

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 60th Legislature (2025)

4   ENGROSSED SENATE  
5   BILL NO. 951

By: Murdock of the Senate

and

Archer of the House

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9           **[ Commissioners of the Land Office - commercial and**  
10           **agricultural leases - appraisal of improvements -**  
11           **reimbursement - default - fees - rules - effective**  
12           **date ]**

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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.

21           Commercial leases shall not exceed fifty-five (55) years.   The  
22   granting of any commercial lease in excess of three (3) years shall  
23   be by public bidding at not less than fair market value.   All  
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1 commercial leases shall provide for fair market value throughout the  
2 term of the lease.

3 Agricultural leases of trust property shall be limited to a  
4 maximum of five (5) years and shall be by public bidding at not less  
5 than fair market value.

6 The granting of any interest in trust property at less than fair  
7 market value or not in compliance with this section is void.

8 Any permanent improvement made on commercial trust property from  
9 and after ~~the passage of this act~~ July 1, 1989, shall revert to the  
10 trust at the end of the lease.

11 B. In connection with any commercial and agricultural leases,  
12 the Commissioners of the Land Office shall, unless otherwise  
13 exempted by the Constitution or laws of ~~Oklahoma~~ this state:

14 1. Require payment of ad valorem property taxes on any  
15 improvements and structures on state school land, which would  
16 otherwise be subject to ad valorem property taxation if constructed  
17 on privately owned land; and

18 2. Indemnify and hold harmless the Commissioners of the Land  
19 Office from any financial obligation related to land, financing, or  
20 operation.

21 C. An appraiser selected by the Commissioners of the Land  
22 Office shall appraise any improvements approved by the Commissioners  
23 of the Land Office made to the property leased as an agricultural  
24 lease by the current lessee that cannot be removed without manifest

1 injury to the land. When the Commissioners enter into a new lease  
2 for the property, the lease shall require the new lessee to  
3 reimburse the previous lessee for the appraised value of any  
4 improvements made by the previous lessee by the date the new lessee  
5 is permitted to take occupancy of the property. It shall be  
6 considered a default of the lease of the property to the new lessee  
7 if such reimbursement is not made. Provided, no fees may be charged  
8 to a lessee above those included in the originally accepted bid to  
9 irrigate land used for agricultural purposes if the water is not  
10 sourced from lands owned or managed by the Commissioners.

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

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

18 F. The Commissioners of the Land Office shall promulgate rules  
19 to implement the provisions of this section.

20 SECTION 2. This act shall become effective November 1, 2025.

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22 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
23 04/16/2025 - DO PASS, As Amended.

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