



*Muskogee County  
Equalization Board*

**May 23, 2024**

10:00 a.m.

Board Members Present:

Chairman – Tim Thompson  
Member – Charles Lamont

Vice-Chairman – Ron Ramming  
Secretary – Polly Irving

Tim Thompson called the meeting to order at 10:01 a.m., Charles Lamont made a motion and Ron Ramming second that motion.

Crest Tax Partners LLC representative, Lisa Waller, states she is there to represent USAC Leasing which is in the oil/gas industry. Lisa Waller states the following (2) issues are with the 2024 tax assessment on USAC Leasing properties:

- Original cost was not used on all the units
- Idle factors were not used for the units that were not in use
- Muskogee County Assessor, Ron Dean, speaks to address the (2) issues presented from Lisa Waller.
  - Original cost value is rendered for business property by utilizing the following information:
    - Self-reported assets acquired as of January 1
    - Self-reported new/used assets, when it was purchased and the original cost of the unit
    - Self-reported description of the unit
    - Oklahoma Tax Commission Tables to properly describe the asset from their charts and graphs provided which shows depreciation, life years expected, trending factors, depreciation factors for the provided self-reported asset

- Self-reported annual list of new assets that have been added
- Self-reported annual list of assets that have been deleted from either scrapped, sold or disposed of
- In conclusion, the Assessor's office does not arbitrarily or personally come up with an original cost value on an asset that is reported by each property owner for everything that they own. The Assessor Office makes sure their listing of assets fits what the self-reported annual list of deletions and purchases of additions consists of. The original values never change. When an asset is purchased, whatever that original cost is, that is the original cost of that asset as long as that asset is owned by the company. The Life Expectancy chart is given to the Assessor Office by OTC which is not something that can be altered or changed by the Assessor's Office. A trending factor is built into the chart as well to build a Fair Market Value for each asset as well which is considered. The Life Expectancy chart is applied uniformly to all assets routinely throughout Muskogee County.
- Ron Dean states: Idle factors being mentioned, but nowhere in statute could it be found of anything giving the Assessor's office the instruction or pointing to the idle factor as an appropriate means or valuing personal asset. If something is still owned by the company, that company is making a decision that that asset is worth to them and that company chooses to keep that asset whether they are using it now or plan on using it in the future or just it has sentimental value. Whatever it is, that is a business owners' decision and a choice that they own that asset and we are going to appraise that asset by the standard form that we do all assets. If someone has an asset in their possession as of January 1, we apply that same methodology to those assets. As far as economic or functional depreciation, we look at evidence and data as it is presented to show us and just because something is not in use, does not mean it falls under economic or functional obsolescence. It may just be a business choice that they have chosen to keep that asset. The oil/gas industry especially goes through tons of peak production to very slow production. Those assets are moved around by a lot of companies from county to county, state to state or wherever they can more likely use that asset but there are times that they can make a business decision and its not for the Assessor's office to have any

input on the decision of the company of where that asset is going to be sitting in idle rather than move it some place else or sell it. That is a business decision made by the company. All the Assessor's office is doing is reflecting the value of that asset according to the original cost, description of the product, the categorizing properly according to the OTC and allowing their factors of age, depreciation and trending to give the Assessors office a market value which is what is applied.

- Ron Dean states: As far using the cost rendered in USAC Leasing assets or schedule from OTC, the schedule from OTC is applied whenever there is not a Rendition (annual list) turned in to the Assessors office from the business owner and its not something that the Assessor's office comes up with. If the company is not giving the Assessors office their original cost that but they are using the schedule from OTC to give us the original cost then that is the company's decision to do so. The Assessors office has several times, through the attorney(s) as well as Executive Session meetings, asked for not just an asset listing but the invoices to support those values that were given to the Assessor's office. The Assessor's office original cost that came from the company is what was applied to the company. The Assessor's office then received an altered, changed or revised value listing that was not accepted from the Assessor's office because it was requested by the Assessor's office to receive invoices to support those values. Those invoices have never been provided or supplied to the Assessor's office. The Assessor's office is not requesting a list of assets, the office has a list of assets already. The office is requesting invoices to support the cost on the supplemental, changed or revised asset listing that was given to the office. So, the Assessor's office has applied the same methodology to USAC Leasing as the office does to other companies. The Assessor's office has appraised the property based on USAC Leasing's Rendition, making the deletions, additions as reported by USAC Leasing, and has done so in a fair and equitable manner. The Assessor's office is standing by the values and asking the Equalization Board to accept the values that have been placed by the Assessors office on USAC Leasing properties as a fair market value of the assets owned as of January 1, 2024 in Muskogee County.

