

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 406

By: Rader of the Senate

and

6 Boatman of the House

7
8
9 COMMITTEE SUBSTITUTE

10 [sales tax - exemptions - effective date]

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14 ~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

15 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1356, as
16 last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp.
17 2022, Section 1356), is amended to read as follows:

18 Section 1356. Exemptions - Governmental and nonprofit entities.
19 There are hereby specifically exempted from the tax levied by
20 Section 1350 et seq. of this title:

21 1. Sale of tangible personal property or services to the United
22 States government or to ~~the State of Oklahoma~~ this state, any
23 political subdivision of this state, or any agency of a political
24 subdivision of this state; provided, all sales to contractors in

1 connection with the performance of any contract with the United
2 States government, ~~State of Oklahoma~~ this state, or any of its
3 political subdivisions shall not be exempted from the tax levied by
4 Section 1350 et seq. of this title, except as hereinafter provided;

5 2. Sales of property to agents appointed by or under contract
6 with agencies or instrumentalities of the United States government
7 if ownership and possession of such property transfers immediately
8 to the United States government;

9 3. Sales of property to agents appointed by or under contract
10 with a political subdivision of this state if the sale of such
11 property is associated with the development of a qualified federal
12 facility, as provided in the Oklahoma Federal Facilities Development
13 Act, and if ownership and possession of such property transfers
14 immediately to the political subdivision or the state;

15 4. Sales made directly by county, district, or state fair
16 authorities of this state, upon the premises of the fair authority,
17 for the sole benefit of the fair authority or sales of admission
18 tickets to such fairs or fair events at any location in the state
19 authorized by county, district, or state fair authorities; provided,
20 the exemption provided by this paragraph for admission tickets to
21 fair events shall apply only to any portion of the admission price
22 that is retained by or distributed to the fair authority. As used
23 in this paragraph, "fair event" shall be limited to an event held on
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1 the premises of the fair authority in conjunction with and during
2 the time period of a county, district, or state fair;

3 5. Sale of food in cafeterias or lunchrooms of elementary
4 schools, high schools, colleges, or universities which are operated
5 primarily for teachers and pupils and are not operated primarily for
6 the public or for profit;

7 6. Dues paid to fraternal, religious, civic, charitable, or
8 educational societies or organizations by regular members thereof,
9 provided, such societies or organizations operate under what is
10 commonly termed the lodge plan or system, and provided such
11 societies or organizations do not operate for a profit which inures
12 to the benefit of any individual member or members thereof to the
13 exclusion of other members and dues paid monthly or annually to
14 privately owned scientific and educational libraries by members
15 sharing the use of services rendered by such libraries with students
16 interested in the study of geology, petroleum engineering, or
17 related subjects;

18 7. Sale of tangible personal property or services to or by
19 churches, except sales made in the course of business for profit or
20 savings, competing with other persons engaged in the same, or a
21 similar business or sale of tangible personal property or services
22 by an organization exempt from federal income tax pursuant to
23 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,
24 made on behalf of or at the request of a church or churches if the

1 sale of such property is conducted not more than once each calendar
2 year for a period not to exceed three (3) days by the organization
3 and proceeds from the sale of such property are used by the church
4 or churches or by the organization for charitable purposes;

5 8. The amount of proceeds received from the sale of admission
6 tickets which is separately stated on the ticket of admission for
7 the repayment of money borrowed by any accredited state-supported
8 college or university or any public trust of which a county in this
9 state is the beneficiary, for the purpose of constructing or
10 enlarging any facility to be used for the staging of an athletic
11 event, a theatrical production, or any other form of entertainment,
12 edification, or cultural cultivation to which entry is gained with a
13 paid admission ticket. Such facilities include, but are not limited
14 to, athletic fields, athletic stadiums, field houses, amphitheaters,
15 and theaters. To be eligible for this sales tax exemption, the
16 amount separately stated on the admission ticket shall be a
17 surcharge which is imposed, collected, and used for the sole purpose
18 of servicing or aiding in the servicing of debt incurred by the
19 college or university to effect the capital improvements
20 hereinbefore described;

21 9. Sales of tangible personal property or services to the
22 council organizations or similar state supervisory organizations of
23 the Boy Scouts of America, Girl Scouts of the U.S.A., and Camp Fire
24 ~~USA~~;

