BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	**SB 688**
Version:	**FULLPCS1**
Request Number:	**13513**
Author:	**Speaker Hilbert / Sen. Hall**
Date:	**4/15/2025**
Impact: FY-26 State Budget:	**$932,000 decrease**

Research Analysis

The proposed committee substitute for SB688 waives the payroll requirement for aerospace parts manufacturers that applied for the five-year ad valorem manufacturing exemption between January 1, 2020 and March 16, 2021. The waiver is also applicable to facilities that were previously denied claims, as long as they continue to meet all other exemption qualification requirements.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, SB688 waives the payroll requirement for aerospace parts manufacturers that applied for the five-year ad valorem manufacturing exemption between January 1, 2020 and March 16, 2021. The proposed committee substitute provides that the waiver is also applicable to facilities that were previously denied claims as long as they meet all other exemption qualification requirements.

Officials from the Oklahoma Tax Commission indicate that the revenue impact remains unchanged by the proposed committee substitute.

ESTIMATED REVENUE IMPACT:
FY26: $932,000 decrease in state-apportioned revenue.

ANALYSIS: SB 688 amends 68 O.S. § 2902, modifying ad valorem tax exemptions for manufacturing facilities by adjusting payroll requirements, granting exceptions for certain industries, and updating eligibility criteria and investment thresholds. It also enhances compliance verification and includes an emergency provision for immediate implementation.

To qualify for the payroll waiver, an application must be filed in 2025 and must be for a continuation of an existing five-year exemption period—not a new initial application. Additionally, the original exemption application must have been filed between January 1, 2020, and March 16, 2021, meaning it covers assets acquired in either 2019 or 2020. As a result, only those applicants whose exemptions are reaching their final (fifth) year in 2025 will benefit from the payroll requirement waiver.

Because the waiver does not apply to new applicants and is limited to one year, the fiscal impact is expected to be contained within FY26.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.