

SENATE FLOOR VERSION

February 10, 2025

SENATE BILL NO. 577

By: Rader

An Act relating to ad valorem tax; amending 68 O.S. 2021, Section 2902, as last amended by Section 1, Chapter 390, O.S.L. 2022 (68 O.S. Supp. 2024, Section 2902), which relates to the exemption from ad valorem tax for manufacturing facilities; requiring facilities to provide certain information; requiring the Oklahoma Tax Commission to provide certain data to the Incentive Evaluation Commission; amending 68 O.S. 2021, Section 205, as last amended by Section 1, Chapter 208, O.S.L. 2024 (68 O.S. Supp. 2024, Section 205), which relates to the confidential nature of records and files of the Oklahoma Tax Commission; excepting and requiring the disclosure of information; updating statutory language; updating statutory reference; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2902, as

last amended by Section 1, Chapter 390, O.S.L. 2022 (68 O.S. Supp. 2024, Section 2902), is amended to read as follows:

Section 2902. A. Except as otherwise provided by subsection H

of Section 3658 of this title pursuant to which the exemption

authorized by this section may not be claimed, a qualifying

manufacturing concern, as defined by Section 6B of Article X of the

Oklahoma Constitution, and as further defined herein, shall be

1 exempt from the levy of any ad valorem taxes upon new, expanded or
2 acquired manufacturing facilities including facilities engaged in
3 research and development, for a period of five (5) years. The
4 provisions of Section 6B of Article X of the Oklahoma Constitution
5 requiring an existing facility to have been unoccupied for a period
6 of twelve (12) months prior to acquisition shall be construed as a
7 qualification for a facility to initially receive an exemption, and
8 shall not be deemed to be a qualification for that facility to
9 continue to receive an exemption in each of the four (4) years
10 following the initial year for which the exemption was granted.
11 Such facilities are hereby classified for the purposes of taxation
12 as provided in Section 22 of Article X of the Oklahoma Constitution.

13 B. For purposes of this section, the following definitions
14 shall apply:

15 1. "Manufacturing facilities" means facilities engaged in the
16 mechanical or chemical transformation of materials or substances
17 into new products and except as provided by paragraph 6 of
18 subsection C of this section shall include:

- 19 a. establishments which have received a manufacturer
20 exemption permit pursuant to the provisions of Section
21 1359.2 of this title,
22 b. facilities including repair and replacement parts,
23 primarily engaged in aircraft repair, building and
24 rebuilding whether or not on a factory basis,

- 1 c. establishments primarily engaged in computer services
2 and data processing as defined under Industrial Group
3 Numbers 5112 and 5415, and U.S. Industry Number 334611
4 and 519130 of the NAICS Manual, latest revision, and
5 which derive at least fifty percent (50%) of their
6 annual gross revenues from the sale of a product or
7 service to an out-of-state buyer or consumer, and as
8 defined under Industrial Group Number 5182 of the
9 NAICS Manual, latest revision, which derive at least
10 eighty percent (80%) of their annual gross revenues
11 from the sale of a product or service to an out-of-
12 state buyer or consumer. Eligibility as a
13 manufacturing facility pursuant to this subparagraph
14 shall be established, subject to review by the
15 Oklahoma Tax Commission, by annually filing an
16 affidavit with the Tax Commission stating that the
17 facility so qualifies and such other information as
18 required by the Tax Commission. For purposes of
19 determining whether annual gross revenues are derived
20 from sales to out-of-state buyers, all sales to the
21 federal government shall be considered to be an out-
22 of-state buyer,
- 23 d. facilities that the investment cost of the
24 construction, acquisition or expansion is Five Hundred

1 Thousand Dollars (\$500,000.00) or more with respect to
2 assets placed into service during calendar year 2022.
3 For subsequent calendar years, the investment required
4 shall be increased annually by a percentage equal to
5 the previous year's increase in the Consumer Price
6 Index-All Urban Consumers ("CPI-U") and such adjusted
7 amount shall be the required investment cost in order
8 to qualify for the exemption authorized by this
9 section. The Oklahoma Department of Commerce shall
10 determine the amount of the increase, if any, on
11 January 1 of each year. The Oklahoma Tax Commission
12 shall publish on its website at least annually the
13 adjusted dollar amount in order to qualify for the
14 exemption authorized by this section and shall include
15 the adjusted dollar amount in any of its relevant
16 forms or publications with respect to the exemption.
17 Provided, "investment cost" shall not include the cost
18 of direct replacement, refurbishment, repair or
19 maintenance of existing machinery or equipment, except
20 that "~~investment cost~~" investment cost shall include
21 capital expenditures for direct replacement,
22 refurbishment, repair or maintenance of existing
23 machinery or equipment that qualifies for depreciation
24 and/or amortization pursuant to the Internal Revenue

1 Code of 1986, as amended, and such expenditures shall
2 be eligible as a part of an "~~expansion~~" expansion that
3 otherwise qualifies under this section,

4 e. establishments primarily engaged in distribution as
5 defined under Industry Numbers 49311, 49312, 49313 and
6 49319 and Industry Sector Number 42 of the NAICS
7 Manual, latest revision, and which meet the following
8 qualifications:

- 9 (1) construction with an initial capital investment
10 of at least Five Million Dollars (\$5,000,000.00),
11 (2) employment of at least one hundred (100) full-
12 time-equivalent employees, as certified by the
13 Oklahoma Employment Security Commission,
14 (3) payment of wages or salaries to its employees at
15 a wage which equals or exceeds the average wage
16 requirements in the Oklahoma Quality Jobs Program
17 Act for the year in which the real property was
18 placed into service, and
19 (4) commencement of construction on or after November
20 1, 2007, with construction to be completed within
21 three (3) years from the date of the commencement
22 of construction,

23 f. facilities engaged in the manufacturing, compounding,
24 processing or fabrication of materials into articles

1 of tangible personal property according to the special
2 order of a customer (custom order manufacturing) by
3 manufacturers classified as operating in North
4 American Industry Classification System (NAICS)
5 Sectors 32 and 33, but does not include such custom
6 order manufacturing by manufacturers classified in
7 other NAICS code sectors, and
8 g. with respect to any entity making an application for
9 the exemption authorized by this section on or after
10 January 1, 2023, the establishment making application
11 for exempt treatment of real or personal property
12 acquired or improved beginning January 1, 2022, and
13 for any calendar year thereafter, the entity shall be
14 required to pay new direct jobs, as defined by Section
15 3603 of this title for purposes of the Oklahoma
16 Quality Jobs Program Act, an average annualized wage
17 which equals or exceeds the average wage requirement
18 in the Oklahoma Quality Jobs Program Act for the year
19 in which the real or personal property was placed into
20 service. The Oklahoma Tax Commission may request
21 verification from the Oklahoma Department of Commerce
22 that an establishment seeking an exemption for real or
23 personal property pays an average annualized wage that
24 equals or exceeds the average wage requirement in

effect for the year in which the real or personal property was placed into service. For purposes of this subparagraph, it shall not be necessary for the establishment to qualify for incentive payments pursuant to the Oklahoma Quality Jobs Program Act, but the establishment shall be subject to the wage requirements of the Oklahoma Quality Jobs Program Act with respect to new direct jobs in order to qualify for the exempt treatment authorized by this section.

10 Eligibility as a manufacturing facility pursuant to this
11 subparagraph shall be established, subject to review by the Tax
12 Commission, by annually filing an affidavit with the Tax Commission
13 stating that the facility so qualifies and containing such other
14 information as required by the Tax Commission.

Provided, eating and drinking places, as well as other retail establishments, shall not qualify as manufacturing facilities for purposes of this section, nor shall centrally assessed properties.

18 Eligibility as a manufacturing facility pursuant to this
19 subparagraph shall be established, subject to review by the Tax
20 Commission, by annually filing an application with the Tax
21 Commission stating that the facility so qualifies and containing
22 such other information as required by the Tax Commission;

23 2. "Facility" and "facilities", except as otherwise provided by
24 this section, means and includes the land, buildings, structures and

1 improvements used directly and exclusively in the manufacturing
2 process. Effective January 1, 2022, and for each calendar year
3 thereafter, for establishments which have received a manufacturer
4 exemption permit pursuant to the provisions of Section 1359.2 of
5 this title, or facilities engaged in manufacturing activities
6 defined or classified in the NAICS Manual under Industry Nos. 311111
7 through 339999, inclusive, but for no other establishments, facility
8 and facilities means and includes the land, buildings, structures,
9 improvements, machinery, fixtures, equipment and other personal
10 property used directly and exclusively in the manufacturing process;
11 and

12 3. "Research and development" means activities directly related
13 to and conducted for the purpose of discovering, enhancing,
14 increasing or improving future or existing products or processes or
15 productivity.

16 C. The following provisions shall apply:

17 1. A manufacturing concern shall be entitled to the exemption
18 herein provided for each new manufacturing facility constructed,
19 each existing manufacturing facility acquired and the expansion of
20 existing manufacturing facilities on the same site, as such terms
21 are defined by Section 6B of Article X of the Oklahoma Constitution
22 and by this section;

23 2. No manufacturing concern shall receive more than one five-
24 year exemption for any one manufacturing facility unless the

1 expansion which qualifies the manufacturing facility for an
2 additional five-year exemption meets the requirements of paragraph 4
3 of this subsection and the employment level established for any
4 previous exemption is maintained;

5 3. Any exemption as to the expansion of an existing
6 manufacturing facility shall be limited to the increase in ad
7 valorem taxes directly attributable to the expansion;

8 4. All initial applications for any exemption for a new,
9 acquired or expanded manufacturing facility shall be granted only
10 if:

11 a. there is a net increase in annualized base payroll
12 over the initial payroll of at least Two Hundred Fifty
13 Thousand Dollars (\$250,000.00) if the facility is
14 located in a county with a population of fewer than
15 seventy-five thousand (75,000), according to the most
16 recent Federal Decennial Census, while maintaining or
17 increasing base payroll in subsequent years, or at
18 least One Million Dollars (\$1,000,000.00) if the
19 facility is located in a county with a population of
20 seventy-five thousand (75,000) or more, according to
21 the most recent Federal Decennial Census, while
22 maintaining or increasing base payroll in subsequent
23 years; provided, the payroll requirement of this
24 subparagraph shall be waived for claims for exemptions

