

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE  
FOR  
4 SENATE BILL 237

By: Murdock of the Senate

5 and

6 Newton of the House

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9 COMMITTEE SUBSTITUTE

10 An Act relating to the Commissioners of the Land  
11 Office; amending 64 O.S. 2021, Section 1023, which  
12 relates to properties owned by the Commissioners of  
the Land Office; updating statutory reference;  
requiring payment in lieu of ad valorem tax;  
providing method for computation of payment;  
requiring county assessor to provide information to  
the Commissioners of the Land Office by specified  
date; and providing an effective date.

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

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

20 Section 1023. A. The Commissioners of the Land Office are  
21 authorized to grant commercial leases and agricultural leases in  
22 trust property. subject to the following conditions:

23 1. Commercial leases shall not exceed fifty-five (55) years.  
24 The granting of any commercial lease in excess of three (3) years

1 shall be by public bidding at not less than fair market value. All  
2 commercial leases shall provide for fair market value throughout the  
3 term of the lease-;.

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

7       3. The granting of any interest in trust property at less than  
8 fair market value or not in compliance with this section is void-;  
9 and

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

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

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

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

23       C. Upon the effective date of this act, the Commissioners of  
24 the Land Office shall be required to make a payment in lieu of ad

1   valorem taxes with respect to real property located in any county of  
2   this state if title to more than ten percent (10%) of all real  
3   property in the county, as measured by acreage, is held by the  
4   Commissioners of the Land Office. The county assessor of each  
5   county to which payment is owed pursuant to the provisions of this  
6   subsection shall make a determination of the average tax rate per  
7   acre for agricultural land in the county for the preceding  
8   assessment year and shall communicate that information to the  
9   Commissioners of the Land Office not later than September 1 each  
10   year. The Commissioners of the Land Office shall make the required  
11   payment to the county treasurer of the county not later than  
12   December 31 of each year.

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

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

20       SECTION 2. This act shall become effective January 1, 2026.

22       60-1-1724           QD           2/17/2025 5:18:12 PM