TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 10. Ad Valorem

RULEMAKING ACTION: Notice of proposed **PERMANENT** rulemaking.

PROPOSED RULES:
Subchapter 7. Manufacturing Facilities
710:10-7-2.2. Exemption requirements for qualified manufacturing and research and development facilities established, expanded or acquired [AMENDED]
710:10-7-5. Date of qualification; application for exemption [AMENDED]
710:10-7-11. County assessor to make initial determination of status; examination and valuation of the facility; notice upon rejection [AMENDED]
Subchapter 8. Exemption for Certain Oil and Gas Property Upon Which Oklahoma Gross Production Tax is Paid
710:10-8-1. General provisions [AMENDED]
710:10-8-2. Exempt properties [AMENDED]
Subchapter 10. Visual Inspection Plan
Part 5. DIRECTION AND GUIDANCE
710:10-10-25. Multi-family income producing property [AMENDED]
Subchapter 18. Centrally Assessed Public Service Companies [NEW]
710:10-18-1. Purpose [NEW]
710:10-18-2. Definitions [NEW]
710:10-18-3. General process for centrally assessed companies [NEW]
710:10-18-4. Annual returns and related schedules for centrally assessed companies and companies subject to status review [NEW]
710:10-18-5. Duty to report material changes [NEW]
710:10-18-6. Review of returns by Ad Valorem Division [NEW]
710:10-18-7. Determination of cable television company status [NEW]
710:10-18-8. Determination of broadband service provider status [NEW]
710:10-18-9. Classification and assessment-treatment standards [NEW]
710:10-18-10. Broadband service provider questionnaire [NEW]
710:10-18-11. Video services provider certification [NEW]
710:10-18-12. Mixed-service supplemental schedules [NEW]
710:10-18-13. Informal conference with Ad Valorem Division [NEW]
710:10-18-14. Assessment-treatment recommendations [NEW]
710:10-18-15. Determination of fixed wireless broadband Internet service provider status [NEW]
710:10-18-16. No unwritten threshold for broadband-service-provider treatment [NEW]
710:10-18-17. Post-certification proceedings [NEW]

SUMMARY:
Amendments to Section 710:10-7-2.2 clarify the 5-year program requirements for a manufacturer, specifically that a manufacturing sales tax exemption permit (MSEP) is a requirement for an entity to qualify, the entity must have the MSEP at the time of application, and a facility must qualify under an applicable statutory

category and satisfy the applicable investment requirement. Amendments further clarify that meeting the description of a manufacturing facility does not, by itself, establish eligibility for the exemption, and other statutory requirements must be met.

Amendments to Sections 710:10-7-5 and 710:10-7-11 clarify application deadlines for the 5-year program and the application review and approval process at the county level.

Amendments to Sections 710:10-8-1 and 710:10-8-2 align rules to statutory changes enacted under SB 227 (2026) by clarifying the property subject to exemption includes flowlines and gathering lines extending from the wellhead to the first sales meter or the boundary of the production unit, and extends the exemption to all qualifying disposal systems, including those operated commercially.

Amendments to Section 710:10-10-25 align rules to statutory changes enacted under SB 2018 (2026) by establishing the cost approach as the only valuation approach used to determine the fair cash value of qualifying residential rental housing, as defined in 68 O.S. § 2802, for the first two tax years following completion of construction or until conveyance of the property, whichever occurs first.

New Subchapter 18: Centrally Assessed Public Service Companies codifies the administrative framework for the Oklahoma Tax Commission's review and assessment of centrally assessed public service companies, including filing requirements, supporting documentation, informal conference procedures, classification standards, and assessment-treatment standards. The rules also provide guidance for administering the new subclass of broadband service providers created by SB 1122 (2026), clarifying the treatment of cable television companies and fixed wireless broadband Internet service providers and the application of 68 O.S. § 2847(C), (D), and (E). Specifically, the rules establish the definitions and procedures necessary to identify and classify affected entities, distinguish them from excluded entities, and ensure the appropriate assessment treatment.

AUTHORITY: 68 O.S. §§ 203, 1001.1, 2817, 2858, and 2902; Oklahoma Tax Commission

COMMENT PERIOD: Persons wishing to present their views in writing may do so by 4:30 p.m., January 5, 2027, at the following address: Oklahoma Tax Commission, Tax Policy and Research Division, Oklahoma City, Oklahoma 73194, Attention: Corey Jager, or by email to OTCadminrules@tax.ok.gov.

PUBLIC HEARING: A public hearing is scheduled for 9 a.m., on Tuesday, January 5, 2027, at the Oklahoma Tax Commission, in Conference Room 5, located on the 28th Floor, 123 Robert S. Kerr Ave, Oklahoma City, Oklahoma.

To gain access to the hearing, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES: Although nothing in this rulemaking action has been determined to adversely impact small business, the Oklahoma Tax Commission requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts if possible, the increase in the level of direct costs such as fees, and indirect costs such as reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed rule.

COPIES OF PROPOSED RULES: Copies of the proposed rules may be obtained from the below listed contact person. The proposed rules may also be viewed on the agency's website at tax.ok.gov.

RULE IMPACT STATEMENT: Pursuant to 75 O.S. § 303(D), a Rule Impact Statement is available from the below listed contact person. The Rule Impact Statement may also be viewed on the agency's website at tax.ok.gov.

CONTACT PERSON: Corey Jager, Agency Liaison, Tax Policy Division, Oklahoma Tax Commission, Oklahoma City, Oklahoma 73194; Telephone number: (405) 521-4155; Email: corey.jager@tax.ok.gov

CHAPTER 10. AD VALOREM

SUBCHAPTER 7. MANUFACTURING FACILITIES

710:10-7-2.2. Exemption requirements for qualified manufacturing and research and development facilities established, expanded or acquired

(a) **Definitions**. The following words and terms, when used in this Section shall have the following meanings unless the context clearly indicates otherwise:

(1) **Manufacturing facilities** means manufacturing facilities as defined in 68 O.S. § 2902(B)(1). The mechanical or chemical transformation of materials or substances into new products, as described in the introductory language of 68 O.S. § 2902(B)(1), does not, by itself, establish eligibility as a manufacturing facility. An establishment or facility must satisfy the following requirements:

(A) Qualify under another applicable category of 68 O.S. § 2902(B)(1); and

(i) An establishment qualifying under 68 O.S. § 2902(B)(1)(a) must possess a valid manufacturer exemption permit issued pursuant to 68 O.S. § 1359.2 when each annual exemption application is filed with the county assessor.

(ii) Electric power generation by means of wind is excluded from qualification as a manufacturing facility pursuant to 68 O.S. § 2902(C)(6).

(B) Meet the applicable investment requirement under 68 O.S. § 2902(B)(1)(d), unless otherwise provided by statute.