1 10. Sale of tangible personal property or services to any
2 county, municipality, rural water district, public school district,
3 city-county library system, the institutions of The Oklahoma State
4 System of Higher Education, the Grand River Dam Authority, the
5 Northeast Oklahoma Public Facilities Authority, the Oklahoma
6 Municipal Power Authority, City of Tulsa-Rogers County Port
7 Authority, Muskogee City-County Port Authority, the Oklahoma
8 Department of Veterans Affairs, the Broken Bow Economic Development
9 Authority, Ardmore Development Authority, Durant Industrial
10 Authority, Oklahoma Ordnance Works Authority, Central Oklahoma
11 Master Conservancy District, Arbuckle Master Conservancy District,
12 Fort Cobb Master Conservancy District, Foss Reservoir Master
13 Conservancy District, Mountain Park Master Conservancy District,
14 Waurika Lake Master Conservancy District and the Office of
15 Management and Enterprise Services only when carrying out a public
16 construction contract on behalf of the Oklahoma Department of
17 Veterans Affairs, and effective July 1, 2022, the University
18 Hospitals Trust, or to any person with whom any of the above-named
19 subdivisions or agencies of this state has duly entered into a
20 public contract pursuant to law, necessary for carrying out such
21 public contract or to any subcontractor to such a public contract.
22 Any person making purchases on behalf of such subdivision or agency
23 of this state shall certify, in writing, on the copy of the invoice
24 or sales ticket to be retained by the vendor that the purchases are

1 made for and on behalf of such subdivision or agency of this state
2 and set out the name of such public subdivision or agency. Any
3 person who wrongfully or erroneously certifies that purchases are
4 for any of the above-named subdivisions or agencies of this state or
5 who otherwise violates this section shall be guilty of a misdemeanor
6 and upon conviction thereof shall be fined an amount equal to double
7 the amount of sales tax involved or incarcerated for not more than
8 sixty (60) days or both;

9 11. Sales of tangible personal property or services to private
10 institutions of higher education and private elementary and
11 secondary institutions of education accredited by the State
12 Department of Education or registered by the State Board of
13 Education for purposes of participating in federal programs or
14 accredited as defined by the Oklahoma State Regents for Higher
15 Education which are exempt from taxation pursuant to the provisions
16 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) including
17 materials, supplies, and equipment used in the construction and
18 improvement of buildings and other structures owned by the
19 institutions and operated for educational purposes.

20 Any person, firm, agency, or entity making purchases on behalf
21 of any institution, agency, or subdivision in this state, shall
22 certify in writing, on the copy of the invoice or sales ticket the
23 nature of the purchases, and violation of this paragraph shall be a
24 misdemeanor as set forth in paragraph 10 of this section;

1 12. Tuition and educational fees paid to private institutions
2 of higher education and private elementary and secondary
3 institutions of education accredited by the State Department of
4 Education or registered by the State Board of Education for purposes
5 of participating in federal programs or accredited as defined by the
6 Oklahoma State Regents for Higher Education which are exempt from
7 taxation pursuant to the provisions of the Internal Revenue Code, 26
8 U.S.C., Section 501(c)(3);

9 13. a. Sales of tangible personal property made by:

- 10 (1) a public school,
- 11 (2) a private school offering instruction for grade
12 levels kindergarten through twelfth grade,
- 13 (3) a public school district,
- 14 (4) a public or private school board,
- 15 (5) a public or private school student group or
16 organization,
- 17 (6) a parent-teacher association or organization
18 other than as specified in subparagraph b of this
19 paragraph, or
- 20 (7) public or private school personnel for purposes
21 of raising funds for the benefit of a public or
22 private school, public school district, public or
23 private school board, or public or private school
24 student group or organization, or

1 b. Sales of tangible personal property made by or to
2 nonprofit parent-teacher associations or organizations
3 exempt from taxation pursuant to the provisions of the
4 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
5 nonprofit local public or private school foundations
6 which solicit money or property in the name of any
7 public or private school or public school district.

8 The exemption provided by this paragraph for sales made by a
9 public or private school shall be limited to those public or private
10 schools accredited by the State Department of Education or
11 registered by the State Board of Education for purposes of
12 participating in federal programs. Sale of tangible personal
13 property in this paragraph shall include sale of admission tickets
14 and concessions at athletic events;

15 14. Sales of tangible personal property by:

- 16 a. local 4-H clubs,
- 17 b. county, regional, or state 4-H councils,
- 18 c. county, regional, or state 4-H committees,
- 19 d. 4-H leader associations,
- 20 e. county, regional, or state 4-H foundations, and
- 21 f. authorized 4-H camps and training centers.

