocated
9 to ~~Oklahoma~~ this state, and the resulting fair cash value
10 attributable to video programming services shall be assessed using
11 the statewide average of the assessment ratios applied to the assets
12 of cable television companies in that tax year. Unless the taxpayer
13 or the State Board of Equalization demonstrates otherwise, the
14 statewide average assessment ratio applied to the personal property
15 of a cable television company shall be assumed to be twelve percent
16 (12%).

17 D. The percentage of fair cash value for real and personal
18 property of railroads, air carriers, and public service corporations
19 required by the Oklahoma Constitution to be taxable shall be the
20 percentage at which it was assessed on January 1, 1996, in
21 accordance with the provisions of paragraph 3 of subsection A of
22 Section 8 of Article X of the Oklahoma Constitution, and, subject to
23 the requirements of federal law, shall be uniformly applied to
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1 calculate the taxable values of public service corporation property
2 within the state for the applicable assessment year.

3 E. The State Board of Equalization shall assess the property
4 used to provide wired broadband service that is constructed or
5 installed and placed in service after the effective date of this
6 act, in an area where the coverage for wired internet at speeds in
7 excess of one hundred megabits per second (100 Mbps) for download
8 and twenty megabits per second (20 Mbps) for upload is equal to or
9 less than fifty percent (50%) according to the most recent FCC
10 National Broadband Map published by the Federal Communications
11 Commission at the time the property is constructed or installed and
12 placed in service, of that subclass of public service corporations
13 known as broadband service providers, as defined in Section 2808 of
14 this title, at a ratio of fifteen percent (15%) for the year 2025
15 and subsequent years. Provided, the property assessed pursuant to
16 this subsection shall only include property exclusively used to
17 provide broadband internet service to areas meeting the coverage
18 requirements as provided in this subsection including fiber, cable,
19 transmission lines, fiber support infrastructure, cable support
20 infrastructure, transmission line support infrastructure, network
21 infrastructure, and facilities used to contain network
22 infrastructure. The valuation of all assets shall be calculated on
23 a net book basis to each assessment rate as provided in this
24 subsection and subsection D of this section. The Oklahoma Tax

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17 election; and providing an effective date.

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

19 SECTION 4. AMENDATORY 68 O.S. 2021, Section 2802, is
20 amended to read as follows:

21 Section 2802. As used in Section 2801 et seq. of this title:

22 1. "Accepted standards for mass appraisal practice" means those
23 standards for the collection and analysis of information about
24 taxable properties within a taxing jurisdiction permitting the
accurate estimate of fair cash value for similar properties in the
jurisdiction either without direct observation of such similar
properties or without direct sales price information for such

1 similar properties using a reliable statistical or other method to
2 estimate the values of such properties;

3 2. "Additional homestead exemption" means the exemption
4 provided by Section 2890 of this title;

5 3. "Assessor" means the county assessor and, unless the context
6 clearly requires otherwise, deputy assessors and persons employed by
7 the county assessor in performance of duties imposed by law;

8 4. "Assess and value" means to establish the fair cash value
9 and taxable fair cash value of taxable real and personal property
10 pursuant to requirements of law;

11 5. "Assessed valuation" or "assessed value" means the
12 percentage of the fair cash value of personal property, or the
13 percentage of the taxable fair cash value of real property, pursuant
14 to the provisions of Sections 8 and 8B of Article X of the Oklahoma
15 Constitution, either of individual items of personal property,
16 parcels of real property or the aggregate total of such individual
17 taxable items or parcels within a jurisdiction;

18 6. "Assessment percentage" means the percentage applied to
19 personal property and real property pursuant to Section 8 of Article
20 X of the Oklahoma Constitution;

21 7. "Assessment ratio" means the relationship between assessed
22 value and taxable fair cash value for a county or for use categories
23 within a county expressed as a percentage determined in the annual
24 equalization ratio study;

1 8. "Assessment roll" means a computerized or noncomputerized
2 record required by law to be kept by the county assessor and
3 containing information about property within a taxing jurisdiction;

