

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 4305

By: Blair

AS INTRODUCED

An Act relating to revenue and taxation; establishing valuation method for certain real property for purposes of ad valorem taxation; providing for requirements of real property to qualify for valuation method; mandating county assessor to determine fair cash value according to valuation method; establishing how fair cash value is determined after the first year the property has completed active construction and stabilizes; providing for when the property is not subject to the valuation method; creating additional tax; providing for determination for the amount of additional tax; allowing for attachment of tax lien; requiring county assessor to deliver written notice via certified mail; providing for when the additional tax becomes due and delinquent; prohibiting property owner from protest in certain tax year; requiring county 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.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2865.1 of Title 68, unless there 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

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

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

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

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

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