22 The exemption provided by this paragraph shall be limited to
23 sales for the purpose of raising funds for the benefit of such
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1 organizations. Sale of tangible personal property exempted by this
2 paragraph shall include sale of admission tickets;

3 15. The first Seventy-five Thousand Dollars (\$75,000.00) each
4 year from sale of tickets and concessions at athletic events by each
5 organization exempt from taxation pursuant to the provisions of the
6 Internal Revenue Code, 26 U.S.C., Section 501(c)(4);

7 16. Sales of tangible personal property or services to any
8 person with whom the Oklahoma Tourism and Recreation Department has
9 entered into a public contract and which is necessary for carrying
10 out such contract to assist the Department in the development and
11 production of advertising, promotion, publicity, and public
12 relations programs;

13 17. Sales of tangible personal property or services to fire
14 departments organized pursuant to Section 592 of Title 18 of the
15 Oklahoma Statutes which items are to be used for the purposes of the
16 fire department. Any person making purchases on behalf of any such
17 fire department shall certify, in writing, on the copy of the
18 invoice or sales ticket to be retained by the vendor that the
19 purchases are made for and on behalf of such fire department and set
20 out the name of such fire department. Any person who wrongfully or
21 erroneously certifies that the purchases are for any such fire
22 department or who otherwise violates the provisions of this section
23 shall be deemed guilty of a misdemeanor and upon conviction thereof,

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1 shall be fined an amount equal to double the amount of sales tax
2 involved or incarcerated for not more than sixty (60) days, or both;

3 18. Complimentary or free tickets for admission to places of
4 amusement, sports, entertainment, exhibition, display, or other
5 recreational events or activities which are issued through a box
6 office or other entity which is operated by a state institution of
7 higher education with institutional employees or by a municipality
8 with municipal employees;

9 19. The first Fifteen Thousand Dollars (\$15,000.00) each year
10 from sales of tangible personal property by fire departments
11 organized pursuant to Titles 11, 18, or 19 of the Oklahoma Statutes
12 for the purposes of raising funds for the benefit of the fire
13 department. Fire departments selling tangible personal property for
14 the purposes of raising funds shall be limited to no more than six
15 (6) days each year to raise such funds in order to receive the
16 exemption granted by this paragraph;

17 20. Sales of tangible personal property or services to any Boys
18 & Girls Clubs of America affiliate in this state which is not
19 affiliated with the Salvation Army and which is exempt from taxation
20 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
21 Section 501(c)(3);

22 21. Sales of tangible personal property or services to any
23 organization, which takes court-adjudicated juveniles for purposes
24 of rehabilitation, and which is exempt from taxation pursuant to the

1 provisions of the Internal Revenue Code, 26 U.S.C., Section
2 501(c)(3), provided that at least fifty percent (50%) of the
3 juveniles served by such organization are court adjudicated and the
4 organization receives state funds in an amount less than ten percent
5 (10%) of the annual budget of the organization;

6 22. Sales of tangible personal property or services to:

7 a. any health center as defined in Section 254b of Title
8 42 of the United States Code,

9 b. any clinic receiving disbursements of state monies
10 from the Indigent Health Care Revolving Fund pursuant
11 to the provisions of Section 66 of Title 56 of the
12 Oklahoma Statutes,

13 c. any community-based health center which meets all of
14 the following criteria:

15 (1) provides primary care services at no cost to the
16 recipient, and

17 (2) is exempt from taxation pursuant to the
18 provisions of Section 501(c)(3) of the Internal
19 Revenue Code, 26 U.S.C., Section 501(c)(3), and

20 d. any community mental health center as defined in
21 Section 3-302 of Title 43A of the Oklahoma Statutes;

22 23. Dues or fees including free or complimentary dues or fees
23 which have a value equivalent to the charge that could have
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1 otherwise been made, to YMCAs, YWCAs, or municipally-owned
2 recreation centers for the use of facilities and programs;

3 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
4 from sales of tangible personal property or services to or by a
5 cultural organization established to sponsor and promote
6 educational, charitable, and cultural events for disadvantaged
7 children, and which organization is exempt from taxation pursuant to
8 the provisions of the Internal Revenue Code, 26 U.S.C., Section
9 501(c) (3);