4 9. "Assessment year" means the year beginning January 1 of each
5 calendar year and ending on December 31 preceding the following
6 January 1 assessment date;

7 10. "Circuit breaker" means the form of property tax relief
8 provided by Sections 2904 through 2911 of this title;

9 11. "Class of subjects" means a category of property
10 specifically designated pursuant to provisions of the Oklahoma
11 Constitution for purposes of ad valorem taxation;

12 12. "Code" means the Ad Valorem Tax Code, Section 2801 et seq.
13 of this title;

14 13. "Coefficient of dispersion" means a statistical measure of
15 assessment uniformity for a category of property or for all property
16 within a taxing jurisdiction;

17 14. "Confidence level" means a statistical procedure for
18 determining the degree of reliability for use in reporting the
19 assessment ratio for a taxing jurisdiction;

20 15. "Cost approach" means a method used to establish the fair
21 cash value of property involving an estimate of current construction
22 cost of improvements, subtracting accrued depreciation including any
23 loss in value that may be caused by physical deterioration,
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1 functional obsolescence or economic obsolescence and adding the
2 value of the land.

3 a. Physical deterioration is a cause of depreciation that
4 is a loss in value due to ordinary wear and tear and
5 the forces of nature.

6 b. Functional or internal obsolescence is the loss in
7 value of a property resulting from changes in tastes,
8 preferences, technical innovations or market
9 standards.

10 c. Economic or external obsolescence is a cause of
11 depreciation that is a loss in value as a result of
12 impairment in utility and desirability caused by
13 factors outside the boundaries of the property or loss
14 of value in a property (relative to the cost of
15 replacing it with a property of equal utility) that
16 stems from factors external to the property;

17 16. "County board of equalization" means the board which, upon
18 hearing competent evidence, has the authority to correct and adjust
19 the assessment rolls in its respective county to conform to fair
20 cash value and such other responsibilities as prescribed in Section
21 2801 et seq. of this title;

22 17. "Equalization" means the process for making adjustments to
23 taxable property values within a county by analyzing the
24 relationships between assessed values and fair cash values in one or

1 more use categories within the county or between counties by
2 analyzing the relationship between assessed value and fair cash
3 value in each county;

4 18. "Equalization ratio study" means the analysis of the
5 relationships between assessed values and fair cash values in the
6 manner provided by law;

7 19. "Fair cash value" or "market value" means the value or
8 price at which a willing buyer would purchase property and a willing
9 seller would sell property if both parties are knowledgeable about
10 the property and its uses and if neither party is under any undue
11 pressure to buy or sell and for real property shall mean the value
12 for the highest and best use for which such property was actually
13 used, or was previously classified for use, during the calendar year
14 next preceding the applicable January 1 assessment date;

15 20. "Homestead exemption" means the reduction in the taxable
16 value of a homestead as authorized by law;

17 21. "Income and expense approach" means a method to estimate
18 fair cash value of a property by determining the present value of
19 the projected income stream;

20 22. "List and assess" means the process by which taxable
21 property is discovered, its description recorded for purposes of ad
22 valorem taxation and its fair cash value and taxable fair cash value
23 are established;

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1 23. "Mill" or "millage" means the rate of tax imposed upon
2 taxable value. One (1) mill equals One Dollar (\$1.00) of tax for
3 each One Thousand Dollars (\$1,000.00) of taxable value;

4 24. "Multiple regression analysis" means a statistical
5 technique for estimating unknown data on the basis of known and
6 available data;

7 25. "Parcel" means a contiguous area of land described in a
8 single description by a deed or other instrument or as one of a
9 number of lots on a plat or plan, separately owned and capable of
10 being separately conveyed;

11 26. "Rural internet service provider" means a lawfully
12 recognized business entity offering internet services on a
13 subscription basis if the majority of the subscribers reside in a
14 rural census tract as defined pursuant to the laws governing the
15 preparation of the United States Census;

16 27. "Sales comparison approach" means the collection,
17 verification, and screening of sales data, stratification of sales
18 information for purposes of comparison and use of such information
19 to establish the fair cash value of taxable property;