1 including claims previously denied or on appeal on
2 March 3, 2010, for all initial applications for
3 exemption filed on or after January 1, 2004, and on or
4 before March 31, 2009, and all subsequent annual
5 exemption applications filed related to the initial
6 application for exemption, for an applicant, if the
7 facility has been located in Oklahoma for at least
8 fifteen (15) years engaged in marine engine
9 manufacturing as defined under U.S. Industry Number
10 333618 of the NAICS Manual, latest revision, and has
11 maintained an average employment of five hundred (500)
12 or more full-time-equivalent employees over a ten-year
13 period. Any applicant that qualifies for the payroll
14 requirement waiver as outlined in the previous
15 sentence and subsequently closes its Oklahoma
16 manufacturing plant prior to January 1, 2012, may be
17 disqualified for exemption and subject to recapture.
18 For an applicant engaged in paperboard manufacturing
19 as defined under U.S. Industry Number 322130 of the
20 NAICS Manual, latest revision, union master payouts
21 paid by the buyer of the facility to specified
22 individuals employed by the facility at the time of
23 purchase, as specified under the purchase agreement,
24

1 shall be excluded from payroll for purposes of this
2 section.

3 In order to provide certainty with respect to
4 investments in manufacturing facilities pertaining to
5 all initial applications for exemption filed on or
6 after January 1, 2016, the following definitions shall
7 apply:

8 (1) "base payroll" shall mean total payroll adjusted
9 for any nonrecurring bonuses, exercise of stock
10 option or stock rights and other nonrecurring,
11 extraordinary items included in total payroll,
12 and

13 (2) "initial payroll" shall mean base payroll for the
14 year immediately preceding the initial
15 construction, acquisition or expansion.

16 The Tax Commission shall verify payroll
17 information through the Oklahoma Employment
18 Security Commission by using reports from the
19 Oklahoma Employment Security Commission for the
20 calendar year immediately preceding the year for
21 which initial application is made for base-line
22 payroll, which must be maintained or increased
23 for each subsequent year; provided, a
24 manufacturing facility shall have the option of

1 excluding from its payroll, for purposes of this
2 section:

3 i. payments to sole proprietors, members
4 of a partnership, members of a limited
5 liability company who own at least ten
6 percent (10%) of the capital of the
7 limited liability company or

8 stockholder-employees of a corporation
9 who own at least ten percent (10%) of
10 the stock in the corporation, and

11 ii. any nonrecurring bonuses, exercise of
12 stock option or stock rights or other
13 nonrecurring, extraordinary items

14 included in total payroll numbers as
15 reported by the Oklahoma Employment
16 Security Commission. A manufacturing
17 facility electing either option shall
18 indicate such election upon its

19 application for an exemption under this
20 section. Any manufacturing facility

21 electing either option shall submit

22 such information as the Tax Commission
23 may require in order to verify payroll
24 information. Payroll information

submitted pursuant to the provisions of
this paragraph shall be submitted to
the Tax Commission and shall be subject
to the provisions of Section 205 of
this title, and

b. the facility offers, or will offer within one hundred eighty (180) days of the date of employment, a basic health benefits plan to the full-time-equivalent employees of the facility, which is determined by the Oklahoma Department of Commerce to consist of the elements specified in subparagraph b of paragraph 1 of subsection A of Section 3603 of this title or elements substantially equivalent thereto.

For purposes of this section, calculation of the amount of increased base payroll shall be measured from the start of initial construction or expansion to the completion of such construction or expansion or for three (3) years from the start of initial construction or expansion, whichever occurs first. The amount of increased base payroll shall include payroll for full-time-equivalent employees in this state who are employed by an entity other than the facility which has previously or is currently qualified to receive an exemption pursuant to the provisions of this section and who are leased or otherwise provided to the facility, if such employment did not exist in this state prior to the start of

1 initial construction or expansion of the facility. The
2 manufacturing concern shall submit an affidavit to the Tax
3 Commission, signed by an officer, stating that the construction,
4 acquisition or expansion of the facility will result in a net
5 increase in the annualized base payroll as required by this
6 paragraph and that full-time-equivalent employees of the facility
7 are or will be offered a basic health benefits plan as required by
8 this paragraph. If, after the completion of such construction or
9 expansion or after three (3) years from the start of initial
10 construction or expansion, whichever occurs first, the construction,
11 acquisition or expansion has not resulted in a net increase in the
12 amount of annualized base payroll, if required, or any other
13 qualification specified in this paragraph has not been met, the
14 manufacturing concern shall pay an amount equal to the amount of any
15 exemption granted including penalties and interest thereon, to the
16 Tax Commission for deposit to the Ad Valorem Reimbursement Fund;

17 5. Except as otherwise provided by this paragraph, any new,
18 acquired or expanded computer data processing, data preparation or
19 information processing services provider classified in U.S. Industry
20 Number 518210 of the North American Industrial Classification System
21 (NAICS) Manual, 2017 revision, may apply for exemptions under this
22 section for each year in which new, acquired, or expanded capital
23 improvements to the facility are made for assets placed in service
24 not later than December 31, 2021, if:

- 1 a. there is a net increase in annualized payroll of the
2 applicant at any facility or facilities of the
3 applicant in this state of at least Two Hundred Fifty
4 Thousand Dollars (\$250,000.00), which is attributable
5 to the capital improvements, or a net increase of
6 Seven Million Dollars (\$7,000,000.00) or more in
7 capital improvements, while maintaining or increasing
8 payroll at the facility or facilities in this state
9 which are included in the application, and
- 10 b. the facility offers, or will offer within one hundred
11 eighty (180) days of the date of employment of new
12 employees attributable to the capital improvements, a
13 basic health benefits plan to the full-time-equivalent
14 employees of the facility, which is determined by the
15 Oklahoma Department of Commerce to consist of the
16 elements specified in subparagraph b of paragraph 1 of
17 subsection A of Section 3603 of this title or elements
18 substantially equivalent thereto.

19 An establishment described by this paragraph, the primary
20 business activity of which is described by Industry No. 518210 of
21 the North American Industry Classification System (NAICS) Manual,
22 2017 revision, that has applied for and been granted an exemption
23 for personal property at any time within five (5) years prior to
24 November 1, 2021, may apply for exemptions for items of eligible

1 personal property to be located within improvements to real property
2 and such real property and improvements having been exempt from ad
3 valorem taxation prior to November 1, 2021, pursuant to the
4 provisions of this section if such personal property is placed in
5 service not later than December 31, 2036. No additional personal
6 property of such establishment placed in service after such date
7 shall qualify for the exempt treatment otherwise authorized pursuant
8 to this paragraph;

9 6. Effective January 1, 2017, an entity engaged in electric
10 power generation by means of wind, as described by the North
11 American Industry Classification System, No. 221119, shall not be
12 defined as a qualifying manufacturing concern for purposes of the
13 exemption otherwise authorized pursuant to Section 6B of Article X
14 of the Oklahoma Constitution or qualify as a "manufacturing
15 facility" manufacturing facility as defined in this section. No
16 initial application for exemption shall be filed by or accepted from
17 an entity engaged in electric power generation by means of wind on
18 or after January 1, 2018;

19 7. An entity or applicant engaged in an industry as defined
20 under U.S. Industry Number 324110 of the NAICS Manual, latest
21 revision, which has applied for or been granted an exemption for a
22 time period which began on or after calendar year 2012 and before
23 calendar year 2016 but which did not meet the payroll requirements
24 of subparagraph a of paragraph 4 of this subsection because of

1 nonrecurring bonuses, exercise of stock option or stock rights or
2 other nonrecurring, extraordinary items included in total payroll in
3 the previous year, shall be allowed an exemption, beginning with
4 calendar year 2016, for the number of years including the calendar
5 year for which the exemption was denied, remaining in the entity's
6 five-year exemption period, provided such entity attains or
7 increases payroll at or above the initial or base payroll
8 established for the exemption;

9 8. A facility engaged in manufacturing defined under U.S.
10 Industry Number 327310 of the NAICS Manual shall have the payroll
11 requirements of paragraph 4 of this subsection waived for tax year
12 2021, which is based in part on the 2020 calendar year payroll
13 reported to the Oklahoma Employment Security Commission, and may
14 continue to receive the exemption for the five-year period provided
15 in this section only if all other requirements of this section are
16 met; and

17 9. A facility engaged in manufacturing which otherwise
18 qualifies for the exemption or exemptions pursuant to the provisions
19 of this section shall have the payroll requirements of paragraph 4
20 of this subsection waived for tax year 2021, which is based in part
21 on the 2020 calendar year payroll reported to the Oklahoma
22 Employment Security Commission, and for tax year 2022, which is
23 based in part on the 2021 calendar year payroll reported to the
24 Oklahoma Employment Security Commission, and may continue to receive

1 the exemption for the five-year period provided in this section only
2 if all other requirements of this section are met.

3 D. 1. Except as provided in paragraph 2 of this subsection,
4 the five-year period of exemption from ad valorem taxes for any
5 qualifying manufacturing facility property shall begin on January 1
6 following the initial qualifying use of the property in the
7 manufacturing process.

8 2. The five-year period of exemption from ad valorem taxes for
9 any qualifying manufacturing facility, as specified in subparagraphs
10 a and b of this paragraph, which is located within a tax incentive
11 district created pursuant to the Local Development Act by a county
12 having a population of at least five hundred thousand (500,000),
13 according to the most recent Federal Decennial Census, shall begin
14 on January 1 following the expiration or termination of the ad
15 valorem exemption, abatement, or other incentive provided through
16 the tax incentive district. Facilities qualifying pursuant to this
17 subsection shall include:

1 that the qualifying job creation and depreciable
2 property investment occurred prior to calendar year
3 2017 but not earlier than calendar year 2013.

