



2025 TAX LEGISLATION SUMMARY

**PREPARED BY THE TAX POLICY DIVISION
OF THE OKLAHOMA TAX COMMISSION**

This informational packet is an abbreviated listing of legislative changes affecting a large number of taxpayers.
It is not intended to be a complete list of tax related laws or law changes.

For further tax information, visit our website at tax.ok.gov or contact the Oklahoma Tax Commission at 405.521.3160.

SUMMARY OF 2025 TAX LEGISLATION

TAX POLICY AND RESEARCH DIVISION

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AD VALOREM

SB 577

Effective November 1, 2025

Amends current requirements for manufacturing facilities receiving a five-year ad valorem tax exemption to report job creation and payroll data to the Oklahoma Tax Commission (OTC). The OTC will share this data with the Incentive Evaluation Commission solely for evaluation purposes. In addition, the bill amends confidentiality requirements, allowing the disclosure of exemption-related information. (68 O.S. §§ 205 and 2902)

SB 681

Effective November 1, 2025

Requires that the property tax notice sent to homesteaded properties include information related to the “senior freeze” (the limit on the fair cash value outlined in Section 8C of Article X of the Oklahoma Constitution). (68 O.S. § 2876(B))

SB 688

Effective May 28, 2025

Authorizes a temporary payroll waiver for NAICS 3364 manufacturers receiving the five-year ad valorem exemption. OTC may apply the waiver to eligible applicants, including certain previously denied claims, if all other statutory requirements are met. The waiver applies for those with initial applications filed between January 1, 2020, and March 16, 2021. (68 O.S. § 2902)

APPORTIONMENT

HB 1571

Effective November 1, 2025

Removes the sunset date for the Oklahoma Route 66 Commission and modifies provisions governing the Oklahoma Route 66 Commission Revolving Fund. (69 O.S. §§ 4040, 4041)

HB 2111

Effective November 1, 2025

Removes obsolete language from statute relating to the Oklahoma Tax Commission Reimbursement Fund. (47 O.S. § 1105)

HB 2758

Effective July 1, 2025

Establishes the Preserving and Advancing County Transportation (PACT) Fund and adjusts the apportionment of revenue from the 5% gross production tax on natural gas. The General Revenue Fund (GRF) allocation is reduced from 80% to 40%, with 40% redirected to the new PACT Fund. PACT Fund allocations are capped at \$75 million per fiscal year, with any excess reverting to GRF. (68 O.S. § 1004)

HB 2772

Effective July 1, 2025

Increases the annual cap on the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund from \$590 million to \$610 million. Includes other amendments not relevant to the Tax Commission. (69 O.S. § 1521)

SB 897

Effective November 1, 2025

Extends the sunset date for the OCC Plugging Fund from July 1, 2026, to July 1, 2031, requiring the plugging fund to be maintained at the \$5 million minimum fund balance requirement. (17 O.S. § 180.10)

SB 1108

Effective July 1, 2026

Transfers motor vehicle apportionment responsibilities from the Oklahoma Tax Commission to Service Oklahoma. (Various sections in Title 3, Title 47 and Title 68)

GROSS PRODUCTION

HB 1372

Effective July 1, 2025

Establishes a reduced tax rate (2.5%) for production from wells removed from the Corporation Commission's orphaned well list. The incentive rate lasts for 36 months, after which, the rate reverts to the full amount. (68 O.S. § 1001)

INCOME TAX

HB 1205

Effective November 1, 2025

Repeals the tax credit for manufacturers of advanced small wind turbines. This credit was only available for tax years ending on or before December 31, 2012, with unused credits eligible for carryover for up to 10 years. (68 O.S. § 2357.32(B))

HB 1279

Effective May 5, 2025

Establishes a protest process for taxpayers who have been denied the Parental Choice Tax Credit (70 O.S. § 28-101). After receiving electronic notification of a credit denial, taxpayers have 15 days to file a written protest with the OTC, using a form prescribed by the OTC. The OTC is required to issue a written order within 60 days after the protest is filed and mail a copy to the taxpayer. If no protest is filed within the 15-day window, the denial becomes final. (68 O.S. § 221)

HB 2011

Effective November 1, 2025

Enacts the *Fighting Chance for Firefighters Act*, which allows a nonrefundable \$250 income tax credit for unreimbursed expenses incurred by a firefighter for the cost of medical procedures to detect any form of cancer, effective for tax year 2026 and subsequent tax years. (68 O.S. § 2357.501)

HB 2260

Effective November 1, 2025

Enacts three nonrefundable income tax credits for qualified civil engineers and qualified employers whose principal business activity involves civil engineering services, for tax years 2026 through 2030. (68 O.S. §§ 2357.321-2357.324)

A credit for employers for 50% of tuition paid for employees that obtain a degree within 1 year of employment.