(2) ~~***Facility or facilities** means, except as otherwise provided by Section 2902 of Title 68 of the Oklahoma Statutes, and includes the land, building, structures, and improvements used directly and exclusively in the manufacturing process. Effective January 1, 2022, and for each calendar year thereafter, for establishments which have received a manufacturer exemption permit pursuant to the provisions of Section 1359.2 of Title 68 of the Oklahoma Statutes, or facilities engaged in manufacturing activities defined or classified in the NAICS Manual under Industry Nos. 311111 through 339999, inclusive, but for no other establishments, facility and facilities means and includes the land, buildings, structures, improvements, machinery, fixtures, equipment and other personal property used directly and exclusively in the manufacturing process.* [68 O.S. § 2902(B)(2)].~~ **Facility or Facilities** means the property that may be valued for purposes of exemption, and includes the land, building, structures, and improvements used directly and exclusively in the manufacturing process, except as otherwise provided by 68 O.S. § 2902. Effective January 1, 2022, and for each calendar year thereafter, the definition of facility or facilities also includes machinery, fixtures, equipment, and other personal property used directly and exclusively in the manufacturing process, but only for those:

(A) Establishments that, when filing the exemption application with the county assessor, hold a valid manufacturer exemption permit issued pursuant to 68 O.S. § 1359.2; or

(B) Facilities engaged in manufacturing activities defined or classified in the NAICS Manual under Industry Nos. 311111 through 339999, inclusive. Classification within a NAICS industry identified in this paragraph does not, by itself, establish that an establishment or facility qualifies as a manufacturing facility under 68 O.S. § 2902(B)(1).

(3) ***Research & development*** ~~*means*~~ means *activities directly related to and conducted for the purpose of discovering, enhancing, increasing or improving future or existing products or processes or productivity*. [68 O.S. § 2902(B)(3)].

(4) **Base payroll** means total payroll for the calendar year the construction, acquisition, or expansion assets are first placed in service and the subsequent ~~four (4)~~ 4 calendar years of eligibility.

(5) **Initial payroll** means payroll for the calendar year immediately preceding the initial construction, acquisition or expansion. In the event initial payroll is not comprised of a complete year's payroll, the amounts reported must be computed to arrive at an annual figure.

(6) **New direct job** means the term "new direct job" as defined in 68 O.S. § 3603, without the requirement to qualify for incentive payments pursuant to the Oklahoma Quality Jobs Program Act.

(b) **Qualification or statutory requirements.** ~~To qualify for exemption facilities other than those discussed in subsections (c) and (d) must meet the requirements mandated by statute and summarized in (1) through (6) of this subsection~~ A facility seeking the exemption must first qualify as a manufacturing facility under 68 O.S. § 2902(B)(1), as provided in subsection (a)(1) of this Section. Qualification as a manufacturing facility is a threshold requirement and does not establish eligibility for the exemption. Facilities other than those discussed in subsections (c) and (d) must also meet the applicable statutory requirements summarized in paragraphs (1) through (6) of this subsection:

(1) Facilities must satisfy the requirement of being new, expanded, or acquired.

(2) The investment cost of the construction, acquisition or expansion of the manufacturing facility must be ~~Two Hundred Fifty Thousand Dollars ($250,000.00)~~ $250,000 or more within the calendar year in which the construction, acquisition or expansion occurred. The investment cost of the construction, acquisition or expansion of the manufacturing facility must be ~~Five Hundred Thousand Dollars ($500,000.00)~~ $500,000 or more with respect to assets placed into service during calendar year 2022. For subsequent calendar years, the investment required shall be increased annually by a percentage

equal to the previous year's increase in the Consumer Price Index-All Urban Consumers ("CPI-U") and such adjusted amount shall be the required investment cost in order to qualify for the exemption authorized by 68 O.S. § 2902. The Oklahoma Department of Commerce shall determine the amount of the increase, if any, on January 1 of each year. The Oklahoma Tax Commission shall publish on its website at least annually the adjusted dollar amount in order to qualify for the exemption and shall include the adjusted dollar amount in any of its relevant forms or publications with respect to the exemption. Investment Cost shall not include the cost of direct replacement, refurbishment, repair or maintenance of existing machinery or equipment, except that "investment cost" shall include capital expenditures for direct replacement, refurbishment, repair or maintenance of existing machinery or equipment that qualifies for depreciation and/or amortization pursuant to the Internal Revenue Code of 1986, as amended, and such expenditures shall be eligible as part of an "expansion" that otherwise qualifies under this section.

(3) Base payroll for the calendar year the assets are placed in service must be increased over initial payroll by at least ~~Two Hundred Fifty Thousand Dollars ($250,000.00)~~ $250,000 if the facility is located in a county with a population of less than ~~seventy-five thousand (75,000)~~ 75,000 persons according to the most recent federal decennial census or by at least ~~One Million Dollars ($1,000,000.00)~~ $1,000,000 if the facility is located in a county with a population of ~~seventy-five thousand (75,000)~~ 75,000 or more, according to the most recent federal decennial census. For the subsequent four years of eligibility, base payroll must be maintained in an amount equal to, or greater than, the base payroll amount established for the calendar year the assets are first placed in service.

(A) To determine initial and base payroll, the Tax Commission must verify all payroll information through the Oklahoma Employment Security Commission (OESC) utilizing reports filed with the OESC for the applicable calendar years. [**See**: 68 O.S. § 2902(C)(4)].

(B) The amount of increased payroll shall include payroll for full-time-equivalent employees in this state who are employed by an entity other than the facility which has 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 initial construction or expansion of the facility.

(C) A manufacturing facility shall have the option of excluding certain components from its payroll. Manufacturing facilities electing to exclude either of the options in (i) or (ii) of this subparagraph, shall document the election by an attached addendum to the application at time of filing which states in detail any payroll exclusions. ~~(~~[**See**: 68 O.S. § 2902(C)(4)]

(i) Payments to sole proprietors, members of partnerships, members of a limited liability company who own at least ~~ten percent (10%)~~ 10% of the capital of the limited liability company, or stockholder employees of a corporation who own at least ~~ten percent (10%)~~ 10% of the stock in the corporation may be excluded from payroll.

(ii) Nonrecurring bonuses, exercise of stock option or stock rights, or other nonrecurring, extraordinary items included in total payroll numbers as reported by the OESC may be excluded from payroll. Nonrecurring bonuses shall not include additional wages or other compensation paid on the basis of length of service.

(D) A manufacturing concern which does not meet the amount of increased payroll shall submit to the Tax Commission, with the initial application year of exemption, an affidavit, signed by an officer. The signed affidavit must state that from the start of initial construction, acquisition, or expansion, to the completion of said construction, acquisition, or expansion, or for ~~three (3)~~ 3 years, whichever occurs first, the establishment or expansion of the facility will result in a net increase of the required base payroll. When the increased payroll requirement is met, the affidavit will be considered satisfied and no longer in effect.

(4) The facility will offer within ~~one hundred eighty (180)~~ 180 days of the date of employment, a basic health benefit plan to the full-time employees of the facility. [**See:** 68 O.S. § 2902(C)(4)(b)] Calculation of the number of employees shall be made in the same manner as required pursuant to 68 O.S. § 2357.4 for an investment tax credit.