4 E. Any person, firm or corporation claiming the exemption
5 herein provided for shall file each year for which exemption is
6 claimed, an application therefor with the county assessor of the
7 county in which the new, expanded or acquired facility is located.
8 The application shall be on a form or forms prescribed by the Tax
9 Commission, and shall be filed on or before March 15, except as
10 provided in Section 2902.1 of this title, of each year in which the
11 facility desires to take the exemption or within thirty (30) days
12 from and after receipt by such person, firm or corporation of notice
13 of valuation increase, whichever is later. In a case where
14 completion of the facility or facilities will occur after January 1
15 of a given year, a facility may apply to claim the ad valorem tax
16 exemption for that year. If such facility is found to be qualified
17 for exemption, the ad valorem tax exemption provided for herein
18 shall be granted for that entire year and shall apply to the ad
19 valorem valuation as of January 1 of that given year. For
20 applicants who qualify under the provisions of subparagraph b of
21 paragraph 1 of subsection B of this section, the application shall
22 include a copy of the affidavit and any other information required
23 to be filed with the Tax Commission.

24

1 F. The application shall be examined by the county assessor and
2 approved or rejected in the same manner as provided by law for
3 approval or rejection of claims for homestead exemptions. The
4 taxpayer shall have the same right of review by and appeal from the
5 county board of equalization, in the same manner and subject to the
6 same requirements as provided by law for review and appeals
7 concerning homestead exemption claims. Approved applications shall
8 be filed by the county assessor with the Tax Commission no later
9 than June 15, except as provided in Section 2902.1 of this title, of
10 the year in which the facility desires to take the exemption.

11 Incomplete applications and applications filed after June 15 will be
12 declared null and void by the Tax Commission. In the event that a
13 taxpayer qualified to receive an exemption pursuant to the
14 provisions of this section shall make payment of ad valorem taxes in
15 excess of the amount due, the county treasurer shall have the
16 authority to credit the taxpayer's real or personal property tax
17 overpayment against current taxes due. The county treasurer may
18 establish a schedule of up to five (5) years of credit to resolve
19 the overpayment.

20 G. Nothing herein shall in any manner affect, alter or impair
21 any law relating to the assessment of property, and all property,
22 real or personal, which may be entitled to exemption hereunder shall
23 be valued and assessed as is other like property and as provided by
24 law. The valuation and assessment of property for which an

1 exemption is granted hereunder shall be performed by the Tax
2 Commission using one or more of the cost, income and expense and
3 sales comparison approaches to estimate fair cash value in
4 accordance with the Uniform Standards of Professional Appraisal
5 Practice.

6 H. For each year that a new, expanded, or acquired
7 manufacturing facility receives an exemption pursuant to Section 6B
8 of Article X of the Oklahoma Constitution, the entity shall provide
9 to the Tax Commission a report detailing the number of new jobs
10 created and the payroll data for new jobs created since the
11 exemption was provided. The Tax Commission shall provide the data
12 collected pursuant to this subsection to the Incentive Evaluation
13 Commission for only evaluation purposes by the Commission or a
14 designee.

15 I. The Tax Commission shall have the authority and duty to
16 prescribe forms and to promulgate rules as may be necessary to carry
17 out and administer the terms and provisions of this section.

18 SECTION 2. AMENDATORY 68 O.S. 2021, Section 205, as last
19 amended by Section 1, Chapter 208, O.S.L. 2024 (68 O.S. Supp. 2024,
20 Section 205), is amended to read as follows:

21 Section 205. A. The records and files of the Oklahoma Tax
22 Commission concerning the administration of the Uniform Tax
23 Procedure Code or of any state tax law shall be considered
24 confidential and privileged, except as otherwise provided for by

1 law, and neither the Tax Commission nor any employee engaged in the
2 administration of the Tax Commission or charged with the custody of
3 any such records or files nor any person who may have secured
4 information from the Tax Commission shall disclose any information
5 obtained from the records or files or from any examination or
6 inspection of the premises or property of any person.

7 B. Except as provided in paragraph 26 of subsection C of this
8 section, neither the Tax Commission nor any employee engaged in the
9 administration of the Tax Commission or charged with the custody of
10 any such records or files shall be required by any court of this
11 state to produce any of the records or files for the inspection of
12 any person or for use in any action or proceeding, except when the
13 records or files or the facts shown thereby are directly involved in
14 an action or proceeding pursuant to the provisions of the Uniform
15 Tax Procedure Code or of the state tax law, or when the
16 determination of the action or proceeding will affect the validity
17 or the amount of the claim of the state pursuant to any state tax
18 law, or when the information contained in the records or files
19 constitutes evidence of violation of the provisions of the Uniform
20 Tax Procedure Code or of any state tax law.

