

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 871

By: Easley

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Section 1001.1, which relates to gross production taxes; clarifying references; specifying property exempt from ad valorem taxation pursuant to certain provisions; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 1001.1, is amended to read as follows:

Section 1001.1 The Oklahoma Tax Commission shall ~~adopt~~ promulgate rules ~~and regulations~~ which establish guidelines for the determination of property exempt from ad valorem taxation pursuant to the provisions of subsections ~~(p)~~ R and ~~(q)~~ S of Section 1001 of this title. ~~Said~~ The guidelines shall include, but are not limited to, the following:

1. "Producing leases" means wells or leases or production units which have had production during any of the previous three (3) calendar years which is subject to the gross production tax levied by Section 1001 of this title and which have not been abandoned or required to be plugged as required by law on or before January 1 of the year for which the assessment or valuation is made;

2. "Payment of gross production tax" means payment of the tax levied by Section 1001 of this title on production during any of the three (3) calendar years immediately prior to January 1 of the year for which the assessment or valuation is made; and

3. Property exempt from ad valorem tax pursuant to the provisions of subsections ~~(p)~~ R and ~~(q)~~ S of Section 1001 of this

title shall include, but is not limited to, ~~lease production tanks,~~
~~lease production meters,~~ and:

- a. wellhead equipment,
- b. pumping units and any other devices designed to raise hydrocarbons to the surface,
- c. tubing, casing and other downhole equipment,
- d. production units, separators, heaters, treaters and any other devices designed to remove water and contamination from the hydrocarbons,
- e. flow lines going from wellhead to items of equipment and ending at custody transfer point, regardless of length,
- f. any compression equipment that affects the volume of hydrocarbons being produced,
- g. tanks,
- h. meters which are used by the producer or operator of a lease,
- i. miscellaneous production equipment, including but not limited to, valves, piping and electrical accessories, and
- j. disposal systems which are not for commercial purposes. Such ~~exempt~~ property shall ~~remain~~ be exempt as long as the property is ~~essential to~~ used in the production of oil and gas in commercial quantities and regardless of who owns the exempt property. The county assessor shall be notified when such property becomes nonexempt pursuant to the provisions of Section 2838 of this title.

SECTION 2. This act shall become effective January 1, 2003.