(5) Entities shall be subject to the wage requirements of the Oklahoma Quality Jobs Program Act with respect to new direct jobs. If an entity making application for the exemption set forth in this Section adds workers as new direct jobs at the manufacturing facility, the entity must pay those new direct jobs an average annualized wage which equals or exceeds the average wage by county required by the Oklahoma Quality Jobs Program Act, up to the maximum state threshold wage, for the year in which the real or personal property was placed into service.

(A) On each exemption application for a group of assets, the entity shall provide a list or schedule of new direct jobs by job title and annual salary. For subsequent calendar years, the list or schedule shall include new direct jobs added that year and those new direct jobs that have been maintained from previous years within the five-year exemption period.

(B) Each year, the list of new direct jobs added or maintained at the manufacturing facility will be tracked to determine if the total new direct jobs meet the average annualized wage requirement for the year the assets were placed into service.

(C) The three-year affidavit referenced above in (b)(3)(D) of this Section does not apply to the new direct jobs wage requirements set forth in the Oklahoma Quality Jobs Program Act.

(6) A manufacturing facility requesting an exemption must hold title to real or personal property or have an equity interest in real or personal property.

(c) **Distribution facilities; qualification requirements.** For applications received after November 1, 2007, establishments primarily engaged in distribution as defined under industry Numbers 49311, 49312, 49313 and 49319 and Industry Sector Number 42 of the NAICS Manual latest revision, must meet all criteria required by statute and outlined in (4), (5) and (6) of subsection (b) and the following paragraphs:

(1) Initial capital investment of at least ~~Five Million Dollars ($5,000,000.00)~~ $5,000,000;

(2) Employment of at least ~~one hundred (100)~~ 100 full-time-equivalent employees, as certified by OESC;

(3) Wages and salaries which equal or exceed the average wage requirements in the Oklahoma Quality Jobs Program Act for the year in which the real property was placed into service; and

(4) Commencement of construction on or after November 1, 2007, to be completed within ~~three (3)~~ 3 years from the date of commencement of construction. [**See**: 68 O.S. § 2902(B)(1)(e)].

(d) **Computer data processing, data preparation or information processing services provider; exemptions and qualification requirements.** Computer data processing, data preparation or information processing services providers classified in U.S. Industry Number 518210 of the North American Industrial Classification System (NAICS) Manual, 2017 revision, are eligible for exemption as outlined below:

(1) **Real and personal property exemption**. Except as otherwise provided by this subsection, any new, acquired, or expanded computer data processing, data preparation, or information processing services provider as described in subsection (d) of this Section may apply for real and personal exemptions under 68 O.S. § 2902 for each year in which new, acquired, or expanded capital improvements to the facility are made for assets placed in service not later than December 31, 2021.

(2) **Personal property exemption**. An establishment described by this subsection, the primary business activity of which is outlined in Industry No. 518210 of the NAICS Manual, 2017 revision, that has applied for and been granted an exemption for personal property at any time within ~~five (5)~~ 5 years prior to November 1, 2021, may apply for exemption for items of eligible personal property to be located within improvements to real property and such real property and improvements having been exempt from ad valorem taxation prior to November 1, 2021 pursuant to 68 O.S. § 2902 if such personal property is placed in service not later than December 31, 2036. No additional personal property of such establishment placed in service after such date shall qualify for the exempt treatment otherwise authorized pursuant to this paragraph.

(3) **Exemption qualification requirements.** To qualify for exemption outlined in paragraphs (1) and (2) of this subsection, an eligible establishment as classified under this subsection must meet the following requirements:

(A) Net increase in annualized payroll of the applicant at any facility or facilities of the applicant in this state of at least ~~Two Hundred Fifty Thousand Dollars ($250,000.00)~~ $250,000, which is attributable to the capital improvements, or

(B) Net increase of ~~Seven Million Dollars ($7,000,000.00)~~ $7,000,000 or more in capital improvements, while maintaining or increasing payroll at the facility or facilities in this state which are included in the application, and

(C) The facility offers, or will offer within ~~one hundred eighty (180)~~ 180 days of the date of employment of new employees attributable to the capital improvements, a basic health benefits plan to the full-time-equivalent employees of the facility, which is determined by the 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.

(D) The wage requirements of the Oklahoma Quality Jobs Program Act with respect to new direct jobs as set forth in paragraph (b)(5) of this Section.

(e) **Wind electric generation facility; exclusion as manufacturing facility.** Effective January 1, 2017, an entity engaged in the generation of electric power by means of wind, as described in the North American Industry Classification System No. 221119, shall not be defined as a qualifying manufacturing concern for purposes of the exemption authorized pursuant to Section 6B of Article X of the Oklahoma Constitution or qualify as a manufacturing facility as defined in this Section. While facilities which qualified for exemption pursuant to the filing of an exemption application before 2018 will be allowed to claim the exemption for any periods remaining in the ~~five (5)~~ 5 years provided all qualification requirements are met, no initial application for exemption shall be filed by or accepted from an entity engaged in electric power generation by means of wind on or after January 1, 2018.

(f) **Review of facility eligibility.** To confirm eligibility, the Tax Commission may request any information from the applicant or require verification of any information as needed. Failure to produce or allow inspection of all information requested within ~~thirty (30)~~ 30 calendar days of written notification may result in denial of the exemption application.

(g) **Requirements for acquired existing facility.** An acquired existing facility must be unoccupied for a period of ~~twelve (12)~~ 12 months prior to acquisition for initial qualification. [**See:** Art. 10, Section 6B, Okla. Const. and 68 O.S. § 2902(A)].

(h) **Transfer of exemption.** If the ownership of a qualified facility currently enrolled in the exemption program changes during the five-year exemption period, the exemption shall continue in effect for the balance of the five-year period, so long as all other qualifications are maintained.

710:10-7-5. Date of qualification; application for exemption

(a) The period of exemption granted to qualifying manufacturing concerns shall be computed from the assessment date immediately following the initial qualifying use of the property in the manufacturing process and subject to the statutory requirements for

qualification in place at the time of the initial qualifying use. Applicants may claim any remaining eligibility not to exceed five years from the initial qualifying use.
(b) When completion of a facility or facilities will occur after January 1 of a given year, a facility may apply to claim the ad valorem tax exemption for that year. If the facility is found to be qualified, the exemption shall be available for the entire year and shall apply to the ad valorem valuation as of January 1st of that given year.
(c) Qualifying manufacturing concerns owning facilities engaged in manufacturing in Oklahoma on the first day of January may file an application for ad valorem manufacturing exemption with the county assessor on or before March 15, ~~or as otherwise provided by law.~~ except as provided in 68 O.S. § 2902.1, or within 30 days from and after receipt of notice of valuation increase, whichever is later, as provided in 68 O.S. § 2902(E).
(d) An application that is not timely filed with the county assessor as required by 68 O.S. § 2902(E), or as otherwise provided by law, shall not qualify for the exemption. Approval or processing of an untimely application by the county assessor or county board of equalization does not cure the untimely filing or waive the statutory filing deadline. If an untimely application is forwarded to or otherwise received by the Oklahoma Tax Commission, the Commission shall determine that the application is untimely and does not qualify for the exemption. [See: 68 O.S. § 2902(E); Attorney General Opinion 03-23.]
(e) Approved applications signed by the county assessor and the county board of equalization shall be filed by the county assessor with the Oklahoma Tax Commission no later than June 15 of the ~~**TAX YEAR**~~ tax year in which the facility desires to take the exemption. Incomplete applications and applications filed ~~after said date~~ with the Oklahoma Tax Commission after June 15 will be declared null and void by the Commission. [**See:** 68 O.S. § 2902(F); Article 10 § 22A Okla. Const.]