- The Board asks Ron Dean: Mr. Dean you are saying there is not a case law, law or statute that stipulates an asset being idle, correct?
  - Ron Dean states: Correct
- The Board asks Ron Dean: When the asset listing was given by the USAC Leasing, there was an alter given afterwards but no invoices to support, is that correct?
  - Ron Dean states: Yes
- The Board asks Ron Dean: When a company makes an incorrect value originally, is there a method for the company to come back and state an error was made and this is the actual cost that should have been reported?
  - Ron Dean states: The Assessors office works with companies year-round whenever the company finds an error on their side that the company feels may change their value. We will always physical those companies. Of course, there are statues at times and things that prevent the office from falling in the right form of things, such as the Board of Equalization going out of session, then those assets need something be done for the future. The office will always work with them on trying to do that. That is why requesting invoices to support a change in value is so important.
- The Board asks Ron Dean: At this time, if that documentation was presented, would there be allowable time to make the change?
  - Ron Dean states: Right, the office can look at that and make that decision based on evidence showing the values are different. The office can take that to the formula like anything else.
- The Board asks Ron Dean: The OTC value estimates for horse power, that is only used when the office is not provided an original value of the asset, correct?
  - Ron Dean states: That is true.
- Ron Dean explains into detail of the process of parts or pieces of equipment and how a value is originated from the provided information from the company.
- The Board asks if a piece of equipment is down or being used for “parts” does the company still pay the full value of that equipment and Ron Dean replies that the company should report the equipment

is inoperable and classify as it as being rid of and additions would come in as parts that is still owned and have value to them. That is why the asset listing or Rendition is important. Ron Dean states some companies keep up with theirs in a spreadsheet and it changes weekly making necessary changes as they go along throughout the year. This creates an accurate inventory and simplifies errors to be corrected.

- The Board states to clarify the answer to the question at hand of inoperable equipment is that it should be classified as scrap and report it as such but also list the operable parts of that equipment if any and it can be rendered accordingly to the value of those parts to be still “good.”
- Ron Dean introduces Reyna Benavides whom works with the personal property in the Assessor’s office. Reyna states she wants to touch base on the last question asked. The OTC provides a business personal property schedule book every year, so it changes and things can change. Throughout the year before this book comes out, OTC invites tax reps as well as business owners/manufacturing owners to come and discuss information. In the 2024 book, section 1, OTC does touch base on 3 categories that can be assessed on a special consideration on obsolescence. That could be physical depreciation, functional, external or economic but that would be a special consideration separate from the normal depreciation of those depreciation values and life years that in trending is already provided. Reyna asks USAC Leasing rep – Why were those values on the force powered information used whenever the company gave the original costs?
  - USAC Leasing rep, Lisa Waller, answers Reyna’s question: When the company rendered in 2023, the company rendered the same to Muskogee County as the company does all other counties that USAC has compressors in Oklahoma and that is according to the OTC schedule. When the company filed the 2023 Rendition is erroneously stated which was system flawed, it stated original cost and not schedule. So therefore, it is correct that once the error was discovered, the company tried to make the error correct by conversations and everything went completely “sideways” which has brought the company

to this point. That is where the numbers came from and to be clear on the 2024 Rendition, that is not schedule value that was rendered but instead the company rendered actual original cost. To answer Reyna's question, it was just an error in title on that Rendition and nothing more because that was how every other county that the company has compressors at in Oklahoma classifies it. Lisa Waller continues with a second thing she wants to address is the company was never asked for, to her knowledge, any invoices. When the company was requested to provide proof of original cost, the company provided the fixed asset listing which is the invoices that backup the fixed asset listing which is what every company uses. There are hundreds of units sitting in the company yard which is a huge volume of information but the company is happy to provide the requested documentation of the Assessors office, but that is the first she had heard of the request. On the 2024 notice of value, knowing that what the office is showing is cost new is the schedule value and yet the office trended, the office is not supposed the trend the schedule value. In her opinion that is another level of adding value that should not be there.

