**§ 594. Assessment of oil and gas economic units.** 1. Oil and gas economic units shall be assessed only in the manner provided in this title. Notwithstanding the provisions of subdivision two of section five hundred two of this article, oil and gas economic units shall be assessed in the name of the producer and shall be described on a separate subsection of the taxable section of the assessment roll by such identifying characters as the commissioner may prescribe by rule. For purposes of assessments under this title a producer may certify to each assessor the address to which the assessment for an economic unit and the notice pursuant to subdivision one of section five hundred ninety-five of this title shall be sent.

2. Upon receipt of the appropriate unit of production values certified by the commissioner, each assessor shall compute and determine, in accordance with rules promulgated by the commissioner, the assessed value of oil and gas economic units located in that assessing unit. Any local officers, including school authorities, having custody and control of the assessment roll when final unit of production values are certified by the commissioner, shall make the changes, if any, occurring as a result of such certification. Except as otherwise provided for in this subdivision and subdivision three of this section, oil and gas economic units shall be assessed as follows: multiply (1) the appropriate unit of production value; times (2) the amount of production from that economic unit in the production year; times (3) the latest state equalization rate or special equalization rate, except that where such rate exceeds or would exceed one hundred, a special equalization rate of one hundred percent shall be established by the commissioner for purposes of this section. The value of all elements in an oil and gas economic unit shall be deemed to be included in the value of such economic unit and shall not be separately assessed. Assessment of gas economic units shall be based on actual measured annual production during the life of the well or wells in that unit even though such annual production may be non-existent due to non-connection, non-completion, shut-in or other circumstances which prevent production of oil and/or gas. Annual production of the economic unit shall be based on the production year. The foregoing notwithstanding, upon the exercise of gas rights, each gas economic unit shall be subject to a

minimum assessment for two one year periods based on a minimum annual production equivalent of two million four hundred thousand cubic feet. Such minimums shall be applied during the life of the well in consecutive or nonconsecutive years, whenever such well has an annual production of less than two million four hundred thousand cubic feet. Upon completion of the second year minimum tax assessment, a gas economic unit shall be assessed on actual measured annual production of gas. For purposes of assessing gas economic units, no minimum assessment shall be applied to any gas economic unit existing on or before January first, nineteen hundred eighty-six and such economic units shall be assessed only on actual measured annual production. Oil economic units shall be assessed on the basis of actual measured annual production.

3. Economic units including oil and gas rights contained therein shall not be eligible for any exemption from taxation except as provided in the following circumstances:

(a) Oil and gas rights and other elements of economic units shall be exempt from taxation if owned by a school district or board of cooperative educational services;

(b) Oil and gas rights and other elements of economic units shall be exempt from taxation if owned by an organization whose property is exempt from taxation pursuant to section four hundred twenty-a of this chapter, except that such property shall be taxable to the extent that the oil and gas produced is sold rather than used by the owner, regardless of the use to which the revenues are devoted;

(c) Unless a local law, ordinance or resolution has been adopted pursuant to paragraph (a) of subdivision one of section four hundred twenty-b of this chapter, oil and gas rights and other elements of economic units shall be exempt from taxation if owned by an organization whose property is exempt pursuant to such section four hundred twenty-b, except that such property shall be taxable to the extent that the oil and gas produced is sold rather than used by the owner, regardless of the use to which the revenues are devoted; and

(d) Oil and gas rights and other elements of economic units shall be exempt from taxation if the gas produced in the economic unit is collected from a landfill or used to power farm waste energy systems or farm waste electric generating equipment, as such term is defined in

section sixty-six-j of the public service law. Such exemption shall apply to property on assessment rolls based on taxable status dates occurring on or before December thirty-first, two thousand seventeen.

4. Where an oil or gas economic unit is located within more than one assessing unit, the appropriate county director or county directors shall certify to the assessors the percentage of capital investment in property located within each such assessing unit. The assessor shall apportion the assessment of economic units among school districts and special districts based upon the percentage of capital investment located within each such district.