710:10-7-11. County assessor to make initial determination of status; examination and valuation of the facility; notice upon rejection

(a) The county assessor shall examine each application for the manufacturing exemption from ad valorem taxation and shall determine whether the facility is exempt under the law. As part of the examination, the county assessor shall determine whether the application was timely filed as required by 68 O.S. § 2902(E), or as otherwise provided by law. An application that was not timely filed as required by law shall be disapproved. In determining whether the exemption application is to be approved, the assessor shall, if necessary, make inspections, make a written request for additional information, or examine any person under oath as provided by law.
(b) The assessor shall complete the assessor's portion of each application, whether approved or rejected, and shall consecutively number eachapplication, retain a copy, and deliver the original application, whether approved or rejected, to the County Board of Equalization, on or before the fourth Monday in April each year for its review. After the County Board of Equalization has approved or rejected the application, the original application shall be forwarded to the Oklahoma Tax Commission Ad Valorem Division by June 15th of the current year.
(c) If the manufacturer's application is approved, the assessor shall mark the Notice of Approval or Disapproval (OTC Form 900 XMA-B) "**APPROVED**" and notify the applicant at the address shown on the application. It shall then be the duty of the Oklahoma Tax Commission to make a physical inspection of each facility approved for the exemption, determine the fair cash value of the real property, if necessary, and the personal property separately, and to determine the assessed value of each by applying the assessor's assessment percentage to that value. The Tax Commission shall then notify the county assessor of the valuation.
(d) If the county assessor finds that the exemption should not be allowed by reason of not being in conformity to the law, he shall mark the Notice of Approval or Disapproval (OTC Form 900 XMA-B) "**DISAPPROVED**", stating the reason for the disapproval, and shall notify the applicant at the address shown in the application. The notice shall be mailed on or before the fourth Monday in April. The assessor shall then immediately proceed to value and assess the property, as provided by law.

SUBCHAPTER 8. EXEMPTION FOR CERTAIN OIL AND GAS PROPERTY UPON WHICH OKLAHOMA GROSS PRODUCTION TAX IS PAID

710:10-8-1. General provisions

The provisions of this Subchapter have been adopted for the purpose of compliance with the Administrative Procedures Act, 75 O.S. § 250 et seq., and to establish guidelines, as authorized by 68 O.S. § 1001.1, for the determination of properties exempt from ad valorem taxes under the terms of 68 O.S. §§1001~~(S)~~(K) and ~~(T)~~(L) by payment of the "***in lieu***" gross production tax.

710:10-8-2. Exempt properties

(a) The following property shall be eligible for exemption from ad valorem taxation pursuant to the provisions paragraphs ~~(S)~~(K) and ~~(T)~~(L) of Section 1001 of Title 68:

(1) Wellhead equipment, including compression equipment that is used for injection purposes on enhanced oil and gas recovery projects or compression equipment actually used in the process of bringing oil or gas, or both, to the surface;
(2) Pumping units and any other devices designed to raise hydrocarbons to the surface;
(3) Tubing, casing and other downhole equipment;
(4) Lease production tanks, including flow tanks and water tanks;
(5) Production units, separators, heaters, treaters, and any other devices designed to remove water and contamination from the hydrocarbons which are located upstream from lease production tanks, custody transfer points, or where production is

commingled with that of other leases;

(6) ~~Flow lines~~ Flowlines and gathering lines going from the wellhead either to the first sales meter that is the point of custody transfer or to the boundary of the ~~to~~ production ~~units~~ unit, ~~separators, heaters, treaters, and lease production tanks, including flow tanks and water tanks~~ whichever distance is shorter;

(7) Residue lines used to return processed gas to the lease for use in powering production equipment or for injection purposes. If the lines transport gas which is sold or used for any other purpose, only that percentage of the value of the lines that equals the percentage of the volume of gas used to power production equipment or for injection shall qualify for the exemption;

(8) Lease production meters;

(9) Miscellaneous production equipment, including but not limited to valves, piping, and electrical accessories; and,

(10) Disposal systems, including all materials and equipment of disposal systems and the lines transporting the waste materials, serving one or more wells, ~~which are not for commercial purposes and~~ wellbore and non-recoverable down-hole material, including casing, actually used in the commercial disposal of waste materials produced with oil and gas.

(b) Items enumerated in subsection (a) ~~of this Section are not intended to be exclusive or exhaustive~~ shall be interpreted consistently with 68 O.S. §§ 1001.1 and 1001(K) through (L).

SUBCHAPTER 10. VISUAL INSPECTION PLAN

PART 5. DIRECTION AND GUIDANCE

710:10-10-25. Multi-family income producing property

~~———~~(a) Information related to income-producing, multifamily residential properties shall be listed in the visual inspection plan. All income-producing, multifamily residential properties shall be inspected and appraised from schedules and guidelines as set out in state rules and regulations. All building features, components, and characteristics shall be identified, measured, listed and recorded. The year of construction of the building shall be obtained and listed. Other improvements such as paved drives, fencing, pools, patios, and similar structures shall be identified, measured and listed. Occupancy units of each building shall be determined at the time of inspection and recorded along with any other pertinent information that could affect value or be used as the basis for units of comparison. Rental data or other information affecting the data collection card shall be requested from either owners or tenants. ~~All three approaches to value shall be used where applicable with the sales comparison approach having the most weight.~~

(b) Effective January 1, 2027, the cost approach shall be the only valuation approach used to determine the fair cash value of residential rental housing, as defined in 68 O.S. § 2802, for the first two tax years following the completion of construction, or until conveyance of the property, whichever occurs first.

(c) The appraised value of all properties shall be ~~critique~~ critiqued during final review by supervisory personnel and adjustments or corrections made where applicable.

SUBCHAPTER 18. ~~CENTRALLY ASSESSED PUBLIC SERVICE COMPANIES~~CENTRALLY ASSESSED PUBLIC SERVICE COMPANIES

710:10-18-1. Purpose

The provisions of this Subchapter are adopted to implement 68 O.S. §§ 2808 and 2847, as amended, and to establish procedures for filing, review, informal conference, and recommendation of values and assessment treatments for centrally assessed public service companies, including video services providers and broadband service providers.

710:10-18-2. Definitions

The following words and terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Ad Valorem Division" means the division within the Oklahoma Tax Commission responsible for the central assessment of public services companies.

"Board" means the State Board of Equalization.

"Broadband service provider" means a subclass of public service corporations as defined in 68 O.S. § 2808.

"Company" means the specific legal entity whose return, classification, valuation, or assessment treatment is at issue.

"End-user consumer" means a residential, business, institutional, governmental, or other customer that uses broadband-based services for its own purposes and does not resell such services to other entities or incorporate such services into a retail service offering. An Internet service provider, wholesaler, or other reseller of such services is not an end-used consumer.

