

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 3054

By: Boles

AS INTRODUCED

An Act relating to gross production tax; amending 68 O.S. 2021, Section 1001.1, which relates to property exempt from ad valorem taxation due to payment of gross production tax; modifying exempt property to include flowlines and gathering lines; and providing an effective date.

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

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

Section 1001.1 The Oklahoma Tax Commission shall adopt rules and regulations which establish guidelines for the determination of property exempt from ad valorem taxation pursuant to the provisions of subsections G and H of Section 1001 of this title. Said 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

1 required to be plugged as required by law on or before January 1 of
2 the year for which the assessment or valuation is made;

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

7 3. Property exempt from ad valorem tax pursuant to the
8 provisions of subsections G and H of Section 1001 of this title
9 shall include, but is not limited to, lease production tanks, lease
10 production meters, flowlines and gathering lines going from the
11 wellhead to the point of custody transfer, and disposal systems,
12 including all materials and equipment of disposal systems and the
13 lines transporting the waste materials, serving one or more wells,
14 ~~which are not for commercial purposes~~. Provided, the exemption
15 shall include the wellbore and non-recoverable down-hole material,
16 including casing, actually used in the commercial disposal of waste
17 materials produced with such oil or gas. Such exempt property shall
18 remain exempt as long as the property is essential to the production
19 of oil and gas in commercial quantities. The county assessor shall
20 be notified when such property becomes nonexempt.

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

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