

DATE: February 22, 2011 **BULLETIN 11-02**
SUBJECT: Supreme Court Ruling: Assessors of Roger Mills County v. Unit Drilling Co.
2011 OK4 Case Number: 107699 Decided: January 25, 2011
Published in the Oklahoma Bar Journal on January 29, 2011

Dear County Assessor:

The assessor of Roger Mills County brought a declaratory judgment action to determine the constitutionality of 68 O.S. Supp. 2010, Section 2817(L). The statute mandates use of the Hadco International bulletin in the assessment of personal property used in exploration of oil, natural gas, and other minerals.

The text of Section 2817(L) provides that “All taxable personal property used in the exploration of oil, natural gas, or other minerals, including drilling equipment and rigs, shall be assessed annually at the value set forth in the first Hadco International monthly bulletin published for the tax year, using the appropriate depth rating assigned to the drawworks by its manufacturer and the actual condition of the rig.”

After considering the summary judgment paperwork of the parties, the court entered a declaratory judgment that Section 2817(L) was unconstitutional because it violates the fair cash value assessment requirement of Article 10, Section 8(A)(1) of the Oklahoma Constitution. The rig owner who defended the constitutionality of the statute brings this appeal and urges reversal of this judgment.

Upon review, the Supreme Court agreed with the trial court. The Supreme Court held that the trial court correctly determined that 68 O.S. Supp. 2010 Section 2817(L) is unconstitutional in that it violates the fair cash value assessment requirements of Article 10, Section 8(A)(1) of the Oklahoma Constitution. Accordingly, the trial court’s declaratory judgment is affirmed.

If you have any questions regarding this decision, contact your district attorney.

Sincerely,

OKLAHOMA TAX COMMISSION

Jeff Spelman, CAE, Director
Ad Valorem Division

Enclosure