

1 **SENATE FLOOR VERSION**

2 April 5, 2016

3 **AS AMENDED**

4 ENGROSSED HOUSE
5 BILL NO. 2658

6 By: Murdock of the House

7 and

8 Marlatt of the Senate

9 **[public lands - properties owned by the
10 Commissioners of the Land Office - ad valorem taxes -
11 effective date]**

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

13 SECTION 1. AMENDATORY 64 O.S. 2011, Section 1023, is
14 amended to read as follows:

15 Section 1023. A. The Commissioners of the Land Office are
16 authorized to grant commercial leases and agricultural leases in
17 trust property- subject to the following conditions:

18 1. Commercial leases shall not exceed fifty-five (55) years.
19 The granting of any commercial lease in excess of three (3) years
20 shall be by public bidding at not less than fair market value. All
21 commercial leases shall provide for fair market value throughout the
22 term of the lease-;

1 2. Agricultural leases of trust property shall be limited to a
2 maximum of five (5) years and shall be by public bidding at not less
3 than fair market value~~;~~;

4 3. The granting of any interest in trust property at less than
5 fair market value or not in compliance with this section is void~~;~~;
6 and

7 4. Any permanent improvement made on commercial trust property
8 from and after the passage of this act shall revert to the trust at
9 the end of the lease.

10 B. In connection with any commercial and agricultural leases,
11 the Commissioners of the Land Office shall, unless otherwise
12 exempted by the Constitution or laws of Oklahoma:

13 1. Require payment of ad valorem property taxes on any
14 improvements and structures on state school land, which would
15 otherwise be subject to ad valorem property taxation if constructed
16 on privately owned land; and

17 2. Indemnify and hold harmless the Commissioners of the Land
18 Office from any financial obligation related to land, financing or
19 operation.

20 C. Effective November 1, 2016, the Commissioners of the Land
21 Office shall be required to make a payment in lieu of ad valorem
22 taxes with respect to real property located in any county of the
23 state if title to more than ten percent (10%) of all real property
24 in the county, as measured by acreage, is held by the Commissioners

1 of the Land Office. The in lieu payment shall be made only if a
2 lease for real property located in the county is being initiated or
3 renewed. The in lieu payment shall be equal to the rate of ad
4 valorem tax applicable to agricultural lands located in the county.
5 The county assessor of each county to which payment is owed pursuant
6 to the provisions of this subsection shall make a determination of
7 the average tax rate per acre for agricultural land in the county
8 for the preceding assessment year and shall communicate that
9 information to the Commissioners of the Land Office not later than
10 September 1 each year. The Commissioners of the Land Office shall
11 make the required payment to the county treasurer of the county not
12 later than December 31 each year.

13 D. The Commissioners of the Land Office shall include the in
14 lieu payment required by subsection C of this section as part of the
15 minimum bidding requirement for the lease of real property located
16 in that county and for which a lease is being initiated or renewed.
17 The in lieu payment amount shall be included in the computation of
18 the applicable lease payment for the full duration of such lease
19 term and shall be included in the computation each time a lease is
20 initiated or renewed.

21 E. The Commissioners of the Land Office may refuse to accept
22 any bid or lease on a commercial, agricultural or mineral lease
23 where the party is in default of any installment due or in violation
24 of any provisions contained in a prior or current lease contract.

1 ~~D.~~ F. The Commissioners of the Land Office may refuse to accept
2 any bid or lease contract where the interested party cannot show
3 adequate creditworthiness as determined by the Land Office.

4 SECTION 2. This act shall become effective November 1, 2016.

5 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
6 April 5, 2016 - DO PASS AS AMENDED
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