

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 4305

By: Blair

6 AS INTRODUCED

7 An Act relating to revenue and taxation; establishing
8 valuation method for certain real property for
9 purposes of ad valorem taxation; providing for
10 requirements of real property to qualify for
11 valuation method; mandating county assessor to
12 determine fair cash value according to valuation
13 method; establishing how fair cash value is
14 determined after the first year the property has
15 completed active construction and stabilizes;
16 providing for when the property is not subject to the
17 valuation method; creating additional tax; providing
18 for determination for the amount of additional tax;
19 allowing for attachment of tax lien; requiring county
20 assessor to deliver written notice via certified
21 mail; providing for when the additional tax becomes
22 due and delinquent; prohibiting property owner from
23 protest in certain tax year; requiring county
24 assessor to determine the percentage change in the
net income of property using certain standards;
requiring owner to deliver audit to county assessor;
providing for codification; and providing an
effective date.

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

22 SECTION 1. NEW LAW A new section of law to be codified

23 in the Oklahoma Statutes as Section 2865.1 of Title 68, unless there
24 is created a duplication in numbering, reads as follows:

1 A. This act shall only apply to real property owned by an
2 organization:

3 1. For the purpose of renting the property to a low income or
4 moderate income individual or family satisfying the organization's
5 income eligibility requirements;

6 2. That was financed under the Oklahoma Affordable Housing Act
7 authorized pursuant to Section 2357.403 of this title, and is
8 subject to a land use agreement or regulatory agreement that has not
9 expired or been terminated;

10 3. That does not receive exempt treatment under Section 2887 of
11 this title; and

12 4. The owner of which has not entered into any agreement with
13 any taxing unit to make payments to the taxing unit instead of taxes
14 on the property.

15 B. In determining the fair cash value of a property described
16 in subsection A of this act, the county assessor shall determine the
17 fair cash value of property that is under active construction or
18 lease up on January 1 of the current tax year in the manner provided
19 by Section 8 of Article X of the Oklahoma Constitution, provided
20 that the county assessor shall estimate the property's gross income
21 potential and operating expenses based on the property's projected
22 income and expenses for the first full year of operation as adjusted
23 to reflect the percentage of construction of the property that is
24 complete as of January 1 divided by the construction budget for a

1 property under active construction and, for properties undergoing
2 lease up, as adjusted to reflect the actual occupancy.

3 C. In determining the fair cash value of a property for the
4 first tax year following the completion of active construction and
5 stabilization of the property, the county assessor shall determine
6 the fair cash value of the property in the manner provided by
7 Section 8 of Article X of the Oklahoma Constitution.

8 D. In determining the fair cash value for a property for any
9 subsequent tax year after the first year following completion of
10 active construction and stabilization of the property, the county
11 assessor shall determine the fair cash value of the property by
12 adjusting the appraised value of the property for the preceding tax
13 year by the percentage change in the net income of the property in
14 the preceding year as compared to the year preceding that year.

15 E. If the fair cash value of a property that is determined
16 pursuant to the provisions of this act is sold and no longer subject
17 to a land use restriction agreement or regulatory agreement
18 described by paragraph 2 of subsection A of this act, the property
19 is no longer eligible for appraisal under this act and an additional
20 tax is imposed on the property. The additional tax due is an amount
21 equal to the difference between the taxes imposed on the property
22 for each of the three (3) years preceding the year in which the
23 property is sold that the fair cash value of the property was
24 determined by this act and the taxes that would have been imposed

1 had the property been appraised at the sale price in each of those
2 years, indexed using each year's net income percentage change
3 derived from subsection D. A tax lien attaches to the property on
4 the date the property is sold to secure payment of the additional
5 tax imposed by this subsection. The lien exists in favor of all
6 taxing units for which the additional tax is imposed. The
7 additional tax imposed by this subsection does not apply to a year
8 for which the tax had already been paid off the sale price.

9 F. A determination that property is no longer eligible for the
10 valuation method under this act is made by the county assessor in
11 which the property is located. The county assessor shall deliver
12 written notice via certified mail of the determination to the owner
13 of the property as soon as possible after making the determination
14 and shall include in the notice an explanation of the owner's right
15 to protest the determination. If the owner does not file a timely
16 protest or if the final determination of the protest is that the
17 additional taxes are due, the county assessor shall prepare and
18 deliver a bill for the additional taxes as soon as practicable. The
19 taxes are due and become delinquent and incur penalties and interest
20 as provided by law for ad valorem taxes imposed if not paid before
21 the next February 1 that is at least twenty (20) days after the date
22 the bill is delivered to the owner of the property.

23 G. Notwithstanding any other law, a property owner may not
24 bring a protest for any tax year in which the fair cash value of the

1 owner's property is determined by adjusting the property's fair cash
2 value by the percentage change in the net income of the property as
3 provided by this act. Notwithstanding any other law, a property
4 valued under this act may not be utilized as comparable property for
5 any property that is not valued under this act.

6 H. For purposes of this act, the county assessor shall
7 determine the percentage change in the net income of property using
8 generally accepted valuation standards for expenses, based on the
9 information and is contained in an audit of the organization that
10 owns the property prepared by an independent auditor covering the
11 relevant fiscal period.

12 I. Not later than May 1 of each year, an owner shall deliver to
13 the county assessor the audit for the preceding year. The county
14 assessor may extend the deadline for good cause shown.

15 SECTION 2. This act shall become effective January 1, 2027.

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