

For more information contact the Oklahoma Tax Commission, Ad Valorem Division at (405) 319-8200 or helpmaster@oktax.state.ok.us. For forms, visit www.oktax.state.ok.us or contact a local County Assessor to discuss what property may qualify for the exemption. [Find more information here.](#)

Certain new and expanding manufacturers, research and development companies, certain computer services and data processing companies with significant out-of state sales, aircraft repair companies, oil refineries, and certain windpower generators may be eligible for ad valorem tax exemptions for up to five years. Computer services and data processing companies must meet certain conditions. Industry Group Numbers 5112 and 5415 and NAICS Numbers 334611 and 519130 must have out-of-state sales of at least 50%. Industry Group Number 5142 must have out-of-state sales of at least 80%. Computer data processing classified in SIC Industry Group 7374 and NAICS 514210 may also be eligible based on payroll or capital investment.

Threshold requirements are an investment of at least \$250,000 and an addition of \$250,000 in annual payroll in counties with a population of 75,000 or less. If the company is located in a larger county, an additional annualized payroll of at least \$1,000,000 is required. If a \$7 million investment is made in new facilities for certain computer service companies or web portals, there is no additional payroll requirement, provided that the current payroll is maintained. Direct replacement, repair, or maintenance of existing machinery or equipment will not qualify.

Windpower generators in NAICS 221119 are exempt from the payroll requirement, provided there is an increase of Two Million Dollars or more in capital improvements while maintaining or increasing payroll. Eligible property, which may be exempt from the ad valorem tax, may include land, buildings, improvements, machinery, fixtures and equipment used directly and exclusively in the primary activity or process of the company located on the facility site.

Firms must make an annual application to the County Assessor by March 15th of the year in which the exemption is requested. Upon approval of the application, the state will reimburse tax dollars to local taxing jurisdictions, which they would have otherwise received. As a result, although application for the exemption is made to the County Assessor, Oklahoma Tax Commission personnel are involved in the final review to determine the exemption. It is the responsibility of the company to apply for the exemption each year by March 15th.

The five-year manufacturing exemption for distribution centers applies to establishments primarily engaged in distribution as defined by NAICS [49311](#), [49312](#), [49313](#), [49319](#) and NAICS [42](#).

Construction of the distribution center must begin on or after November 1, 2007 and be completed within three (3) years from the date of construction. A minimum investment of Five-Million Dollars (\$5,000,000.00) is required at least 100 FTE paid at least one-hundred seventy-five percent (175%) of the federal minimum wage. [Ref: 68 O.S. Sec. 2902 (B) (1) (e)] Effective November 1, 2007.