

An Act

ENROLLED SENATE
BILL NO. 951

By: Murdock of the Senate

and

Archer and Burns of the
House

An Act relating to the Commissioners of the Land Office; amending 64 O.S. 2021, Section 1023, which relates to the granting of commercial and agricultural leases; providing for appraisal of certain improvements; directing certain lease to require certain reimbursement; providing condition for lease default; prohibiting charging of certain fees; providing for promulgation of rules; updating statutory reference; updating statutory language; and providing an effective date.

SUBJECT: Commissioners of the Land Office

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

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

Section 1023. A. The Commissioners of the Land Office are authorized to grant commercial leases and agricultural leases in trust property.

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

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

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

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

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

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

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

C. An appraiser selected by the Commissioners of the Land Office shall appraise any improvements approved by the Commissioners of the Land Office made to the property leased as an agricultural lease by the current lessee that cannot be removed without manifest injury to the land. When the Commissioners enter into a new lease for the property, the lease shall require the new lessee to reimburse the previous lessee for the appraised value of any improvements made by the previous lessee by the date the new lessee is permitted to take occupancy of the property. It shall be considered a default of the lease of the property to the new lessee if such reimbursement is not made. Provided, no fees may be charged to a lessee above those included in the originally accepted bid to irrigate land used for agricultural purposes if the water is not sourced from lands owned or managed by the Commissioners.

D. The Commissioners of the Land Office may refuse to accept any bid or lease on a commercial, agricultural, or mineral lease

where the party is in default of any installment due or in violation of any provisions contained in a prior or current lease contract.

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

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

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

Passed the Senate the 22nd day of May, 2025.

Presiding Officer of the Senate

Passed the House of Representatives the 22nd day of May, 2025.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____