10 25. Sales of tangible personal property or services to museums
11 or other entities which have been accredited by the American
12 ~~Association~~ Alliance of Museums. Any person making purchases on
13 behalf of any such museum or other entity shall certify, in writing,
14 on the copy of the invoice or sales ticket to be retained by the
15 vendor that the purchases are made for and on behalf of such museum
16 or other entity and set out the name of such museum or other entity.
17 Any person who wrongfully or erroneously certifies that the
18 purchases are for any such museum or other entity or who otherwise
19 violates the provisions of this paragraph shall be deemed guilty of
20 a misdemeanor and, upon conviction thereof, shall be fined an amount
21 equal to double the amount of sales tax involved or incarcerated for
22 not more than sixty (60) days, or by both such fine and
23 incarceration;

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1 26. Sales of tickets for admission by any museum accredited by
2 the American ~~Association~~ Alliance of Museums. In order to be
3 eligible for the exemption provided by this paragraph, an amount
4 equivalent to the amount of the tax which would otherwise be
5 required to be collected pursuant to the provisions of Section 1350
6 et seq. of this title shall be separately stated on the admission
7 ticket and shall be collected and used for the sole purpose of
8 servicing or aiding in the servicing of debt incurred by the museum
9 to effect the construction, enlarging, or renovation of any facility
10 to be used for entertainment, edification, or cultural cultivation
11 to which entry is gained with a paid admission ticket;

12 27. Sales of tangible personal property or services occurring
13 on or after June 1, 1995, to children's homes which are supported or
14 sponsored by one or more churches, members of which serve as
15 trustees of the home;

16 28. Sales of tangible personal property or services to the
17 organization known as the Disabled American Veterans, Department of
18 Oklahoma, Inc., and subordinate chapters thereof;

19 29. Sales of tangible personal property or services to youth
20 camps which are supported or sponsored by one or more churches,
21 members of which serve as trustees of the organization;

22 30. a. Until July 1, 2022, transfer of tangible personal
23 property made pursuant to Section 3226 of Title 63 of
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1 the Oklahoma Statutes by the University Hospitals
2 Trust, and

3 b. Effective July 1, 2022, transfer of tangible personal
4 property or services to or by:

5 (1) the University Hospitals Trust created pursuant
6 to Section 3224 of Title 63 of the Oklahoma
7 Statutes, or

8 (2) nonprofit entities which are exempt from taxation
9 pursuant to the provisions of the Internal
10 Revenue Code of the United States, 26 U.S.C.,
11 Section 501(c)(3), which have entered into a
12 joint operating agreement with the University
13 Hospitals Trust;

14 31. Sales of tangible personal property or services to a
15 municipality, county, or school district pursuant to a lease or
16 lease-purchase agreement executed between the vendor and a
17 municipality, county, or school district. A copy of the lease or
18 lease-purchase agreement shall be retained by the vendor;

19 32. Sales of tangible personal property or services to any
20 spaceport user, as defined in the Oklahoma Space Industry
21 Development Act;

22 33. The sale, use, storage, consumption, or distribution in
23 this state, whether by the importer, exporter, or another person, of
24 any satellite or any associated launch vehicle including components

1 of, and parts and motors for, any such satellite or launch vehicle,
2 imported or caused to be imported into this state for the purpose of
3 export by means of launching into space. This exemption provided by
4 this paragraph shall not be affected by:

- 5 a. the destruction in whole or in part of the satellite
- 6 or launch vehicle,
- 7 b. the failure of a launch to occur or be successful, or
- 8 c. the absence of any transfer or title to, or possession
- 9 of, the satellite or launch vehicle after launch;

10 34. The sale, lease, use, storage, consumption, or distribution
11 in this state of any space facility, space propulsion system or
12 space vehicle, satellite, or station of any kind possessing space
13 flight capacity including components thereof;

14 35. The sale, lease, use, storage, consumption, or distribution
15 in this state of tangible personal property, placed on or used
16 aboard any space facility, space propulsion system or space vehicle,
17 satellite, or station possessing space flight capacity, which is
18 launched into space, irrespective of whether such tangible property
19 is returned to this state for subsequent use, storage, or
20 consumption in any manner;

21 36. The sale, lease, use, storage, consumption, or distribution
22 in this state of tangible personal property meeting the definition
23 of "section 38 property" as defined in Sections 48(a)(1)(A) and
24 (B)(i) of the Internal Revenue Code of 1986, that is an integral

