

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3054

By: Boles and **Williams** of the
House

and

Rader of the Senate

7
8
9
10 COMMITTEE SUBSTITUTE

11 [gross production tax - property - ad valorem -
12 flowlines - gathering lines - effective date]

13
14
15 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

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

23 1. "Producing leases" means wells or leases or production units
24 which have had production during any of the previous three (3)

1 calendar years which is subject to the gross production tax levied
2 by Section 1001 of this title and which have not been abandoned or
3 required to be plugged as required by law on or before January 1 of
4 the year for which the assessment or valuation is made;

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

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

12 a. lease production tanks,

13 b. lease production meters,

14 c. flowlines and gathering lines going from the wellhead
15 either to the first sales meter that is the point of
16 custody transfer or to the boundary of the production
17 unit, whichever distance is shorter, and

18 d. disposal systems, including all materials and
19 equipment of disposal systems and the lines
20 transporting the waste materials, serving one or more
21 wells, which are not for commercial purposes.

22 Provided, the exemption shall include the wellbore and non-
23 recoverable down-hole material, including casing, actually used in
24 the commercial disposal of waste materials produced with such oil or

1 gas. Such exempt property shall remain exempt as long as the
2 property is essential to the production of oil and gas in commercial
3 quantities. The county assessor shall be notified when such
4 property becomes nonexempt.

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

6

7 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
8 02/29/2024 - DO PASS, As Amended and Coauthored.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24