21 C. The provisions of this section shall not prevent the Tax
22 Commission, or with respect to the Oklahoma Department of Commerce
23 in administration of the Oklahoma Rural Jobs Act as provided by
24 paragraph 22 of this subsection, from disclosing the following

1 information and no liability whatsoever, civil or criminal, shall
2 attach to any member of the Tax Commission, or the Oklahoma
3 Department of Commerce as applicable, or any employee thereof for
4 any error or omission in the disclosure of such information:

5 1. The delivery to a taxpayer or a duly authorized

6 representative of the taxpayer of a copy of any report or any other
7 paper filed by the taxpayer pursuant to the provisions of the
8 Uniform Tax Procedure Code or of any state tax law;

9 2. The exchange of information that is not protected by the

10 federal Privacy Protection Act, 42 U.S.C., Section 2000aa et seq.,
11 pursuant to reciprocal agreements entered into by the Tax Commission
12 and other state agencies or agencies of the federal government;

13 3. The publication of statistics so classified as to prevent
14 the identification of a particular report and the items thereof;

15 4. The examination of records and files by the State Auditor
16 and Inspector or the duly authorized agents of the State Auditor and
17 Inspector;

18 5. The disclosing of information or evidence to the Oklahoma
19 State Bureau of Investigation, Attorney General, Oklahoma State
20 Bureau of Narcotics and Dangerous Drugs Control, any district
21 attorney or agent of any federal law enforcement agency when the
22 information or evidence is to be used by such officials to
23 investigate or prosecute violations of the criminal provisions of
24 the Uniform Tax Procedure Code or of any state tax law or of any

1 federal crime committed against this state. Any information
2 disclosed to the Oklahoma State Bureau of Investigation, Attorney
3 General, Oklahoma State Bureau of Narcotics and Dangerous Drugs
4 Control, any district attorney or agent of any federal law
5 enforcement agency shall be kept confidential by such person and not
6 be disclosed except when presented to a court in a prosecution for
7 violation of the tax laws of this state or except as specifically
8 authorized by law, and a violation by the Oklahoma State Bureau of
9 Investigation, Attorney General, Oklahoma State Bureau of Narcotics
10 and Dangerous Drugs Control, district attorney or agent of any
11 federal law enforcement agency by otherwise releasing the
12 information shall be a felony;

13 6. The use by any division of the Tax Commission of any
14 information or evidence in the possession of or contained in any
15 report or return filed with any other division of the Tax
16 Commission;

17 7. The furnishing, at the discretion of the Tax Commission, of
18 any information disclosed by its records or files to any official
19 person or body of this state, any other state, the United States or
20 foreign country who is concerned with the administration or
21 assessment of any similar tax in this state, any other state or the
22 United States. The provisions of this paragraph shall include the
23 furnishing of information by the Tax Commission to a county assessor
24 to determine the amount of gross household income pursuant to the

provisions of Section 8C of Article X of the Oklahoma Constitution or Section 2890 of this title. The Tax Commission shall promulgate rules to give guidance to the county assessors regarding the type of information which may be used by the county assessors in determining the amount of gross household income pursuant to Section 8C of Article X of the Oklahoma Constitution or Section 2890 of this title. The provisions of this paragraph shall also include the furnishing of information to the State Treasurer for the purpose of administration of the Uniform Unclaimed Property Act;

8. The furnishing of information to other state agencies for the limited purpose of aiding in the collection of debts owed by individuals to such requesting agencies;

9. The furnishing of information requested by any member of the general public and stated in the sworn lists or schedules of taxable property of public service corporations organized, existing, or doing business in this state which are submitted to and certified by the State Board of Equalization pursuant to the provisions of Section 2858 of this title and Section 21 of Article X of the Oklahoma Constitution, provided such information would be a public record if filed pursuant to Sections 2838 and 2839 of this title on behalf of a corporation other than a public service corporation;

10. The furnishing of information requested by any member of the general public and stated in the findings of the Tax Commission as to the adjustment and equalization of the valuation of real and

1 personal property of the counties of the state, which are submitted
2 to and certified by the State Board of Equalization pursuant to the
3 provisions of Section 2865 of this title and Section 21 of Article X
4 of the Oklahoma Constitution;

5 11. The furnishing of information as to the issuance or
6 revocation of any tax permit, license or exemption by the Tax
7 Commission as provided for by law. Such information shall be
8 limited to the name of the person issued the permit, license or
9 exemption, the name of the business entity authorized to engage in
10 business pursuant to the permit, license or exemption, the address
11 of the business entity and the grounds for revocation;

12 12. The posting of notice of revocation of any tax permit or
13 license upon the premises of the place of business of any business
14 entity which has had any tax permit or license revoked by the Tax
15 Commission as provided for by law. Such notice shall be limited to
16 the name of the person issued the permit or license, the name of the
17 business entity authorized to engage in business pursuant to the
18 permit or license, the address of the business entity and the
19 grounds for revocation;

20 13. The furnishing of information upon written request by any
21 member of the general public as to the outstanding and unpaid amount
22 due and owing by any taxpayer of this state for any delinquent tax,
23 together with penalty and interest, for which a tax warrant or a
24 certificate of indebtedness has been filed pursuant to law;

1 14. After the filing of a tax warrant pursuant to law, the
2 furnishing of information upon written request by any member of the
3 general public as to any agreement entered into by the Tax
4 Commission concerning a compromise of tax liability for an amount
5 less than the amount of tax liability stated on such warrant;

6 15. The disclosure of information necessary to complete the
7 performance of any contract authorized by this title to any person
8 with whom the Tax Commission has contracted;