1 part of and used primarily in support of space flight; however,
2 section 38 property used in support of space flight shall not
3 include general office equipment, any boat, mobile home, motor
4 vehicle, or other vehicle of a class or type required to be
5 registered, licensed, titled, or documented in this state or by the
6 United States government, or any other property not specifically
7 suited to supporting space activity. The term "in support of space
8 flight", for purposes of this paragraph, means the altering,
9 monitoring, controlling, regulating, adjusting, servicing, or
10 repairing of any space facility, space propulsion systems or space
11 vehicle, satellite, or station possessing space flight capacity
12 including the components thereof;

13 37. The purchase or lease of machinery and equipment for use at
14 a fixed location in this state, which is used exclusively in the
15 manufacturing, processing, compounding, or producing of any space
16 facility, space propulsion system or space vehicle, satellite, or
17 station of any kind possessing space flight capacity. Provided, the
18 exemption provided for in this paragraph shall not be allowed unless
19 the purchaser or lessee signs an affidavit stating that the item or
20 items to be exempted are for the exclusive use designated herein.
21 Any person furnishing a false affidavit to the vendor for the
22 purpose of evading payment of any tax imposed by Section 1354 of
23 this title shall be subject to the penalties provided by law. As
24 used in this paragraph, "machinery and equipment" means "section 38

1 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the
2 Internal Revenue Code of 1986, which is used as an integral part of
3 the manufacturing, processing, compounding, or producing of items of
4 tangible personal property. Such term includes parts and
5 accessories only to the extent that the exemption thereof is
6 consistent with the provisions of this paragraph;

7 38. The amount of a surcharge or any other amount which is
8 separately stated on an admission ticket which is imposed,
9 collected, and used for the sole purpose of constructing,
10 remodeling, or enlarging facilities of a public trust having a
11 municipality or county as its sole beneficiary;

12 39. Sales of tangible personal property or services which are
13 directly used in or for the benefit of a state park in this state,
14 which are made to an organization which is exempt from taxation
15 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
16 Section 501(c)(3) and which is organized primarily for the purpose
17 of supporting one or more state parks located in this state;

18 40. The sale, lease, or use of parking privileges by an
19 institution of The Oklahoma State System of Higher Education;

20 41. Sales of tangible personal property or services for use on
21 campus or school construction projects for the benefit of
22 institutions of The Oklahoma State System of Higher Education,
23 private institutions of higher education accredited by the Oklahoma
24 State Regents for Higher Education, or any public school or school

1 district when such projects are financed by or through the use of
2 nonprofit entities which are exempt from taxation pursuant to the
3 provisions of the Internal Revenue Code, 26 U.S.C., Section
4 501(c)(3);

5 42. Sales of tangible personal property or services by an
6 organization which is exempt from taxation pursuant to the
7 provisions of the Internal Revenue Code, 26 U.S.C., Section
8 501(c)(3), in the course of conducting a national championship
9 sports event, but only if all or a portion of the payment in
10 exchange therefor would qualify as the receipt of a qualified
11 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
12 Section 513(i). Sales exempted pursuant to this paragraph shall be
13 exempt from all Oklahoma sales, use, excise, and gross receipts
14 taxes;

15 43. Sales of tangible personal property or services to or by an
16 organization which:

- 17 a. is exempt from taxation pursuant to the provisions of
18 the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3),
- 20 b. is affiliated with a comprehensive university within
21 The Oklahoma State System of Higher Education, and
- 22 c. has been organized primarily for the purpose of
23 providing education and teacher training and
24 conducting events relating to robotics;

1 44. The first Fifteen Thousand Dollars (\$15,000.00) each year
2 from sales of tangible personal property to or by youth athletic
3 teams which are part of an athletic organization exempt from
4 taxation pursuant to the provisions of the Internal Revenue Code, 26
5 U.S.C., Section 501(c)(4), for the purposes of raising funds for the
6 benefit of the team;

7 45. Sales of tickets for admission to a collegiate athletic
8 event that is held in a facility owned or operated by a municipality
9 or a public trust of which the municipality is the sole beneficiary
10 and that actually determines or is part of a tournament or
11 tournament process for determining a conference tournament
12 championship, a conference championship, or a national championship;

13 46. Sales of tangible personal property or services to or by an
14 organization which is exempt from taxation pursuant to the
15 provisions of the Internal Revenue Code, 26 U.S.C., Section
16 501(c)(3) and is operating the Oklahoma City National Memorial and
17 Museum, an affiliate of the National Park System;