"Fixed wireless broadband Internet service provider" means an entity as defined in 68 O.S. § 2808.

"Offering broadband-based services" means furnishing, selling, marketing, or holding out the availability of fixed or mobile Internet access, Voice over Internet Protocol, or Internet Protocol Television to end-user consumers in this state.

"OkTAP System" means the electronic system through which annual returns and related schedules for centrally assessed companies are received by the Oklahoma Tax Commission.

"Public service corporation" means an entity described in 68 O.S. § 2808.
"Video programming" means the programming set forth in 68 O.S. § 2808.
"Video services provider" means a subclass of public service corporations as defined in 68 O.S. § 2808.

710:10-18-3. General process for centrally assessed companies

(a) Companies subject to central assessment shall file annual returns and related schedules with the Oklahoma Tax Commission as provided by law and by forms prescribed by the Commission.
(b) The Ad Valorem Division receives such returns and related schedules electronically through the OkTAP system and reviews the filings and supporting materials.
(c) The Ad Valorem Division reviews the filings for completeness, classification, fair cash valuation, recommended administrative penalties for late or incomplete filings, and any applicable assessment treatment under 68 O.S. § 2847(C), (D), or (E).
(d) If a taxpayer disagrees with the Ad Valorem Division's review of fair cash value, recommended administrative penalty, or applicable assessment treatment, the taxpayer may request an informal conference with the Ad Valorem Division before the matter is presented to the Board.
(e) After completion of review and any informal conference process, the Ad Valorem Division presents the Public Service Section's recommendations to the Board at its publicly scheduled meetings, as provided by 68 O.S. § 2858, for companies determined to be subject to central assessment.
(f) Any company aggrieved by the Board's certification of fair cash value or administrative penalty may file a complaint in the Court of Tax Review within 20 days as provided by law.

710:10-18-4. Annual returns and related schedules for centrally assessed companies and companies subject to status review

(a) Each company subject to central assessment as a railroad, air carrier, public service corporation, video services provider, or broadband service provider shall file the annual return, schedules, questionnaires, and other materials prescribed by the Oklahoma Tax Commission within the time required by law or otherwise specified by the Commission.
(b) The Ad Valorem Division may require a company for which it is determining whether the company is subject to central assessment to file such returns, schedules, questionnaires, or other information as are reasonably necessary to make that determination and, if applicable, to determine the appropriate assessment treatment. The company shall provide the requested information within the time specified by the Oklahoma Tax Commission.
(c) Returns, schedules, questionnaires, and other materials required under this Section shall be filed with the Oklahoma Tax Commission and received electronically through the OkTAP system, unless otherwise authorized by the Commission.
(d) The Oklahoma Tax Commission may prescribe forms, schedules, questionnaires, and other materials necessary for administration of 68 O.S. §§ 2808 and 2847, including, but not limited to:

(1) annual returns for railroads, air carriers, and public service corporations;
(2) video services provider certifications;
(3) broadband service provider questionnaires;
(4) mixed-service supplemental schedules;
(5) affiliate and shared-asset disclosure schedules; and
(6) late or incomplete filing penalty response forms.

710:10-18-5. Duty to report material changes

A company shall notify the Ad Valorem Division in writing after any change in corporate structure, service offerings, or other material fact that could affect the company's classification, assessment treatment, or filing obligations for a subsequent assessment year under 68 O.S. § 2847(C), (D), or (E).

710:10-18-6. Review of returns by Ad Valorem Division

(a) The Ad Valorem Division shall review annual returns and supporting materials received from centrally assessed companies.
(b) The review may include consideration of:

(1) completeness and timeliness of the filing;
(2) whether the company is properly subject to central assessment;
(3) the fair cash valuation to be recommended to the Board;
(4) whether an administrative penalty should be recommended for late or incomplete filing; and
(5) the assessment treatment applicable under 68 O.S. § 2847(C), (D), or (E).

(c) In conducting its review, the Ad Valorem Division may require production of records reasonably necessary to determine classification, fair cash valuation, and assessment treatment, including:

(1) organizational charts, including tax organizational charts and company structure charts, showing ownership and parent, subsidiary, sister-company, affiliate, and other related-entity relationships;
(2) service descriptions;
(3) websites and marketing materials;
(4) customer agreements or tariffs;
(5) technical descriptions of fixed wireless systems;

(6) financial statements;
(7) revenue schedules;
(8) subscriber reports;
(9) asset listings;
(10) federal and state regulatory reports;
(11) sworn affidavits; and
(12) other records reasonably necessary for administration of the Ad Valorem Tax Code.

710:10-18-7. Determination of cable television company status

(a) In determining whether a company is excluded from central assessment as a cable television company, the Ad Valorem Division shall consider the specific legal entity whose return and property are at issue.
(b) The determination shall be based on the totality of the relevant facts and circumstances reflected in the company's filings and supporting records.
(c) In making the determination, the Ad Valorem Division may consider:
(1) the services offered by the company in Oklahoma;
(2) whether cable service is offered on a stand-alone basis;
(3) whether cable service is offered together with internet service, telephone service, or other services;
(4) the manner in which the company markets or holds out its services to customers;
(5) customer agreements, tariffs, or terms of service;
(6) revenue by service line;
(7) subscriber or customer counts by service line; and
(8) any other fact relevant to whether the company is properly treated as a cable television company for purposes of 68 O.S. § 2808.

710:10-18-8. Determination of broadband service provider status

(a) In determining whether a company qualifies as a broadband service provider under 68 O.S. § 2808, the Ad Valorem Division shall consider the specific legal entity whose return and property are at issue.
(b) The determination shall be based on the totality of the relevant facts and circumstances reflected in the company's filings and supporting records.
(c) In making the determination, the Ad Valorem Division may consider:
(1) the services offered by the company in Oklahoma;
(2) whether such services are offered to end-user consumers;
(3) websites, marketing materials, and service descriptions;
(4) customer agreements, tariffs, or terms of service;
(5) revenue by service line;
(6) subscriber or customer counts by service line;
(7) technical descriptions of services provided;
(8) type of equipment used to provide services;
(9) affiliate relationships relevant to service offerings or asset use; and
(10) whether the company claims treatment as a video services provider or claims exclusion as a cable television company or fixed wireless broadband Internet service provider.

710:10-18-9. Classification and assessment-treatment standards

(a) In determining whether a company is subject to central assessment and, if so, the assessment treatment to recommend to the Board for a public service corporation or subclass addressed under 68 O.S. § 2847(C), (D), or (E), the Ad Valorem Division shall consider:
(1) whether the company is a public service corporation;
(2) whether the company is excluded from public service corporation treatment as a cable television company or as a fixed wireless broadband Internet service provider;
(3) whether the company qualifies as a video services provider;
(4) whether the company qualifies as a broadband service provider; and
(5) which assessment treatment under 68 O.S. § 2847(C), (D), or (E) applies.
(b) For purposes of administration, the following assessment treatments may be recommended to the Board:
(1) public service corporation treatment only;
(2) broadband service provider treatment only;
(3) video services provider and public service corporation treatment; or
(4) video services provider and broadband service provider treatment.
(c) A company shall not be recommended for central assessment solely by reason of video-services-provider status if, based on the totality of the relevant facts and circumstances, the company is properly treated as a cable television company.

