

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 1839

By: Daniels

6 AS INTRODUCED

7 An Act relating to ad valorem tax; amending 68 O.S.  
8 2021, Sections 2803 and 2817, as amended by Section  
9 1, Chapter 374, O.S.L. 2022 (68 O.S. Supp. 2025,  
10 Section 2817), which relate to the Ad Valorem Tax  
11 Code; expanding classifications of property for  
purposes of ad valorem taxation; providing exception  
to listing and assessment requirement; updating  
statutory language; and providing an effective date.

12  
13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2803, is  
15 amended to read as follows:

16 Section 2803. A. The Legislature, pursuant to authority of  
17 ~~Article X~~, Section 22 of Article X of the Oklahoma Constitution,  
18 hereby classifies the following types of property for purposes of ad  
19 valorem taxation:

- 20 1. Real property;
- 21 2. Personal property, except as provided in paragraph  
22 paragraphs 3 and 6 of this subsection;

23 3. Personal property which is household goods of the head of  
24 families and livestock employed in support of the family in those

1       counties which have exempted such property pursuant to subsection  
2       (b) B of Section 6 of Article X of the Oklahoma Constitution;  
3       4. Public service corporation property; and  
4       5. Railroad and air carrier property; and  
5       6. Personal property of an owner which is de minimis personal  
6       property and has a fair cash of Five Thousand Dollars (\$5,000.00) or  
7       less.

8           B. Valuation of each class of subjects shall be made by a  
9       method appropriate for each class or any subclass thereof, as  
10       established by the Ad Valorem Division of the Oklahoma Tax  
11       Commission.

12           C. Classification as provided by this section shall require  
13       uniform treatment of each item within a class or any subclass as  
14       provided in Article X, Section 5 of Article X of the Oklahoma  
15       Constitution.

16           SECTION 2.       AMENDATORY       68 O.S. 2021, Section 2817, as  
17       amended by Section 1, Chapter 374, O.S.L. 2022 (68 O.S. Supp. 2025,  
18       Section 2817), is amended to read as follows:

19           Section 2817. A. All taxable personal property, except  
20       intangible personal property, personal property exempt from ad  
21       valorem taxation, personal property classified as de minimis  
22       pursuant to paragraph 6 of Section 2803 of this title, or household  
23       personal property, shall be listed and assessed each year at its  
24

1 fair cash value, estimated at the price it would bring at a fair  
2 voluntary sale, as of January 1.

3       The fair cash value of household personal property shall be  
4 valued at ten percent (10%) of the appraised value of the  
5 improvement to the residential real property within which such  
6 personal property is located as of January 1 each year. The  
7 assessment of household personal property as provided by this  
8 section may be altered by the taxpayer listing such property at its  
9 actual fair cash value. For purposes of establishing the value of  
10 household personal property, pursuant to the requirement of Section  
11 8 of Article X of the Oklahoma Constitution, the percentage of value  
12 prescribed by this section for the household personal property shall  
13 be presumed to constitute the fair cash value of the personal  
14 property.

15       Stocks of goods, wares, and merchandise shall be assessed at the  
16 value of the average amount on hand during the preceding year, or  
17 the average amount on hand during the part of the preceding year the  
18 stock of goods, wares, or merchandise was at its January 1 location.  
19       Provided, persons primarily engaged in selling lumber and other  
20 building materials including cement and concrete, except for home  
21 centers classified under Industry No. 444110 of the North American  
22 Industrial Industry Classification Systems System (NAICS) Manual,  
23 shall be assessed at the average value of the inventory on hand as  
24

1 of January 1 of each year and the value of the inventory on hand as  
2 of December 31 of the same year.

3       B. All taxable real property shall be assessed annually as of  
4 January 1, at its fair cash value, estimated at the price it would  
5 bring at a fair voluntary sale for:

6       1. The highest and best use for which the property was actually  
7 used during the preceding calendar year; or

8       2. The highest and best use for which the property was last  
9 classified for use if not actually used during the preceding  
10 calendar year.

11       When improvements upon residential real property are divided by  
12 a taxing jurisdiction line, those improvements shall be valued and  
13 assessed in the taxing jurisdiction in which the physical majority  
14 of those improvements are located.

15       The Ad Valorem Division of the Oklahoma Tax Commission shall be  
16 responsible for the promulgation of rules which shall be followed by  
17 each county assessor of the state, for the purposes of providing for  
18 the equitable use valuation of locally assessed real property in  
19 this state. Agricultural land and nonresidential improvements  
20 necessary or convenient for agricultural purposes shall be assessed  
21 for ad valorem taxation based upon the highest and best use for  
22 which the property was actually used, or was previously classified  
23 for use, during the calendar year next preceding January 1 on which  
24 the assessment is made.

