

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 SENATE BILL 237

By: Murdock

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5
6 AS INTRODUCED

7 An Act relating to the Commissioners of the Land
8 Office; amending 64 O.S. 2021, Section 1023, which
9 relates to properties owned by the Commissioners of
10 the Land Office; updating statutory reference;
11 requiring payment in lieu of ad valorem tax;
12 providing method for computation of payment; imposing
13 requirement with respect to leases of real property;
14 requiring county assessor to provide information to
15 the Commissioners of the Land Office by specified
16 date; and providing an effective date.

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

18 SECTION 1. AMENDATORY 64 O.S. 2021, Section 1023, is
19 amended to read as follows:

20 Section 1023. A. The Commissioners of the Land Office are
21 authorized to grant commercial leases and agricultural leases in
22 trust property. subject to the following conditions:

23 1. Commercial leases shall not exceed fifty-five (55) years.
24 The granting of any commercial lease in excess of three (3) years
shall be by public bidding at not less than fair market value. All
commercial leases shall provide for fair market value throughout the
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 on or after the passage of this act July 1, 1989,~~ shall
9 revert to the trust at 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 Oklahoma 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. Upon the effective date of this act, the Commissioners of
21 the Land Office shall be required to make a payment in lieu of ad
22 valorem taxes with respect to real property located in any county of
23 this state if title to more than ten percent (10%) of all real
24 property in the county, as measured by acreage, is held by the

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

13 D. The Commissioners of the Land Office shall include the
14 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 payment amount shall be included in the computation of the
18 applicable lease payment for the full duration of the lease term and
19 shall be included in the computation each time a lease is initiated
20 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.

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

SECTION 2. This act shall become effective January 1, 2026.

60-1-779 QD 12/30/2024 5:19:00 PM