(d) If a company is a public service corporation and does not qualify for treatment under 68 O.S. § 2847(C) or (E), the company shall be recommended for public service corporation treatment only under 68 O.S. § 2847(D).
(e) If a company is a public service corporation and qualifies as a broadband service provider, but does not qualify for video-services-provider treatment in combination with another centrally assessed classification, the company shall be recommended for broadband service provider treatment only under 68 O.S. § 2847(E). For such company, subsection (E) shall operate as an alternative to subsection (D).
(f) If a company qualifies as a video services provider and is also a public service corporation, but not as a broadband service provider, the fair cash value attributable to video programming services shall be determined under 68 O.S. § 2847(C), and the remaining fair cash value shall be recommended under 68 O.S. § 2847(D).
(g) If a company qualifies both as a video services provider and as a broadband service provider:
(1) the fair cash value attributable to video programming services shall first be determined under 68 O.S. § 2847(C);
(2) that video-programming portion shall be recommended under 68 O.S. § 2847(C); and
(3) the remaining fair cash value shall be recommended under 68 O.S. § 2847(E), provided the company otherwise qualifies as a broadband service provider.
(h) Where a company qualifies both as a video services provider and as a broadband service provider, 68 O.S. § 2847(C) and (E) shall be construed so that both provisions are given effect if reasonably possible. The allocation method set forth in 68 O.S. § 2847(C) shall govern the fair cash value attributable to video programming services, and subsection (E) shall govern the remaining fair cash value otherwise subject to public service corporation treatment.
(i) Except as provided in subsection (g) of this Section, no allocation shall be created between 68 O.S. § 2847(D) and (E) for broadband and non-broadband property of the same company unless authorized by statute or final order of a court of competent jurisdiction.

710:10-18-10. Broadband service provider questionnaire
(a) Any company potentially qualifying as a broadband service provider shall complete the electronic broadband service provider questionnaire in the OkTAP system and provide information sufficient to determine:
(1) the identity of the reporting legal entity;
(2) the services offered by that entity in Oklahoma;
(3) whether those services include fixed or mobile Internet access, Voice over Internet Protocol, or Internet Protocol Television;
(4) whether those services are offered to end-user consumers;
(5) whether the company claims exclusion as a cable television company or fixed wireless broadband Internet service provider;
(6) whether the company also qualifies as a video services provider; and
(7) whether any affiliate provides related services or owns related property used by the reporting company.
(b) The Oklahoma Tax Commission may require the questionnaire to be accompanied by supporting records and schedules.

710:10-18-11. Video services provider certification
Any company claiming or subject to treatment as a video services provider shall file the certification required by 68 O.S. § 2847(C), including:
(1) total gross receipts for the immediately preceding calendar year for both system and Oklahoma values; and
(2) gross receipts derived from video programming services.

710:10-18-12. Mixed-service supplemental schedules
Any company engaged in both video and broadband-related services, or in both covered and excluded service lines, shall file a supplemental schedule showing:
(1) revenue by service line;
(2) subscriber or customer counts by service line;
(3) identification of services offered directly by the reporting company;
(4) identification of shared assets; and
(5) identification of affiliate-owned assets used by the reporting company or reporting-company assets used by affiliates.

710:10-18-13. Informal conference with Ad Valorem Division
(a) If a taxpayer disagrees with the Ad Valorem Division's review of fair cash value, recommended administrative penalty, or applicable assessment treatment, the taxpayer may request an informal conference with the Ad Valorem Division before the matter is presented to the Board. The taxpayer shall make the request sufficiently in advance of the Board meeting to allow the Ad Valorem Division a reasonable opportunity to consider the issues raised.
(b) The informal conference process provided by this Section is the taxpayer's pre-certification opportunity to address disputes concerning fair cash value, recommended administrative penalty, or applicable assessment treatment.
(c) If agreement is reached during the informal conference process, the agreement may be reduced to writing in a resolution agreement signed by the taxpayer and the Ad Valorem Division.

710:10-18-14. Assessment-treatment recommendations

(a) After completion of review and any informal conference process, the Ad Valorem Division shall prepare a recommendation of:

(1) fair cash valuation;

(2) any recommended administrative penalty for late or incomplete filing; and

(3) the applicable assessment percentage treatment under 68 O.S. § 2847(C), (D), or (E).

(b) The Ad Valorem Division shall present such recommendation to the Board at its publicly scheduled meetings in June and December, as provided by law, for companies determined to be subject to central assessment.

710:10-18-15. Determination of fixed wireless broadband Internet service provider status

(a) In determining whether a company is excluded from central assessment as a fixed wireless broadband Internet service provider, the Ad Valorem Division shall consider the specific legal entity whose return and property are at issue.

(b) The determination shall be based on the totality of the relevant facts and circumstances reflected in the company's filings and supporting records.

(c) In making the determination, the Ad Valorem Division may consider:

(1) whether the company solely offers access to the Internet;

(2) whether the company provides service through a stationary fixed point-to-point connection;

(3) whether the service often requires direct line of sight between the provider's wireless transmitter and the end-user consumer's receiver;

(4) the services offered by the company in Oklahoma;

(5) technical descriptions of services provided;

(6) type of equipment used to provide services;

(7) websites, marketing materials, and service descriptions;

(8) customer agreements, tariffs, or terms of service; and

(9) any other fact relevant to whether the company is properly treated as a fixed wireless broadband Internet service provider for purposes of 68 O.S. § 2808.

710:10-18-16. No unwritten threshold for broadband-service-provider treatment

The Oklahoma Tax Commission shall not impose an unwritten minimum percentage of revenue, assets, or customers as a prerequisite to broadband-service-provider classification unless expressly authorized by statute, rule, or final order.

710:10-18-17. Post-certification proceedings

Any formal protest, complaint, or settlement discussion concerning the Board's certification of fair cash value or administrative penalty shall occur only after the taxpayer files a complaint in the Court of Tax Review as provided by 68 O.S. § 2881 on the form prescribed by the Oklahoma Tax Commission (OTC Form 989). The complaint shall be filed in accordance with the applicable Rules of the Court of Tax Review set forth in the appendix to Article 28 of Title 68 of the Oklahoma Statutes.

TITLE 710. OKLAHOMA TAX COMMISSION

CHAPTER 10. AD VALOREM

RULE IMPACT STATEMENT

Pursuant to 75 O.S. § 303(D), the Oklahoma Tax Commission provides the following Rule Impact Statement regarding the proposed amendments to Chapter 10 of Title 710 of the Oklahoma Administrative Code.

A. STATEMENT OF NEED AND LEGAL BASIS – 75 O.S. § 303(D)(3)(a)

Pursuant to 68 O.S. § 203, the Oklahoma Tax Commission has general authority to promulgate and enforce rules necessary for the administration and collection of state taxes. Additional statutory authority for the proposed amendments is provided under 68 O.S. §§ 1001.1, 2817, 2858, 2902, and 2847, as applicable.