A max credit of \$12,500 annually for employers for compensation paid to civil engineering employees for the first five years: 10% for Oklahoma graduates, and 5% for out-of-state graduates.

A credit for a qualified civil engineering employee up to \$5,000 per year. Any unused credit may be carried over 5 years.

HB 2610

Effective January 1, 2026

Increases the tax credit for nonrecurring adoption expenses from 10% to 15% of eligible expenses, raises the maximum credit from \$2,000 to \$3,000 for single filers and \$4,000 to \$6,000 for joint filers, and retains eligibility for both successful and unsuccessful adoptions. Applies to taxable years beginning on or after January 1, 2026. (68 O.S. § 2357.601)

HB 2764

Effective November 1, 2025

Individual income tax rate reduction, effective for tax year 2026 and subsequent tax years. (68 O.S. § 2355)

| Tax Brackets 2026 | | | | |
|----------------------------------|-----------|----------|------|---------|
| Single & Married Separate Filers | | | | |
| Taxable income | | Pay | plus | over |
| 0 | \$3,750 | \$0.00 | 0.0% | 0 |
| \$3,751 | \$4,900 | \$0.00 | 2.5% | \$3,750 |
| \$4,901 | \$7,200 | \$28.75 | 3.5% | \$4,900 |
| \$7,201 | and above | \$109.25 | 4.5% | \$7,200 |

| Tax Brackets 2026 | | | | |
|------------------------------------------------------------|-----------|----------|------|----------|
| Married Joint, Head of Household & Surviving Spouse Filers | | | | |
| Taxable income | | Pay | plus | over |
| 0 | \$7,500 | \$0.00 | 0.0% | 0 |
| \$7,501 | \$9,800 | \$0.00 | 2.5% | \$7,500 |
| \$9,801 | \$14,400 | \$57.50 | 3.5% | \$9,800 |
| \$14,401 | and above | \$218.50 | 4.5% | \$14,400 |

Additionally, individual income tax rates can be reduced by 0.25% across all brackets when certain revenue conditions are met. The State Board of Equalization evaluates this each December and makes final certification in February. (62 O.S. § 34.103)

SB 190

Effective July 1, 2025

Reauthorizes the income tax refund checkoff for the benefit of any regional food bank in Oklahoma, beginning with tax year 2026. (68 O.S. § 2368.16)

SB 287

Effective November 1, 2025

Extends the sunset date for the aerospace income tax credits from 2025 to tax year 2031. (68 O.S. §§ 2357.302- 2357.304)

SB 301

Effective November 1, 2025

Effective beginning in tax year 2026, increases the annual overall credit cap for independent biomedical research institutes from \$1 million to \$1.5 million and decreases the annual overall credit cap for cancer research institutes from \$1 million to \$500,000. It also increases the taxpayer credit limits for donations to independent biomedical research institutes and cancer research institutes by taxpayers with a filing status of Head of Household or Qualifying Widow from \$1,000 to \$2,000, and for donations to independent biomedical research institutes by a business entity from \$1,000 to \$25,000. (68 O.S. § 2357.45)

SB 573

Effective November 1, 2025

Amends the tax exemption for small business incubators. Beginning in tax year 2026, tenants must submit specific information to the Oklahoma Department of Commerce to maintain their exemption after the initial tax year. This required information includes employment levels, gross revenues, costs for property and services, and the amount of taxable income exempted. (74 O.S. § 5078)

SB 684

Effective July 1, 2025

Excludes Parental Choice Tax Credits from the list of credits that the Oklahoma Tax Commission is required to prepare and submit to the Office of Management and Enterprise Services for publication on the Taxpayer Transparency Act website. (68 O.S. § 205.6) In addition, several amendments have been made to the Parental Choice Tax Credit Act (70 O.S. § 28-101):

- Defines “accrediting association” and allows eligible and participating schools to meet accreditation requirements by a certain date.
- Provides a calculation for the homeschool credit cap by dividing \$5 million by the amount of the credit claimed two tax years prior.

- Allows the Department of Human Services and the Oklahoma Health Care Authority to verify whether tax credit applicants receive income-based government benefits, when requested by the OTC.
- Allows the private school credit to be disbursed in one payment rather than two installments.
- Sets an application period from March 15 through June 15 prior to the school year.
- Prioritizes credits for taxpayers who received the credit in the prior year.
- Limits reallocation of unused credits to before September 1; credits recaptured following September 1 are added to the following year's cap.
- Requires private schools to submit electronic reconciliation reports by June 15.