1       C. The use value of agricultural land shall be based on the  
2 income capitalization approach using cash rent. The rental income  
3 shall be calculated using the direct capitalization method based  
4 upon factors including, but not limited to:

5           1. Soil types, as depicted on soil maps published by the  
6 Natural Resources Conservation Service of the United States  
7 Department of Agriculture;

8           2. Soil productivity indices approved by the Ad Valorem  
9 Division of the Tax Commission;

10          3. The specific agricultural purpose of the soil based on use  
11 categories approved by the Ad Valorem Division of the Tax  
12 Commission; and

13          4. A capitalization rate to be determined annually by the Ad  
14 Valorem Division of the Tax Commission based on the sum of the  
15 average first mortgage interest rate charged by the Federal Land  
16 Bank for the immediately preceding five (5) years, weighted with the  
17 prevailing rate or rates for additional loans or equity, and the  
18 effective tax rate.

19           The final use value will be calculated using the soil  
20 productivity indices and the agricultural use classification as  
21 defined by rules promulgated by the State Board of Equalization.  
22 This subsection shall not be construed in a manner which is  
23 inconsistent with the duties, powers, and authority of the Board as  
24

1 to valuation of the counties as fixed and defined by Section 21 of  
2 Article X of the Oklahoma Constitution.

3       However, in calculating the use value of buffer strips as  
4 defined in Section 2817.2 of this title, exclusive consideration  
5 shall be based only on income from production agriculture from such  
6 buffer strips, not including federal or state subsidies, when valued  
7 as required by subsection C of Section 2817.2 of this title.

8       D. The use value of nonresidential improvements on agricultural  
9 land shall be based on the cost approach to value estimation using  
10 currently updated cost manuals published by the Marshall and Swift  
11 Company or similar cost manuals approved by the Ad Valorem Division  
12 of the Tax Commission. The use value estimates for the  
13 nonresidential improvements shall take obsolescence and depreciation  
14 into consideration in addition to necessary adjustments for local  
15 variations in the cost of labor and materials. This section shall  
16 not be construed in a manner which is inconsistent with the duties,  
17 powers, and authority of the Board as to equalization of valuation  
18 of the counties as determined and defined by Section 21 of Article X  
19 of the Oklahoma Constitution.

20       The use value of facilities used for poultry production shall be  
21 determined according to the following procedures:

22       1. The Ad Valorem Division of the Tax Commission is hereby  
23 directed to develop a standard system of valuation of both real and  
24 personal property of such facilities, which shall be used by all

1 county assessors in this state, under which valuation based on the  
2 following shall be presumed to be the fair cash value of the  
3 property:

- 4           a. for real property, a ten-year depreciation schedule,  
5                   at the end of which the residual value is twenty  
6                   percent (20%) of the value of the facility during its  
7                   first year of operation, and  
8           b. for personal property, a five-year depreciation  
9                   schedule, at the end of which the residual value is  
10                   zero;

11           2. Such facilities shall be valued only in comparison to other  
12 facilities used exclusively for poultry production. Such a facility  
13 which is no longer used for poultry production shall be deemed to  
14 have no productive use;

15           3. During the first year such a facility is placed on the tax  
16 rolls, its fair cash value shall be presumed to be the lesser of the  
17 actual purchase price or the actual documented cost of construction;  
18 and

19           4. For the purpose of determining the valuation of  
20 nonresidential improvements used for poultry production, the  
21 provisions of this subsection shall be applicable and such  
22 improvements shall not be considered to be commercial property.

23           E. The value of investment in property used exclusively by an  
24 oil refinery that is used wholly as a facility, device, or method

1 for the desulphurization of gasoline or diesel fuel as defined in  
2 Section 2817.3 of this title shall not be included in the  
3 capitalization used in the determination of fair market value of  
4 such oil refinery if such property would qualify as exempt property  
5 pursuant to Section 2902 of this title, whether or not an  
6 application for such exemption is made by an otherwise qualifying  
7 manufacturing concern owning the property described by Section  
8 2817.3 of this title.

9 F. The use value of a lot in any platted addition or a  
10 subdivision in a city, town, or county zoned for residential,  
11 commercial, industrial, or other use shall be deemed to be the fair  
12 cash value of the underlying tract of land platted, divided by the  
13 number of lots contained in the platted addition or subdivision  
14 until the lot shall have been conveyed to a bona fide purchaser or  
15 the lot with building or buildings located thereon shall have been  
16 occupied other than as a sales office by the owner thereof, or shall  
17 have been leased, whichever event shall first occur. One who  
18 purchases a lot for the purposes of constructing and selling a  
19 building on such lot shall not be deemed to be a bona fide purchaser  
20 for purposes of this section. However, if the lot is held for a  
21 period longer than two (2) years before construction, then the  
22 assessor may consider the lot to have been conveyed to a bona fide  
23 purchaser. The cost of any land or improvements to any real  
24 property required to be dedicated to public use including, but not

1 limited to, streets, curbs, gutters, sidewalks, storm or sanitary  
2 sewers, utilities, detention or retention ponds, easements, parks,  
3 or reserves shall not be utilized by the county assessor in the  
4 valuation of any real property for assessment purposes.