The proposed amendments to Chapter 10 are necessary to implement statutory changes enacted during the 2026 legislative session, including Senate Bill 1122, Senate Bill 227, and Senate Bill 2018, and to ensure the Commission's administrative rules remain consistent with current law. The amendments clarify eligibility requirements and application procedures for manufacturing facility exemptions, align property exemption provisions with statutory changes affecting oil and gas production and disposal systems, and establish the required valuation methodology for qualifying residential rental housing. Additionally, the proposed new Subchapter 18 codifies the administrative framework for the assessment and classification of centrally assessed public service companies, including the new subclass of broadband service providers established by SB 1122.

Collectively, these changes provide necessary administrative guidance for implementing statutory requirements, clarify the responsibilities of affected taxpayers and county assessors, and promote consistent and uniform administration of Oklahoma's ad valorem tax laws.

B. CLASSIFICATION OF RULE AND COST DETERMINATION – 75 O.S. § 303(D)(3)(a)

Classification: Nonmajor.

Estimated Annual Implementation and Compliance Costs: $0

Estimated Initial Five-Year Implementation and Compliance Costs: $0

Five-Year Cost to Businesses/Business Sectors: $0

Five-Year Cost to State Government: $0

Five-Year Cost to Local Government Units: $0

Five-Year Cost to Individuals: $0

Total Estimated Five-Year Cost: $0

FTE Impact: No additional FTE.

Cost Impact Information Received: None.

Classification Justification: The majority of the proposed amendments clarify existing statutory requirements, align administrative rules with legislation enacted in 2026, or codify procedures for administering existing statutory responsibilities. The proposed rules do not establish new fees.

The new Subchapter 18 establishes filing, reporting, documentation, and review procedures for centrally assessed public service companies. Some of these provisions may formalize or clarify information currently submitted or maintained through existing administrative practices. The Commission does not presently anticipate significant additional compliance costs but will consider information received from affected business entities regarding any incremental reporting, recordkeeping, professional service, or other compliance costs.

The Commission anticipates administering the proposed rules using existing agency resources without additional appropriations or personnel. Accordingly, the implementation and compliance costs attributable to the proposed rules and amendments are estimated at $0 annually and $0 over the initial five-year period.

The estimated implementation and compliance costs **will not exceed $1,000,000** over the initial five-year period.

C. DESCRIPTION AND FEDERAL MANDATE – 75 O.S. § 303(D)(3)(c)

Purpose and Description of Proposed Rule:

Amendments to Section 710:10-7-2.2 clarify the 5-year program requirements for a manufacturer, specifically that a manufacturing sales tax exemption permit (MSEP) is a requirement for an entity to qualify, the entity must have the MSEP at the time of application, and a facility must qualify under an applicable statutory category and satisfy the applicable investment requirement. Amendments further clarify that meeting the description of a manufacturing facility does not, by itself, establish eligibility for the exemption, and other statutory requirements must be met.

Amendments to Sections 710:10-7-5 and 710:10-7-11 clarify application deadlines for the 5-year program and the application review and approval process at the county level.

Amendments to Sections 710:10-8-1 and 710:10-8-2 align rules to statutory changes enacted under SB 227 (2026) by clarifying the property subject to exemption includes flowlines and gathering lines extending from the wellhead to the first sales meter or the boundary of the production unit, and extends the exemption to all qualifying disposal systems, including those operated commercially.

Amendments to Section 710:10-10-25 align rules to statutory changes enacted under SB 2018 (2026) by establishing the cost approach as the only valuation approach used to determine the fair cash value of qualifying residential rental housing, as defined in 68 O.S. § 2802, for the first two tax years following completion of construction or until conveyance of the property, whichever occurs first.

New Subchapter 18: Centrally Assessed Public Service Companies codifies the administrative framework for the Oklahoma Tax Commission's review and assessment of centrally assessed public service companies, including filing requirements, supporting documentation, informal conference procedures, classification standards, and assessment-treatment standards. The rules also provide guidance for administering the new subclass of broadband service providers created by SB 1122 (2026), clarifying the

treatment of cable television companies and fixed wireless broadband Internet service providers and the application of 68 O.S. § 2847(C), (D), and (E). Specifically, the rules establish the definitions and procedures necessary to identify and classify affected entities, distinguish them from excluded entities, and ensure the appropriate assessment treatment.

Federal Mandate:

The proposed new rules and amendments are not mandated by federal law and are not required for participation in or implementation of a federally subsidized or assisted program.

Federal Requirement Comparison:

The proposed new rules and amendments implement state statutory requirements and do not implement or exceed a federal requirement.

D. CLASSES AFFECTED – 75 O.S. § 303(D)(3)(d)

The classes of persons and entities most likely to be affected by the proposed rules include manufacturers applying for the five-year manufacturing facilities exemption, oil and gas property owners and operators, residential rental property owners, centrally assessed public service companies, broadband service providers, cable television companies, fixed wireless broadband Internet service providers, and county assessors.

Affected Classes:

Affected Class	Approx. Number	Impact	Nature of Impact	Annual Cost	Five-Year Cost
Manufacturing facilities and applicants for exemption	Unknown	Positive/Neutral	Clarification of exemption eligibility, application deadlines, and review procedures	$0	$0
Oil and gas property owners and operators	Unknown	Positive/Neutral	Clarification of property qualifying for exemption under applicable statutes	$0	$0
Centrally assessed public service companies	287	Positive/Neutral	Clarification and standardization of annual returns, reporting, documentation, and assessment procedures	$0	$0
Owners of qualifying residential rental housing	Unknown	Positive/Neutral	Application of the statutory cost approach for qualifying properties	$0	$0
County governments and county assessors	77	Positive/Neutral	Greater administrative clarity and consistency in exemption application procedures	$0	$0

E. CLASSES BENEFITED – 75 O.S. § 303(D)(3)(e)

The proposed rules are expected to benefit manufacturers, qualifying oil and gas property owners and operators, owners of qualifying residential rental housing, centrally assessed public service companies, broadband service providers, cable television companies, fixed wireless broadband Internet service providers, county assessors, and other persons involved in the administration of ad valorem taxation.

Manufacturers will benefit from clarification of the eligibility requirements, application deadlines, and review procedures applicable to the five-year manufacturing facilities exemption program.

Oil and gas property owners and operators will benefit from clarification of the property eligible for exemption under the applicable statutory provisions.

Owners of qualifying residential rental housing will benefit from clear valuation standards consistent with SB 2018 (2026).

Centrally assessed public service companies and affected broadband-related entities will benefit from established definitions, filing requirements, classification standards, review procedures, and assessment-treatment guidance.

County assessors will benefit from clarification of their responsibilities and procedures concerning manufacturing facilities exemption applications.

The public and local taxing jurisdictions will benefit from greater consistency and transparency in the administration of ad valorem taxation.

F. COMPREHENSIVE ECONOMIC IMPACT – 75 O.S. § 303(D)(3)(f)

The proposed rules are intended primarily to clarify existing requirements, implement statutory changes, and establish consistent administrative procedures. The Commission does not anticipate significant additional economic costs attributable to the proposed rules.

