

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 HOUSE BILL 2788

By: Rosecrants

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Sections 1357.10, 1377 and 2701, which
9 relate to tax exemptions for certain sales; exempting
10 school supplies; modifying maximum per-item
allowance; defining term; directing State Board of
Education to promulgate list; and clarifying
citations.

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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1357.10, is
15 amended to read as follows:

16 Section 1357.10 A. The sale of an article of clothing or
17 footwear designed to be worn on or about the human body or any
18 school supplies shall be exempt from the tax imposed by Section 1354
19 of ~~Title 68 of the Oklahoma Statutes~~ this title if:

20 1. The sales price of the article of clothing or footwear is
21 less than One Hundred Dollars (\$100.00) Seventy-five Dollars
22 (\$75.00) and the price of the school supply item is less than Fifty
23 Dollars (\$50.00); and
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1 2. The sale takes place during a period beginning at 12:01 a.m.
2 on the first Friday in August and ending at 12 midnight on the
3 following Sunday, covering a period of three (3) days.

4 B. Subsection A of this section shall not apply to:

5 1. Any special clothing or footwear that is primarily designed
6 for athletic activity or protective use and that is not normally
7 worn except when used for athletic activity or protective use for
8 which it is designed;

9 2. Accessories, including jewelry, handbags, luggage,
10 umbrellas, wallets, watches, and similar items carried on or about
11 the human body, without regard to whether worn on the body in a
12 manner characteristic of clothing; and

13 3. The rental of clothing or footwear.

14 C. The Oklahoma Tax Commission shall promulgate any necessary
15 rules to implement the provisions of this section.

16 D. For purposes of subsection A of this section, school
17 supplies shall include binders, calculators, cellophane tape,
18 colored pencils, compasses, notebooks, construction paper, crayons,
19 erasers, folders, glue sticks, liquid glue, highlighters, legal
20 pads, lunchboxes, markers, notebook filler paper, paste, pencils
21 including mechanical pencils and pencil refills, pens, including
22 felt pens, ballpoint pens, fountain pens and pen refills, poster
23 board, poster paper, protractors, rulers, scissors, staplers,
24 staples, paints, including acrylic, tempera, watercolors and oil

1 paints, paintbrushes for artwork, sketch and drawing pads, reference
2 maps and guides, all required textbooks on an official school book
3 list with a sales price of more than Thirty Dollars (\$30.00) and
4 less than Fifty Dollars (\$50.00) and any additional items deemed
5 school supplies by the State Board of Education. Each year, the
6 State Board of Education shall promulgate an official list of school
7 supplies, which will additionally be treated as tax-exempt under
8 this section.

9 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1377, is
10 amended to read as follows:

11 Section 1377. The sales tax imposed by any county or authority
12 authorized by law to levy a sales tax shall not be imposed upon the
13 sale of an article of clothing or footwear designed to be worn on or
14 about the human body or any school supplies in accordance with and
15 to the extent set forth in Section ~~3~~ 1357.10 of this ~~act~~ title.

16 SECTION 3. AMENDATORY 68 O.S. 2011, Section 2701, is
17 amended to read as follows:

18 Section 2701. A. Any incorporated city or town in this state
19 is hereby authorized to assess, levy, and collect taxes for general
20 and special purposes of municipal government as the Legislature may
21 levy and collect for purposes of state government, subject to the
22 provisions of subsection F of this section, except ad valorem
23 property taxes. Provided:

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1 1. Taxes shall be uniform upon the same class subjects, and any
2 tax, charge, or fee levied upon or measured by income or receipts
3 from the sale of products or services shall be uniform upon all
4 classes of taxpayers;

5 2. Motor vehicles may be taxed by the city or town only when
6 such vehicles are primarily used or located in such city or town for
7 a period of time longer than six (6) months of a taxable year;

8 3. The provisions of this section shall not be construed to
9 authorize imposition of any tax upon persons, firms, or corporations
10 exempted from other taxation under the provisions of Sections 348.1,
11 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of
12 payment of taxes imposed under such sections;

13 4. Cooperatives and communications companies are hereby
14 authorized to pass on to their subscribers in the incorporated city
15 or town involved, the amount of any special municipal fee, charge or
16 tax hereafter assessed or levied on or collected from such
17 cooperatives or communications companies;

18 5. No earnings, payroll or income taxes may be levied on
19 nonresidents of the cities or towns levying such tax;

20 6. The governing body of any city or town shall be prohibited
21 from proposing taxing ordinances more often than three times in any
22 calendar year, or twice in any six-month period; and
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1 7. Any revenues derived from a tax authorized by this
2 subsection not dedicated to a limited purpose shall be deposited in
3 the municipal general fund.

4 B. A sales tax authorized in subsection A of this section may
5 be levied for limited purposes specified in the ordinance levying
6 the tax. Such ordinance shall be submitted to the voters for
7 approval as provided in Section 2705 of this title. Any sales tax
8 levied or any change in the rate of a sales tax levied pursuant to
9 the provisions of this section shall become effective on the first
10 day of the calendar quarter following approval by the voters of the
11 city or town unless another effective date, which shall also be on
12 the first day of a calendar quarter, is specified in the ordinance
13 levying the sales tax or changing the rate of sales tax. Such
14 ordinance shall describe with specificity the projects or
15 expenditures for which the limited-purpose tax levy would be made.
16 The municipal governing body shall create a limited-purpose fund and
17 deposit therein any revenue generated by any tax levied pursuant to
18 this subsection. Money in the fund shall be accumulated from year
19 to year. The fund shall be placed in an insured interest-bearing
20 account and the interest which accrues on the fund shall be retained
21 in the fund. The fund shall be nonfiscal and shall not be
22 considered in computing any levy when the municipality makes its
23 estimate to the excise board for needed appropriations. Money in
24 the limited-purpose tax fund shall be expended only as accumulated

1 and only for the purposes specifically described in the taxing
2 ordinance as approved by the voters.

3 C. The Oklahoma Tax Commission shall give notice to all vendors
4 of a rate change at least sixty (60) days prior to the effective
5 date of the rate change. Provided, for purchases from printed
6 catalogs wherein the purchaser computed the tax based upon local tax
7 rates published in the catalog, the rate change shall not be
8 effective until the first day of a calendar quarter after a minimum
9 of one hundred twenty (120) days' notice to vendors. Failure to
10 give notice as required by this section shall delay the effective
11 date of the rate change to the first day of the next calendar
12 quarter.

13 D. The change in the boundary of a municipality shall be
14 effective, for sales and use tax purposes only, on the first day of
15 a calendar quarter after a minimum of sixty (60) days' notice to
16 vendors.

17 E. If the proceeds of any sales tax levied by a municipality
18 pursuant to subsection B of this section are being used by the
19 municipality for the purpose of retiring indebtedness incurred by
20 the municipality or by a public trust of which the municipality is a
21 beneficiary for the specific purpose for which the sales tax was
22 imposed, the sales tax shall not be repealed until such time as the
23 indebtedness is retired. However, in no event shall the life of the
24 tax be extended beyond the duration approved by the voters of the

1 municipality. The provisions of this subsection shall apply to all
2 sales tax levies imposed by a municipality and being used by the
3 municipality for the purposes set forth in this subsection prior to
4 or after July 1, 1995.

5 F. The sale of an article of clothing or footwear designed to
6 be worn on or about the human body or any school supplies shall be
7 exempt from the sales tax imposed by any incorporated city or town,
8 in accordance with and to the extent set forth in Section ~~3~~ 1357.10
9 of this ~~act~~ title.

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