18 47. Sales of tangible personal property or services to
19 organizations which are exempt from federal taxation pursuant to the
20 provisions of Section 501(c)(3) of the Internal Revenue Code, 26
21 U.S.C., Section 501(c)(3), the memberships of which are limited to
22 honorably discharged veterans, and which furnish financial support
23 to area veterans' organizations to be used for the purpose of
24 constructing a memorial or museum;

1 48. Sales of tangible personal property or services on or after
2 January 1, 2003, to an organization which is exempt from taxation
3 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
4 Section 501(c) (3) that is expending monies received from a private
5 foundation grant in conjunction with expenditures of local sales tax
6 revenue to construct a local public library;

7 49. Sales of tangible personal property or services to a state
8 that borders this state or any political subdivision of that state,
9 but only to the extent that the other state or political subdivision
10 exempts or does not impose a tax on similar sales of items to this
11 state or a political subdivision of this state;

12 50. Effective July 1, 2005, sales of tangible personal property
13 or services to the Career Technology Student Organizations under the
14 direction and supervision of the Oklahoma Department of Career and
15 Technology Education;

16 51. Sales of tangible personal property to a public trust
17 having either a single city, town or county or multiple cities,
18 towns or counties, or combination thereof as beneficiary or
19 beneficiaries or a nonprofit organization which is exempt from
20 taxation pursuant to the provisions of the Internal Revenue Code, 26
21 U.S.C., Section 501(c) (3) for the purpose of constructing
22 improvements to or expanding a hospital or nursing home owned and
23 operated by any such public trust or nonprofit entity prior to July
24 1, 2008, in counties with a population of less than one hundred

1 thousand (100,000) persons, according to the most recent Federal
2 Decennial Census. As used in this paragraph, "constructing
3 improvements to or expanding" shall not mean any expense for routine
4 maintenance or general repairs and shall require a project cost of
5 at least One Hundred Thousand Dollars (\$100,000.00). For purposes
6 of this paragraph, sales made to a contractor or subcontractor that
7 enters into a contractual relationship with a public trust or
8 nonprofit entity as described by this paragraph shall be considered
9 sales made to the public trust or nonprofit entity. The exemption
10 authorized by this paragraph shall be administered in the form of a
11 refund from the sales tax revenues apportioned pursuant to Section
12 1353 of this title and the vendor shall be required to collect the
13 sales tax otherwise applicable to the transaction. The purchaser
14 may apply for a refund of the sales tax paid in the manner
15 prescribed by this paragraph. Within thirty (30) days after the end
16 of each fiscal year, any purchaser that is entitled to make
17 application for a refund based upon the exempt treatment authorized
18 by this paragraph may file an application for refund of the sales
19 taxes paid during such preceding fiscal year. The Tax Commission
20 shall prescribe a form for purposes of making the application for
21 refund. The Tax Commission shall determine whether or not the total
22 amount of sales tax exemptions claimed by all purchasers is equal to
23 or less than Six Hundred Fifty Thousand Dollars (\$650,000.00). If
24 such claims are less than or equal to that amount, the Tax

1 Commission shall make refunds to the purchasers in the full amount
2 of the documented and verified sales tax amounts. If such claims by
3 all purchasers are in excess of Six Hundred Fifty Thousand Dollars
4 (\$650,000.00), the Tax Commission shall determine the amount of each
5 purchaser's claim, the total amount of all claims by all purchasers,
6 and the percentage each purchaser's claim amount bears to the total.
7 The resulting percentage determined for each purchaser shall be
8 multiplied by Six Hundred Fifty Thousand Dollars (\$650,000.00) to
9 determine the amount of refundable sales tax to be paid to each
10 purchaser. The pro rata refund amount shall be the only method to
11 recover sales taxes paid during the preceding fiscal year and no
12 balance of any sales taxes paid on a pro rata basis shall be the
13 subject of any subsequent refund claim pursuant to this paragraph;

14 52. Effective July 1, 2006, sales of tangible personal property
15 or services to any organization which assists, trains, educates, and
16 provides housing for physically and mentally handicapped persons and
17 which is exempt from taxation pursuant to the provisions of the
18 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
19 receives at least eighty-five percent (85%) of its annual budget
20 from state or federal funds. In order to receive the benefit of the
21 exemption authorized by this paragraph, the taxpayer shall be
22 required to make payment of the applicable sales tax at the time of
23 sale to the vendor in the manner otherwise required by law.
24 Notwithstanding any other provision of the Oklahoma Uniform Tax