5 G. The transfer of real property without a change in its use  
6 classification shall not require a reassessment thereof based  
7 exclusively upon the sale value of the property. However, if the  
8 county assessor determines:

9 1. That by reason of the transfer of a property there is a  
10 change in the actual use or classification of the property; or

11 2. That by reason of the amount of the sales consideration it  
12 is obvious that the use classification prior to the transfer of the  
13 property is not commensurate with and would not justify the amount  
14 of the sales consideration of the property;

15 then the assessor shall, in either event, reassess the property for  
16 the new use classification for which the property is being used, or,  
17 the highest and best use classification for which the property may,  
18 by reason of the transfer, be classified for use.

19 H. When the term "fair cash value" or the language "fair cash  
20 value, estimated at the price it would bring at a fair voluntary  
21 sale" is used in the Ad Valorem Tax Code, in connection with and in  
22 relation to the assessment of real property, it is defined to mean  
23 and shall be given the meaning ascribed and assigned to it in this  
24 section and when the term or language is used in the Code in

1 connection with the assessment of personal property it shall be  
2 given its ordinary or literal meaning.

3       I. Where any real property is zoned for a use by a proper  
4 zoning authority, and the use of the property has not been changed,  
5 the use and not zoning shall determine assessment. Any reassessment  
6 required shall be effective January 1 following the change in use.  
7 Taxable real property need not be listed annually with the county  
8 assessor.

9       J. If any real property shall become taxable after January 1 of  
10 any year, the county assessor shall assess the same and place it  
11 upon the tax rolls for the next ensuing year. When any building is  
12 constructed upon land after January 1 of any year, the value of the  
13 building shall be added by the county assessor to the assessed  
14 valuation of the land upon which the building is constructed at the  
15 fair cash value thereof for the next ensuing year. However, after  
16 the building has been completed it shall be deemed to have a value  
17 for assessment purposes of the fair cash value of the materials used  
18 in such building only, until the building and the land on which the  
19 building is located shall have been conveyed to a bona fide  
20 purchaser or shall have been occupied or used for any purpose other  
21 than as a sales office by the owner thereof, or shall have been  
22 leased, whichever event shall first occur. The county assessor  
23 shall continue to assess the building based upon the fair market  
24 value of the materials used therein until the building and land upon

1 which the building is located shall have been conveyed to a bona  
2 fide purchaser or is occupied or used for any purpose other than as  
3 a sales office by the owner thereof, or is leased, whichever event  
4 shall first occur.

5       K. In the event improvements on land or personal property  
6 located therein or thereon are destroyed or partially destroyed, or  
7 the land itself is impaired or partially impaired by fire,  
8 lightning, storm, winds, floodwaters, overflow of streams, or other  
9 cause (all such destruction or impairments being referred to herein  
10 as "damage") during any year, the county assessor shall determine  
11 the amount of damage and shall reassess the property for that year  
12 at the fair cash value of the property, taking into account the  
13 actual loss of functional use of the property occasioned by such  
14 damage. The assessor shall make the appropriate value adjustments  
15 to the property for that tax year up to the time at which the  
16 assessor publishes the "Assessor's Report to the Excise Board" as  
17 required by subsection D of Section 2867 of this title. After such  
18 time, adjustments can be made only by the county board of tax roll  
19 corrections and only after the assessor has certified the tax roll  
20 for that year. The board secretary shall notify property owners in  
21 advance of the time and place at which the value adjustment to their  
22 property will be heard by the board. The board of tax roll  
23 corrections is authorized only to approve or reject the value  
24 adjustment submitted by the county assessor.

1       L. All taxable personal property used in the exploration of  
2 oil, natural gas, or other minerals including drilling equipment and  
3 rigs, shall be assessed annually at the value set forth in the first  
4 Hadco International monthly bulletin published for the tax year,  
5 using the appropriate depth rating assigned to the drawworks by its  
6 manufacturer and the actual condition of the rig.

7       M. The value of taxable tangible personal property used in  
8 commercial disposal systems of waste materials from the production  
9 of oil and gas shall not include any contract rights or leases for  
10 the use of such systems nor any value associated with the wellbore  
11 or non-recoverable down-hole material including casing.

12      SECTION 3. This act shall become effective January 1, 2027.

14      60-2-2235           QD           1/14/2026 11:31:06 PM