- Jay Dobbs, another rep for USAC Leasing, states: He is unaware of any specific request for invoices, the company was asked for cost information which is what would be included in the company's asset registry. Some of the assets are more than 15 years old. Business company record policies does not keep individual invoices for every component of the compressors. Think of the volume that would take to keep each individual invoice. The invoice that are in corporate are within cost ledger. Those numbers are audited and it is perfectly okay to rely on those numbers as the original cost. For example, you would not want to have provide invoices for every component of your car to establish the original cost of your car. That is getting into some absurdity that individual invoices are needed for every single component of the compressor that is 20 years old or 15 years old and does not make any sense. Jay Dobbs goes on to say – I raise that to say, if we have invoices, we are happy to provide them but they also may not exist.

- The Board asks Jay Dobbs: How far back did the Assessor's office request for invoices?
  - Ron Dean states: We are talking about 2024, we are not talking about 2023, different issue, but it was at that time when we were told – “no its not \$117 million as reported, it is a much lower number that we are stating is the original cost” which at that time is when the assessor's office said to supply the invoices that supplies the evidence to what is being stated currently. When a drastic change is submitted, as this was, it is required of any company whether they have 5 assets or 500,000 assets. The assessor's office is going to need evidence to alter this or change this. If it was \$5, that means a lot to one company as it was \$5 million that may mean the same to another company. It matters not, what matters is, do we have evidence to support the requested number and they were asking for a substantial reduction. If they were asking the office for a small reduction, the office would be asking for the same thing. Provide some supporting documents to support those lists of assets. The requested documentation has been made by phone, in person of the attorney and the office has never received them. The assessor's office would have no issue changing the information if justification was provided as the office would do for any other company.
- Jay Dobbs states: The cost information per the asset ledger was supplied to John Tyler Hammons in between the time that the Board of Tax Roll Corrections had the hearing and when the Board of Tax Roll Corrections issued its order. That is what was requested and that is what had so that is what we get. He (Ron Dean) is stating we are asking for a substantial decrease. What would happen between 2022 to 2023, our taxes were increased 3 folds. Imagine if you got a tax bill that was 3 times what you paid the year before. What does that say to the businesses in Muskogee County based on a mistake? Our taxes were increased 3 folds. When we try to correct it in 2024, the office states we are asking for a reduction, well yeah, we are because we got increased 3 folds. If you use the OTC schedule, you can not trend it but that is what the assessor's office is doing. The office is taking the original OTC schedule from 2023, put it into their

system and trends it because that system is designed to put original cost in. If you put original cost in, it is in fact proper to trend it but if you use the OTC schedule that is an RCN number, it is already trended. You cannot trend that number. If you trend it, you are basically increasing the value of whatever the trend factor is. So, if it is 1.5%, you are taking the RCN and multiplying it by 1.5 which you are doubling it and that is what this is based on. It is not based on reality. I feel it needs to be set. What is the truth here. Our company is trying to supply it and at every end we feel we are getting railroaded. The only avenue we see we have is to go to court and I think that is so ridiculous.

- The Board asks John Tyler: What are our possibilities/options?
  - John Tyler Hammons (general counsel) states: This Board's job is to ensure that the value that this company or any other company is setting their fair market value is their fair cash value. So, it is your job to either affirm what the assessor has presumed to be correct or you can modify that. It is your job to come up with what is the real value of the piece of property.
- Ron Dean states to the Board that this date and time is the first the office has heard that the original cost that was provided to them was from an OTC schedule and not from an actual original cost and therefore an original cost number is trended. The office was not made aware the original cost provided was actual just an OTC schedule. That is the reason why the office is requesting evidence to support that that was not original cost but instead an OTC schedule.
- The Boards states: It sounds like we have a lack of communication or miscommunication in this matter. Are you willing to try and provide the invoices to show the county to at least what you have on hand?
  - Lisa Waller responds: Yes, absolutely.
  - Jay Dobbs responds: To extend that it exists.
- The Board states they would prefer that the two parties work this out in some way.
  - John Tyler Hammons states: Because this Board only has the power to alter up or down or confirm the assessor's decision, I would recommend to take no action and table this for one month. That gives both sides a chance to get that documentation.



- The Board states they agree with that recommendation.

Motion was made by Charles Lamont and seconded by Ron Ramming to table the issue and set a new date hopefully in June.

### **New Business**

None

### **Adjourn**

Motion was made by Charles Lamont and seconded by Tim Thompson to adjourn the meeting at 11:00 a.m.