Agency Impact

Implementation Cost: $0

Ongoing Annual Cost: $0

Five-Year Cost: $0

FTE Impact: 0

The Commission anticipates implementing and administering the proposed rules through existing personnel, administrative procedures, and agency resources.

Economic Impact by Affected Sector/Class:

Affected Sector/Class	Annual Cost	Five-Year Cost	Anticipated Benefit
Businesses	$0	$0	Administrative clarity and consistent application of statutory requirements
Business sectors	$0	$0	Administrative clarity and consistent application of statutory requirements
Public utility ratepayers	$0	$0	None

Affected Sector/Class	Annual Cost	Five-Year Cost	Anticipated Benefit
Individuals	$0	$0	None
State government	$0	$0	Administrative clarity
Local government units	$0	$0	Administrative clarity
Other	$0	$0	Administrative clarity

State Economy as a Whole:

No significant adverse economic impact on the state economy is anticipated as a result of the proposed rules. The proposed rules are primarily administrative and procedural in nature and are intended to provide clarity and consistency in the application of existing statutory requirements.

Fees and Revenue.

Fee Changes: None.

Revenue Impact: $0 attributable to the proposed rules.

Economic Impact and Summary.

Economic Impact: $0

Economic Impact Summary: The proposed rules are not expected to impose significant additional costs on businesses, individuals, or governmental entities. The rules are intended to clarify existing statutory requirements, establish consistent administrative procedures, and facilitate the implementation of legislation enacted in 2026.

G. METHODOLOGY AND ASSUMPTIONS – 75 O.S. § 303(D)(3)(g)

The Commission reviewed the proposed amendments and new rules to identify the classes of persons and entities affected and to evaluate the anticipated implementation and compliance costs attributable to the proposed rules. The analysis considered the nature of the proposed amendments, the statutory requirements being implemented, existing administrative practices, anticipated filing and reporting responsibilities, and the resources necessary for agency administration and enforcement. The Commission anticipates using existing personnel and agency resources to administer the proposed rules. No additional appropriations or FTE positions are presently anticipated.

The Commission has not identified any new fees associated with the proposed rules. Because the proposed rules primarily clarify statutory requirements and administrative procedures, no significant additional costs are presently quantified.

Economic or revenue impacts resulting directly from SB 227 (2026), SB 2018 (2026), SB 1122 (2026), or other applicable statutory provisions are distinguished from costs attributable to the proposed administrative rules.

H. ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS – 75 O.S. § 303(D)(3)(h)

Five-Year Projected Impact: $0

Administrative/FTE Impact: 0

Political Subdivisions Affected: County governments and county assessors - 77

The proposed amendments to Subchapter 7 clarify county assessor responsibilities relating to the review, examination, valuation, and determination of manufacturing facilities exemption applications.

The proposed rules are not expected to require additional personnel, appropriations, or significant new administrative functions for county governments. The amendments are intended to clarify and standardize existing administrative responsibilities.

The proposed amendments to Subchapters 8 and 10 and the new Subchapter 18 are not expected to impose additional direct costs or responsibilities on political subdivisions.

Any changes in local ad valorem tax revenues resulting from statutory exemptions, valuation requirements, or assessment classifications are attributable to the underlying legislation and applicable statutory provisions rather than the proposed rules.

I. SMALL BUSINESS IMPACT – 75 O.S. § 303(D)(3)(i)

After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, the proposed new rules and amendments are not expected to have an adverse economic effect on small businesses because they are administrative in nature and do not impose additional compliance costs.

Estimated Annual Compliance Cost to Small Businesses: $0

Estimated Five-Year Compliance Cost to Small Businesses: $0

J. MEASURES TO MINIMIZE COSTS AND IMPACT – 75 O.S. § 303(D)(3)(j)

The Commission has sought to minimize potential costs and administrative burdens by aligning the proposed rules with existing statutory requirements and established administrative practices.

The Commission anticipates using existing personnel, administrative processes, and agency resources to implement the proposed rules. No new fees or additional appropriations are proposed.

K. EFFECT ON PUBLIC HEALTH, SAFETY, AND ENVIRONMENT – 75 O.S. § 303(D)(3)(k)

Anticipated Impact: None

The proposed rules have no anticipated effect on public health, safety, or the environment.

L. DETRIMENTAL EFFECT IF RULE IS NOT IMPLEMENTED – 75 O.S. § 303(D)(3)(l)

Anticipated Detrimental Effect: Failure to implement the proposed rules may result in ambiguity or inconsistency in the administration of ad valorem tax laws and the application of statutory requirements.

Without the proposed amendments to Subchapter 7, uncertainty may remain concerning manufacturing facilities exemption eligibility, application deadlines, and county-level review procedures.

Without the proposed amendments to Subchapter 8, the administrative rules may not adequately reflect statutory changes enacted through SB 227 (2026), potentially creating uncertainty regarding the property eligible for exemption.

Without the proposed amendments to Subchapter 10, the rules may not accurately reflect the valuation methodology established through SB 2018 (2026).

Without the new Subchapter 18, the Commission, centrally assessed public service companies, and affected broadband-related entities may lack a comprehensive and consistently applied administrative framework for filing, reporting, classification, review, and assessment-treatment procedures under applicable statutes, including SB 1122 (2026).

Failure to implement the proposed rules could therefore result in inconsistent administrative practices, uncertainty for affected taxpayers, and increased difficulty in ensuring the uniform application of Oklahoma's ad valorem tax laws.

M. DATE PREPARED / DATE MODIFIED – 75 O.S. § 303(D)(3)(m)

Date Prepared: November 12, 2026

Date Modified: N/A

N. ANALYSIS OF ALTERNATIVES – 75 O.S. § 303(D)(3)(n)

The Commission considered maintaining the existing rules without amendment, addressing statutory changes through informal administrative guidance, and adopting the proposed amendments and new rules.

Maintaining the existing rules would leave certain provisions inconsistent with or insufficiently reflective of statutory changes enacted in 2026. It would also leave existing administrative procedures and eligibility requirements subject to potential uncertainty or inconsistent interpretation.

Relying solely on informal administrative guidance would not provide the same level of transparency, consistency, and public notice as formally adopted administrative rules.

Adopting the proposed amendments and new Subchapter 18 provides a comprehensive approach to clarifying statutory requirements, establishing consistent administrative procedures, and providing affected taxpayers and governmental entities with clear guidance.

The Commission determined that the proposed permanent rulemaking is the most appropriate alternative to accomplish these objectives while minimizing additional administrative and compliance costs.

O. RESOURCES USED TO DEVELOP THE RULE – 75 O.S. § 303(D)(3)(o)

Estimated State Employee Time: ~100 hours

Estimated Other Resources: $0

The proposed new rules and amendments were developed using existing agency staff and resources. No outside consultants or additional expenditures were required.

P. EXISTING OR PROPOSED FEDERAL REGULATIONS – 75 O.S. § 303(D)(3)(p)

No applicable federal regulations have been identified that address the activities regulated by the proposed new rules and amendments.