

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3054

By: Boles and **Williams** of the
House

and

Rader of the Senate

11 COMMITTEE SUBSTITUTE

12 [gross production tax - property - ad valorem -
13 flowlines - gathering lines - effective date]

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

17 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1001.1, is
18 amended to read as follows:

19 Section 1001.1 The Oklahoma Tax Commission shall adopt rules
20 and regulations which establish guidelines for the determination of
21 property exempt from ad valorem taxation pursuant to the provisions
22 of subsections ~~G~~ K and ~~H~~ L of Section 1001 of this title. Said
23 guidelines shall include, but are not limited to, the following:

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

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

11 3. Property exempt from ad valorem tax pursuant to the
12 provisions of subsections G K and H L of Section 1001 of this title
13 shall include, but is not limited to~~r~~:

14 a. lease production tanks,

15 b. lease production meters,

16 c. flowlines and gathering lines going from the wellhead
17 either to the first sales meter that is the point of
18 custody transfer or to the boundary of the production
19 unit, whichever distance is shorter, and

20 d. disposal systems, including all materials and
21 equipment of disposal systems and the lines
22 transporting the waste materials, serving one or more
23 wells, which are not for commercial purposes.

1 Provided, the exemption shall include the wellbore and non-
2 recoverable down-hole material, including casing, actually used in
3 the commercial disposal of waste materials produced with such oil or
4 gas. Such exempt property shall remain exempt as long as the
5 property is essential to the production of oil and gas in commercial
6 quantities. The county assessor shall be notified when such
7 property becomes nonexempt.

8 SECTION 2. This act shall become effective November 1, 2024.

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10 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
11 02/29/2024 - DO PASS, As Amended and Coauthored.
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