

Hello Mr. Sellers:

I just wanted to take the time to say what a good job you did on explaining the state questions. You have done some extensive research on the ad valorem topic and have a good grasp on what happens when one group gets special treatment. You hit the nail on the head by expressing the opinion that it will simply transfer the responsibility to pay the bill to everyone that did not receive the same special treatment.

The County Assessors Association of Oklahoma crafted language for Senator Mazzei that would have kept the intangibles at the local level exempt from taxation. We agreed that if the intangibles were not exempted at the local level it could be a new level of taxation on businesses. The public service valuations are much more complicated since intangibles are imbedded in the "unit valuation methodology" currently used by the Oklahoma Tax Commission.

It was our suggestion that the legislation be broken into two separate pieces one that would deal with local valuations (assessor) and the other dealing with public service valuations (OTC). The legislation was simple and dealt with local valuation until about a week before the end of the session. However, since a solution could not be reached on the public service valuation methodology, the authors simply put the two back into the same bill, ignoring the fact that the impact was not known. Simply saying that intangibles are exempt will create a huge funding issue for many jurisdictions. The estimates range from \$12 million to \$68 million, depending on who you ask.

As you have stated in your recommendations, this shortfall will simply be spread out among all the property owners. Every school district in my county has a sinking fund therefore everyone in the district will be required to make up the difference for the reduction in the public service valuations. I explain the sinking fund to constituents this way; you simply divide how much you need (bond payments) by how much you are worth (net assessed value) the answer is the millage needed to cover your debt payment. The only people that win are the ones that get a lower value because of the new law.

Whether someone is for or against the exemption is not the issue here, the issue is the legislature's lack of understanding and unwillingness to be problem solvers. Simply passing the buck is poor leadership at best!

Once again, let me say well done on the explanations of the very complicated issue. Please let me know if I can be of assistance in the future.

Sincerely,

Wade Patterson,
Garfield County Assessor
114 W. Broadway, Room 106
Enid, OK 73701