2026 FACT SHEET

SQ 844: AMENDING CERTAIN TAX REVENUE REIMBURSEMENT METHODS

OKPOLICY
Oklahoma Policy Institute

THE GIST

SQ 844 asks voters to give the legislature full authority to change the methodology of how the reimbursements to local entities are decided. Currently, eligible manufacturers can claim the five-year ad valorem exemption, which allows them to not pay property taxes to local entities for five years. The legislature reimburses local entities the revenue/money they would have gotten from the companies if the exemption was not in place. This reimbursement is done through the Ad Valorem[1] Reimbursement Fund.

The current methodology for reimbursements from the fund is the county submits a claim for reimbursement to the Oklahoma Tax Commission. The Tax Commission verifies that the claim is legitimate and if it is, releases the funds to the county treasurer. The treasurer then disburses it to the local entities. If SQ 844 passes, the legislature would have the authority to change the process of reimbursement. There are no guidelines on what would change and how.

State Question 844 would allow the Legislature to change how it reimburses local schools and communities for certain manufacturing property tax exemptions.

BACKGROUND INFORMATION

In the 1980s the economic conditions in the United States were poor. Stagflation was widespread: high inflation alongside high unemployment. In an attempt to attract industries to Oklahoma with hopes that it would increase jobs, state voters in 1985 passed SQ 588. This referendum ballot created a property tax exemption for new manufacturers coming to Oklahoma. The aim was to incentivize companies to locate in Oklahoma by promising not to charge property taxes for five years.

However, the legislature knew that property tax revenue, which stays local, was a core funding source for entities like public schools, county governments, vo-techs, emergency management services, libraries, and county hospitals. The legislature in 1985 wanted to ensure local governments didn't lose major revenue when new companies did not pay property taxes for 5 years under this incentive program. The solution was the state would reimburse local entities with taxpayer dollars. SQ 588 also created the Ad-Valorem Reimbursement Fund, which is used to reimburse local entities the amount of money they would have received from companies had the companies not been given a five-year exemption on property taxes. The Ad-Valorem Reimbursement Fund is funded by 1 percent of the revenue generated by state income taxes.

1 Ad valorem is a term interchangeably used with property tax. Ad valorem is latin for "according to value".

SUPPORTERS SAY...

Currently, one county receives approximately 40 percent of the reimbursement fund dollars, leaving the remaining 60 percent to be split between the remaining counties. Amending the methodology would "ensure that no individual county receives reimbursement in an amount detrimental to other Oklahoma counties" as the ballot title reads.

The 1 percent of income tax revenue allocated to the Ad Valorem Reimbursement Fund has not been sufficient to make full reimbursements to local governments since 2002. The legislature has had to appropriate additional funding to cover the cost of this program. Adjusting the methodology via statute would allow the legislature to better manage the cost of reimbursements in the long term.

The amendment would give lawmakers more flexibility to respond to changes in state revenues and the economy.

OPPONENTS SAY...

The Ad-Valorem Reimbursement Fund does not have enough money to fully reimburse all local entities for the property tax revenue foregone to manufacturers. The state should meet it's fiscal obligation to local entities.

The single county that receives 40 percent of the reimbursement fund has as much of a right to being reimbursed as the remaining 41 counties. The state allows manufacturers to be exempted for five years. Counties and local entities are just following the law by asking the state to reimburse them for the lost revenue.

Local entities, especially public schools and CareerTechs, could receive less money than they are owed. Local entities heavily rely on property taxes as a revenue source.

The legislature could eliminate reimbursements completely or pick and choose which counties to reimburse and which to not.

The current methodology involves the Oklahoma Tax Commission assessing the value of the property eligible for the five-year exemptions. If changes need to be made, the Oklahoma Tax Commission can improve verification and oversight of assessment procedures. This does not need a constitutional change.

BALLOT LANGUAGE

"

This measure amends article 10, section 6B of the Oklahoma Constitution. Section 6B incentivizes manufacturers to locate, expand, or acquire manufacturing facilities in Oklahoma through an ad valorem taxation exemption for five (5) years. Currently, the State must reimburse common schools, county governments, cities and towns, emergency medical services districts, vocational technical schools, junior colleges, county health departments and libraries for revenues lost as a result of each exemption provided. This measure authorizes the Legislature to enact laws establishing the levels and methodologies of reimbursement for the previously mentioned local governmental entities resulting from the manufacturing exemption. The laws are meant to ensure that no individual county receives reimbursement in an amount detrimental to other Oklahoma counties. The levels and methodologies will replace the current statutory framework for reimbursement. For the purpose of calculating the limit on indebtedness for political subdivisions, the measure requires such amount be equal to the amount of reimbursement applicable to such property under laws enacted by the Legislature. This measure will have a fiscal impact on the state that will depend on the application of the levels and methodologies adopted by the Legislature.

SHALL THE PROPOSAL BE APPROVED?
FOR THE PROPOSAL – YES; AGAINST THE PROPOSAL – NO
A "YES" vote is a vote in favor of this measure. A "NO" vote is a vote against this measure.

DEADLINES

VOTER REGISTRATION DEADLINE

- July 31, 2026

ABSENTEE BALLOT REQUEST DEADLINE

- Received by August 10, 2026 no later than 5:00 p.m. (CST)

ABSENTEE BALLOT SUBMISSION DEADLINE

- Received by August 25, 2026 no later than 7:00 p.m. (CST)

EARLY VOTING

- Thursday, August 20, 2026: 8 a.m. - 6 p.m. (CST)
- Friday, August 21, 2026: 8 a.m. - 6 p.m. (CST)

DAY OF ELECTION

- Tuesday, August 25, 2026: 7 a.m. - 7 p.m. (CST)

Visit the Oklahoma Voter Portal at okvoterportal.okelections.us for your voting information, including polling location.