

1 ENGROSSED SENATE
2 BILL NO. 237

By: Murdock of the Senate

3 and

4 Newton of the House

5
6 An Act relating to the Commissioners of the Land
7 Office; amending 64 O.S. 2021, Section 1023, which
8 relates to properties owned by the Commissioners of
9 the Land Office; updating statutory reference;
10 requiring payment in lieu of ad valorem tax;
11 providing method for computation of payment;
12 requiring county assessor to provide information to
13 the Commissioners of the Land Office by specified
14 date; and providing an effective date.

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

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

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

21 1. Commercial leases shall not exceed fifty-five (55) years.
22 The granting of any commercial lease in excess of three (3) years
23 shall be by public bidding at not less than fair market value. All
24 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 county assessor of each
2 county to which payment is owed pursuant to the provisions of this
3 subsection shall make a determination of the average tax rate per
4 acre for agricultural land in the county for the preceding
5 assessment year and shall communicate that information to the
6 Commissioners of the Land Office not later than September 1 each
7 year. The Commissioners of the Land Office shall make the required
8 payment to the county treasurer of the county not later than
9 December 31 of each year.

10 D. The Commissioners of the Land Office may refuse to accept
11 any bid or lease on a commercial, agricultural or mineral lease
12 where the party is in default of any installment due or in violation
13 of any provisions contained in a prior or current lease contract.

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

17 SECTION 2. This act shall become effective January 1, 2026.
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1 Passed the Senate the 17th day of March, 2025.

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4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2025.

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9 Presiding Officer of the House
10 of Representatives