

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

SENATE BILL 1660

By: Lerblance

AS INTRODUCED

An Act relating to revenue and taxation; providing an ad valorem tax exemption for certain drilling rigs; limiting time period for exemption; defining terms; requiring Oklahoma Tax Commission to promulgate rules; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2817.4 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. A qualified drilling rig brought from outside of this state, which has a taxable situs in any county of this state on the first day of January of any year, shall be exempt from the levy of any ad valorem taxes for the first tax year such drilling rig is located in this state. After the expiration of the first year for which an exemption is granted, a drilling rig shall be subject to ad valorem taxes.

B. For purposes of this section:

1. "Qualified drilling rig" means any unit or structure, along with its component parts, which is used primarily for drilling, workover, intervention or remediation of wells used for exploration or development of minerals and which is not located in this state for a period of at least six (6) months prior to the first tax year for which the exemption is sought;

2. "Component parts" means any machinery or equipment necessary for a drilling rig to perform its exclusive function of exploration or development of minerals.

C. The Oklahoma Tax Commission shall promulgate such rules as may be necessary for county assessors to qualify drilling rigs for the exemption provided by this section.

SECTION 2. This act shall become effective January 1, 2007.

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