

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 3054

By: Boles

6
7 COMMITTEE SUBSTITUTE

8 [gross production tax - property - ad valorem -
9 flowlines - gathering lines - effective date]

10
11
12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1001.1, is
14 amended to read as follows:

15 Section 1001.1 The Oklahoma Tax Commission shall adopt rules
16 and regulations which establish guidelines for the determination of
17 property exempt from ad valorem taxation pursuant to the provisions
18 of subsections G K and H L of Section 1001 of this title. Said
19 guidelines shall include, but are not limited to, the following:

20 1. "Producing leases" means wells or leases or production units
21 which have had production during any of the previous three (3)
22 calendar years which is subject to the gross production tax levied
23 by Section 1001 of this title and which have not been abandoned or
24

1 required to be plugged as required by law on or before January 1 of
2 the year for which the assessment or valuation is made;

3 2. "Payment of gross production tax" means payment of the tax
4 levied by Section 1001 of this title on production during any of the
5 three (3) calendar years immediately prior to January 1 of the year
6 for which the assessment or valuation is made; and

7 3. Property exempt from ad valorem tax pursuant to the
8 provisions of subsections G K and H L of Section 1001 of this title
9 shall include, but is not limited to:

- 10 a. lease production tanks,
- 11 b. lease production meters,
- 12 c. flowlines and gathering lines going from the wellhead
13 either to the first sales meter that is the point of
14 custody transfer or to the boundary of the production
15 unit, whichever distance is shorter, and
- 16 d. disposal systems, including all materials and
17 equipment of disposal systems and the lines
18 transporting the waste materials, serving one or more
19 wells, which are not for commercial purposes.

20 Provided, the exemption shall include the wellbore and non-
21 recoverable down-hole material, including casing, actually used in
22 the commercial disposal of waste materials produced with such oil or
23 gas. Such exempt property shall remain exempt as long as the
24 property is essential to the production of oil and gas in commercial

1 quantities. The county assessor shall be notified when such
2 property becomes nonexempt.

3 SECTION 2. This act shall become effective November 1, 2024.

4

5 59-2-10663 JM 02/29/24

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24