9 16. The disclosure of information to any person for a purpose
10 as authorized by the taxpayer pursuant to a waiver of
11 confidentiality. The waiver shall be in writing and shall be made
12 upon such form as the Tax Commission may prescribe;

13 17. The disclosure of information required in order to comply
14 with the provisions of Section 2369 of this title;

15 18. The disclosure to an employer, as defined in Sections
16 2385.1 and 2385.3 of this title, of information required in order to
17 collect the tax imposed by Section 2385.2 of this title;

18 19. The disclosure to a plaintiff of a corporation's last-known
19 address shown on the records of the Franchise Tax Division of the
20 Tax Commission in order for such plaintiff to comply with the
21 requirements of Section 2004 of Title 12 of the Oklahoma Statutes;

22 20. The disclosure of information directly involved in the
23 resolution of the protest by a taxpayer to an assessment of tax or
24 additional tax or the resolution of a claim for refund filed by a

1 taxpayer, including the disclosure of the pendency of an
2 administrative proceeding involving such protest or claim, to a
3 person called by the Tax Commission as an expert witness or as a
4 witness whose area of knowledge or expertise specifically addresses
5 the issue addressed in the protest or claim for refund. Such
6 disclosure to a witness shall be limited to information pertaining
7 to the specific knowledge of that witness as to the transaction or
8 relationship between taxpayer and witness;

9 21. The disclosure of information necessary to implement an
10 agreement authorized by Section 2702 of this title when such
11 information is directly involved in the resolution of issues arising
12 out of the enforcement of a municipal sales tax ordinance. Such
13 disclosure shall be to the governing body or to the municipal
14 attorney, if so designated by the governing body;

15 22. The furnishing of information regarding incentive payments
16 made pursuant to the provisions of Sections 3601 through 3609 of
17 this title, incentive payments made pursuant to the provisions of
18 Sections 3501 through 3508 of this title, or tax credits claimed
19 pursuant to the provisions of ~~Sections 1 through 8 of this act~~
20 Sections 3930 through 3937 of this title;

21 23. The furnishing to a prospective purchaser of any business,
22 or his or her authorized representative, of information relating to
23 any liabilities, delinquencies, assessments or warrants of the
24 prospective seller of the business which have not been filed of

1 record, established or become final and which relate solely to the
2 seller's business. Any disclosure under this paragraph shall only
3 be allowed upon the presentment by the prospective buyer, or the
4 buyer's authorized representative, of the purchase contract and a
5 written authorization between the parties;

6 24. The furnishing of information as to the amount of state
7 revenue affected by the issuance or granting of any tax permit,
8 license, exemption, deduction, credit or other tax preference by the
9 Tax Commission as provided for by law. Such information shall be
10 limited to the type of permit, license, exemption, deduction, credit
11 or other tax preference issued or granted, the date and duration of
12 such permit, license, exemption, deduction, credit or other tax
13 preference and the amount of such revenue. The provisions of this
14 paragraph shall not authorize the disclosure of the name of the
15 person issued such permit, license, exemption, deduction, credit or
16 other tax preference, or the name of the business entity authorized
17 to engage in business pursuant to the permit, license, exemption,
18 deduction, credit or other tax preference;

19 25. The examination of records and files of a person or entity
20 by the Oklahoma State Bureau of Narcotics and Dangerous Drugs
21 Control, district attorney or the Attorney General pursuant to a
22 court order by a magistrate in whose territorial jurisdiction the
23 person or entity resides, or where the Tax Commission records and
24 files are physically located. Such an order may only be issued upon

1 a sworn application by an agent of the Oklahoma State Bureau of
2 Narcotics and Dangerous Drugs Control or the Attorney General,
3 certifying that the person or entity whose records and files are to
4 be examined is the target of an ongoing investigation of a felony
5 violation of the Uniform Controlled Dangerous Substances Act and
6 that information resulting from such an examination would likely be
7 relevant to that investigation. Any records or information obtained
8 pursuant to such an order may only be used by the Oklahoma State
9 Bureau of Narcotics and Dangerous Drugs Control, district attorney
10 or the Attorney General in the investigation and prosecution of a
11 felony violation of the Uniform Controlled Dangerous Substances Act
12 or money laundering pursuant to Section 2001 of Title 21 of the
13 Oklahoma Statutes. Any such order issued pursuant to this
14 paragraph, along with the underlying application, shall be sealed
15 and not disclosed to the person or entity whose records were
16 examined, for a period of ninety (90) days. The issuing magistrate
17 may grant extensions of such period upon a showing of good cause in
18 furtherance of the investigation. Upon the expiration of ninety
19 (90) days and any extensions granted by the magistrate, a copy of
20 the application and order shall be served upon the person or entity
21 whose records were examined, along with a copy of the records or
22 information actually provided by the Tax Commission;
23 26. The disclosure of information, as prescribed by this
24 paragraph, which is related to the proposed or actual usage of tax

1 credits pursuant to Section 2357.7 of this title, the Small Business
2 Capital Formation Incentive Act or the Rural Venture Capital
3 Formation Incentive Act. Unless the context clearly requires
4 otherwise, the terms used in this paragraph shall have the same
5 meaning as defined by Section 2357.7, 2357.61 or 2357.72 of this
6 title. The disclosure of information authorized by this paragraph
7 shall include:

- 8 a. the legal name of any qualified venture capital
9 company, qualified small business capital company or
10 qualified rural small business capital company,
- 11 b. the identity or legal name of any person or entity
12 that is a shareholder or partner of a qualified
13 venture capital company, qualified small business
14 capital company or qualified rural small business
15 capital company,
- 16 c. the identity or legal name of any Oklahoma business
17 venture, Oklahoma small business venture or Oklahoma
18 rural small business venture in which a qualified
19 investment has been made by a capital company, or
- 20 d. the amount of funds invested in a qualified venture
21 capital company, the amount of qualified investments
22 in a qualified small business capital company or
23 qualified rural small business capital company and the
24 amount of investments made by a qualified venture

1 capital company, qualified small business capital
2 company, or qualified rural small business capital
3 company;

4 27. The disclosure of specific information as required by
5 Section 46 of Title 62 of the Oklahoma Statutes;

6 28. The disclosure of specific information as required by
7 Section 205.5 of this title;

8 29. The disclosure of specific information as required by
9 Section 205.6 of this title;

10 30. The disclosure of information to the State Treasurer
11 necessary to implement Section 2368.27 of this title;

12 31. The disclosure of specific information to the Oklahoma
13 Health Care Authority for purposes of determining eligibility for
14 current or potential recipients of assistance from the Oklahoma
15 Medicaid Program;

16 32. The disclosure of information to the Oklahoma Department of
17 Veterans Affairs including but not limited to the name and basis for
18 eligibility of each individual who qualifies for the sales tax
19 exemption authorized in paragraph 34 of Section 1357 of this title;

20 ~~or~~

21 33. The disclosure of information to the Oklahoma Medical
22 Marijuana Authority for the purposes of compliance with the Oklahoma
23 Medical Marijuana and Patient Protection Act or Section 420 et seq.
24 of Title 63 of the Oklahoma Statutes; or

1 34. The disclosure of information required in order to comply
2 with the provisions of subsection H of Section 2902 of this title.

3 D. The Tax Commission shall cause to be prepared and made
4 available for public inspection in the office of the Tax Commission
5 in such manner as it may determine an annual list containing the
6 name and post office address of each person, whether individual,
7 corporate or otherwise, making and filing an income tax return with
8 the Tax Commission.

9 It is specifically provided that no liability whatsoever, civil
10 or criminal, shall attach to any member of the Tax Commission or any
11 employee thereof for any error or omission of any name or address in
12 the preparation and publication of the list.

13 E. The Tax Commission shall prepare or cause to be prepared a
14 report on all provisions of state tax law that reduce state revenue
15 through exclusions, deductions, credits, exemptions, deferrals or
16 other preferential tax treatments. The report shall be prepared not
17 later than October 1 of each even-numbered year and shall be
18 submitted to the Governor, the President Pro Tempore of the Senate
19 and the Speaker of the House of Representatives. The Tax Commission
20 may prepare and submit supplements to the report at other times of
21 the year if additional or updated information relevant to the report
22 becomes available. The report shall include, for the previous
23 fiscal year, the Tax Commission's best estimate of the amount of
24 state revenue that would have been collected but for the existence

1 of each such exclusion, deduction, credit, exemption, deferral or
2 other preferential tax treatment allowed by law. The Tax Commission
3 may request the assistance of other state agencies as may be needed
4 to prepare the report. The Tax Commission is authorized to require
5 any recipient of a tax incentive or tax expenditure to report to the
6 Tax Commission such information as requested so that the Tax
7 Commission may fulfill its obligations as required by this
8 subsection. The Tax Commission may require this information to be
9 submitted in an electronic format. The Tax Commission may disallow
10 any claim of a person for a tax incentive due to its failure to file
11 a report as required under the authority of this subsection.

12 F. It is further provided that the provisions of this section
13 shall be strictly interpreted and shall not be construed as
14 permitting the disclosure of any other information contained in the
15 records and files of the Tax Commission relating to income tax or to
16 any other taxes.

17 G. Unless otherwise provided for in this section, any violation
18 of the provisions of this section shall constitute a misdemeanor and
19 shall be punishable by the imposition of a fine not exceeding One
20 Thousand Dollars (\$1,000.00) or by imprisonment in the county jail
21 for a term not exceeding one (1) year, or by both such fine and
22 imprisonment, and the offender shall be removed or dismissed from
23 office.

1 H. Offenses described in Section 2376 of this title shall be
2 reported to the appropriate district attorney of this state by the
3 Tax Commission as soon as the offenses are discovered by the Tax
4 Commission or its agents or employees. The Tax Commission shall
5 make available to the appropriate district attorney or to the
6 authorized agent of the district attorney its records and files
7 pertinent to prosecutions, and such records and files shall be fully
8 admissible as evidence for the purpose of such prosecutions.

9 SECTION 3. This act shall become effective November 1, 2025.

10 COMMITTEE REPORT BY: COMMITTEE ON REVENUE AND TAXATION
11 February 10, 2025 - DO PASS

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