SALES AND USE TAX

SB 50

Effective November 1, 2025

Exempts “firearm safety devices” and “gun safety devices” from sales and use tax. The measure defines “firearm safety device” as a gun safe, gun case, gun lock box, trigger lock, barrel lock, or other device that is designed to be used to store a firearm and that is designed to be unlocked only by means of a key, combination, or other similar means. “Gun safety device” means as any integral device to be equipped or installed on a firearm that permits a user to program the firearm to operate only for specified persons designated by the user through computerized locking devices or other means integral to and permanently part of the firearm. (68 O.S. § 1357)

SB 59

Effective November 1, 2025

Exempts, from the state sales tax levy, sales of tangible personal property and services to or by a 501(c)(3) organization whose principal purpose is to provide school supplies or articles of clothing for underserved students attending grades pre-K through 12 at public schools in this state. (68 O.S. § 1356)

SB 687

Effective August 29, 2025

Transfers the responsibility to administer the applications for rebates of sales and use tax for “qualifying broadband equipment” from the Oklahoma Tax Commission to the Oklahoma Broadband Office (OBO) starting in 2025. The measure reduces the overall cap on the program from \$42 million to \$14,071,691. Additionally, the measure creates the Oklahoma Broadband Rebate Revolving Fund and appropriates \$14,071,691 to the Fund from any monies not otherwise appropriated from the General Revenue Fund for the fiscal year ending June 30, 2025. (68 O.S. § 1357.21)

MISCELLANEOUS

INCENTIVES

HB 2110

Effective November 1, 2025

Creates the **Bringing Sitcoms Home from Hollywood Pilot Program Act**, establishing an incentive program to attract live audience episodic television production to Oklahoma. The legislation caps the total amount of prequalified and approved claims at \$10 million per fiscal year and creates the Bringing Sitcoms Home from Hollywood Pilot Program Revolving Fund but does not allocate initial funding to the program. (68 O.S. §§ 3642.1 – 3642.7)

HB 2374

Effective July 1, 2025

HB 2374 contains several amendments to the **Filmed in Oklahoma Act of 2021**, not all of which affect the Tax Code. The amendments that do affect the Tax Code require production companies, or their payroll service providers, to withhold Oklahoma income tax at the “highest percentage rate” found in the withholding statutes on all payments to loan-out companies for services performed in Oklahoma. The amounts withheld shall be allocated to the loan-out company's employees based on payments made to them for services performed in Oklahoma. Employees of loan-out companies performing services in Oklahoma shall be considered taxable, and the loan-out companies shall be subject to income taxation in the taxable year in which their employees perform services in Oklahoma. (68 O.S. §§ 3631, et seq.)

HB 2746

Effective November 1, 2025

Amends the **Oklahoma Remote Quality Jobs Incentive Act** by modifying the definition of basic health benefit plans to require coverage provided where not more than 50% of the premium shall be paid by the employee. (68 O.S. § 4503)

HB 2768

Effective August 29, 2025

Amends the **Oklahoma Quality Jobs Incentive Leverage Act**, increasing the maximum investment for a second irrevocable election from \$250 million to \$700 million. (68 O.S. §§ 3653 and 3658).

SB 249

Effective November 1, 2025

Amends the **Oklahoma Tourism Development Act** by extending the Act's sunset date from January 1, 2026, to January 1, 2032. (68 O.S. § 2397)

SB 469

Effective July 1, 2025

Modifies eligibility for the **Oklahoma Emission Reduction Technology Rebate Program** by requiring applications within six months of project completion and no later than six months before program expiration. It also allows preliminary application review and conditional approval before expenditures are made. Upon final approval by the Department of Environmental Quality, the Oklahoma Tax Commission will issue rebate payments. (68 O.S. § 55009)

SB 578

Effective August 29, 2025

Amends the **Oklahoma Quality Events Incentive Act** by extending the sunset date from June 30, 2026, to June 30, 2031. (68 O.S. § 4301)

SB 586

Effective November 1, 2025

Amends the Oklahoma Quality Jobs Program Act; when an establishment leases employees or obtains employees through a contract, these workers will be considered to have an employer-employee relationship with the establishment. (68 O.S. § 3603)

LODGING

SB 1112

Effective January 1, 2026

Requires lodging facilities to charge and collect county and municipal lodging taxes based on gross receipts, excluding any discounts or complimentary rooms, unless those rooms are reimbursed by a third party. (68 O.S. § 1370.11)