20 ~~27.~~ 28. "State Board of Equalization" means the Board
21 responsible for valuation of railroad, airline and public service
22 corporation property and the adjustment and equalization of all
23 property values both centrally and locally assessed;

1 ~~28.~~ 29. "Taxable value" means the percentage of the fair cash
2 value of personal property or the taxable fair cash value of real
3 property, less applicable exemptions, upon which an ad valorem tax
4 rate is levied pursuant to the provisions of Section 8 and Section
5 8B of Article X of the Oklahoma Constitution;

6 ~~29.~~ 30. "Taxable fair cash value" means the fair cash value of
7 locally assessed real property as capped pursuant to Section 8B of
8 Article X of the Oklahoma Constitution;

9 ~~30.~~ 31. "Use category" means a subcategory of real property,
10 that is either agricultural use, residential use or
11 commercial/industrial use but does not and shall not constitute a
12 class of subjects within the meaning of the Oklahoma Constitution
13 for purposes of ad valorem taxation;

14 ~~31.~~ 32. "Use value" means the basis for establishing fair cash
15 value of real property pursuant to the requirement of Section 8 of
16 Article X of the Oklahoma Constitution; and

17 ~~32.~~ 33. "Visual inspection program" means the program required
18 in order to gather data about real property from physical
19 examination of the property and improvements in order to establish
20 the fair cash values of properties so inspected at least once each
21 four (4) years and the fair cash values of similar properties on an
22 annual basis.

23 SECTION 5. AMENDATORY 68 O.S. 2021, Section 2803, is
24 amended to read as follows:

1 Section 2803. A. The Legislature, pursuant to authority of
2 Article X, Section 22 of the Oklahoma Constitution, hereby
3 classifies the following types of property for purposes of ad
4 valorem taxation:

5 1. Real property;

6 2. Personal property, except as provided in paragraph 3 of this
7 subsection;

8 3. Personal property which is household goods of the head of
9 families and livestock employed in support of the family in those
10 counties which have exempted such property pursuant to subsection
11 (b) of Section 6 of Article X of the Oklahoma Constitution;

12 4. Public service corporation property; ~~and~~

13 5. Railroad and air carrier property; and

14 6. Rural internet service provider property if the rural
15 internet service provider opts for local assessment by the
16 applicable county assessor pursuant to the provisions of this
17 paragraph. A rural internet service provider that files an election
18 with the county assessor of the county in which any real property or
19 personal property owned by such rural internet service provider is
20 located shall have real and personal property values for such
21 property established by the applicable county assessor and the
22 taxable value of such property shall be computed by the applicable
23 county assessor according to the same requirements as other real and
24 personal property. If an election is filed pursuant to this

1 paragraph the election shall be filed not later than March 15 of any
2 calendar year and shall be in force and effect until revoked by the
3 rural internet service provider. A rural internet service provider
4 that does not file an election pursuant to this paragraph or which
5 revokes an election as authorized by this paragraph shall have its
6 real and personal property valued for ad valorem tax purposes by the
7 State Board of Equalization in the same manner prescribed by law for
8 the valuation of public service corporation property and the State
9 Board of Equalization shall compute the taxable value of such
10 property according to the same requirements as the property of
11 public service corporations. The Oklahoma Tax Commission shall
12 prescribe forms for the election and revocation of elections as
13 authorized by this paragraph.

14 B. Valuation of each class of subjects shall be made by a
15 method appropriate for each class or any subclass thereof, as
16 established by the Ad Valorem Division of the Oklahoma Tax
17 Commission.

18 C. Classification as provided by this section shall require
19 uniform treatment of each item within a class or any subclass as
20 provided in Article X, Section 5 of the Oklahoma Constitution.

21 SECTION 6. This act shall become effective January 1, 2025.
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1 Passed the House of Representatives the 7th day of March, 2024.

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3 _____
4 Presiding Officer of the House
of Representatives

5 Passed the Senate the ____ day of _____, 2024.

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8 _____
9 Presiding Officer of the Senate