

1 ENGROSSED SENATE
2 BILL NO. 951

3 By: Murdock of the Senate

4 and

5 Archer of the House

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

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

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

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

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

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

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

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

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

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

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

19 C. An appraiser selected by the Commissioners of the Land
20 Office shall appraise any improvements approved by the Commissioners
21 of the Land Office made to the property leased as an agricultural
22 lease by the current lessee that cannot be removed without manifest
23 injury to the land. When the Commissioners enter into a new lease
24 for the property, the lease shall require the new lessee to

1 reimburse the previous lessee for the appraised value of any
2 improvements made by the previous lessee by the date the new lessee
3 is permitted to take occupancy of the property. It shall be
4 considered a default of the lease of the property to the new lessee
5 if such reimbursement is not made. Provided, no fees may be charged
6 to a lessee above those included in the originally accepted bid to
7 irrigate land used for agricultural purposes if the water is not
8 sourced from lands owned or managed by the Commissioners.

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

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

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

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

Passed the Senate the 26th day of March, 2025.

Presiding Officer of the Senate

Passed the House of Representatives the _____ day of _____,
2025.

Presiding Officer of the House
of Representatives