

PROPERTY TAXES IN OKLAHOMA

The Oklahoma Constitution limits annual property value increases to 5 percent, unless the property is sold. Measures being considered this legislative session would, if approved by votes of the people, lower the maximum annual increase on homestead properties to the lesser of 3 percent or the inflation rate (HJR 1002 and SJR 5) and freeze property valuations for all seniors regardless of income (HJR 1001). Oklahoma currently has among the nation's lowest property taxes.

ABOUT THE OKLAHOMA PROPERTY TAX

Property taxes, also known as ad valorem taxes, represent 53 percent of all local tax revenue (FY '08). Property tax revenues provide about one-fifth of funding for county governments and common schools and over 60 percent of vocational-tech funding.

Property tax collections in Oklahoma totaled \$2.112 billion in 2008 (U.S. Census Bureau). Over the past decade, collections have grown at an annual average rate of 6.3 percent due to substantial new building and increasing value of existing properties.

Property taxes are calculated based on a property's *value*, its *assessment ratio*, and the *millage levy*:

1. *Property valuation* is determined by county assessors. The value cannot be increased by more than 5 percent in any year, unless the property is sold. *SJR 5 and HJR 1002 would lower the maximum annual increase for homestead properties and agricultural land to the lesser of 3 percent or the inflation rate if approved by popular vote.*

2. The *assessment ratio* is a percentage of a property's value. Counties can set assessment ratios for different kinds of property within prescribed limits, ranging from 10 percent to 15 percent.

3. *Mills*, which equal one-tenth of one cent, are applied to assessed valuation, up to maximum levels set by the Constitution (44 mills for schools, 15 mills for counties and vo-tech schools, etc.). Various government units are also allowed to issue bonds paid for with additional mills if approved by popular vote. Total millages currently range from a low of 59 in Beaver County to a high of 124 in Tulsa County.



EXISTING AD VALOREM EXEMPTIONS AND PREFERENCES

Oklahoma currently has in place an extensive system of ad valorem tax preferences. Low- and moderate-income homeowners, seniors, and disabled veterans receive the greatest benefits.

• Ad Valorem Homestead Exemptions

- All homesteads (a person's primary residence) are exempted \$1,000 of the assessed valuation.

- Households with gross income under \$20,000 are entitled to an additional \$1,000 homestead exemption.

• Preferences for Seniors & Disabled Veterans

- Property values are frozen for seniors whose income is at or below the median of their county or metropolitan area. *HJR 1001 would freeze property values for all seniors regardless of income if approved by a vote of the people.*

- Seniors with income below \$12,000 may claim a credit against income tax in the amount that their property tax exceeds 1 percent of total income, up to \$200. *HB 1293 would raise eligibility to \$22,000 or 50 percent of the county's median income.*

- Seniors with income under \$10,000 who reside in manufactured homes are allowed a \$2,000 exemption.

- Any head of household who is an honorably discharged veteran and is 100 percent disabled is fully exempted from ad valorem taxes for his or her homestead. This benefit is also extended to a surviving spouse .

OKLAHOMA'S PROPERTY TAXES ARE AMONG THE LOWEST IN THE NATION

Oklahomans' property taxes, in 2007, were just 42 percent of the national average and the 4th lowest of the states. Oklahomans paid \$535 per person in property taxes, well below the national average of \$1,270. The table shows that both property taxes and total taxes are lower in Oklahoma than in neighboring states and the national average.

	Property taxes per person, 2007	Total state and local taxes per person, 2007
Oklahoma	\$ 535	\$3,308
Average of seven neighboring states	\$ 895	\$3,564
National Average	\$ 1,270	\$4,229

Source: CQ Press, State Rankings 2010 from U.S. Bureau of the Census Data, Government Division