1 Procedure Code to the contrary, the taxpayer shall be authorized to
2 file a claim for refund of sales taxes paid that qualify for the
3 exemption authorized by this paragraph for a period of one (1) year
4 after the date of the sale transaction. The taxpayer shall be
5 required to provide documentation as may be prescribed by the
6 Oklahoma Tax Commission in support of the refund claim. The total
7 amount of sales tax qualifying for exempt treatment pursuant to this
8 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
9 (\$175,000.00) each fiscal year. Claims for refund shall be
10 processed in the order in which such claims are received by the
11 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
12 the total amount of refunds payable for a fiscal year, such claim
13 shall be barred;

14 53. The first Two Thousand Dollars (\$2,000.00) each year of
15 sales of tangible personal property or services to, by, or for the
16 benefit of a qualified neighborhood watch organization that is
17 endorsed or supported by or working directly with a law enforcement
18 agency with jurisdiction in the area in which the neighborhood watch
19 organization is located. As used in this paragraph, "qualified
20 neighborhood watch organization" means an organization that is a
21 not-for-profit corporation under the laws of ~~the State of Oklahoma~~
22 this state that was created to help prevent criminal activity in an
23 area through community involvement and interaction with local law
24 enforcement and which is one of the first two thousand organizations

1 which makes application to the Oklahoma Tax Commission for the
2 exemption after March 29, 2006;

3 54. Sales of tangible personal property to a nonprofit
4 organization, exempt from taxation pursuant to the provisions of the
5 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
6 primarily for the purpose of providing services to homeless persons
7 during the day and located in a metropolitan area with a population
8 in excess of five hundred thousand (500,000) persons according to
9 the latest Federal Decennial Census. The exemption authorized by
10 this paragraph shall be applicable to sales of tangible personal
11 property to a qualified entity occurring on or after January 1,
12 2005;

13 55. Sales of tangible personal property or services to or by an
14 organization which is exempt from taxation pursuant to the
15 provisions of the Internal Revenue Code, 26 U.S.C., Section
16 501(c)(3) for events the principal purpose of which is to provide
17 funding for the preservation of wetlands and habitat for wild ducks;

18 56. Sales of tangible personal property or services to or by an
19 organization which is exempt from taxation pursuant to the
20 provisions of the Internal Revenue Code, 26 U.S.C., Section
21 501(c)(3) for events the principal purpose of which is to provide
22 funding for the preservation and conservation of wild turkeys;

23 57. Sales of tangible personal property or services to an
24 organization which:

1 a. is exempt from taxation pursuant to the provisions of
2 the Internal Revenue Code, 26 U.S.C., Section
3 501(c)(3), and

4 b. is part of a network of community-based, autonomous
5 member organizations that meets the following
6 criteria:

7 (1) serves people with workplace disadvantages and
8 disabilities by providing job training and
9 employment services, as well as job placement
10 opportunities and post-employment support,

11 (2) has locations in the United States and at least
12 twenty other countries,

13 (3) collects donated clothing and household goods to
14 sell in retail stores and provides contract labor
15 services to business and government, and

16 (4) provides documentation to the Oklahoma Tax
17 Commission that over seventy-five percent (75%)
18 of its revenues are channeled into employment,
19 job training and placement programs, and other
20 critical community services;

21 58. Sales of tickets made on or after September 21, 2005, and
22 complimentary or free tickets for admission issued on or after
23 September 21, 2005, which have a value equivalent to the charge that
24 would have otherwise been made, for admission to a professional

1 athletic event in which a team in the National Basketball
2 Association is a participant, which is held in a facility owned or
3 operated by a municipality, a county, or a public trust of which a
4 municipality or a county is the sole beneficiary, and sales of
5 tickets made on or after July 1, 2007, and complimentary or free
6 tickets for admission issued on or after July 1, 2007, which have a
7 value equivalent to the charge that would have otherwise been made,
8 for admission to a professional athletic event in which a team in
9 the National Hockey League is a participant, which is held in a
10 facility owned or operated by a municipality, a county, or a public
11 trust of which a municipality or a county is the sole beneficiary;

12 59. Sales of tickets for admission and complimentary or free
13 tickets for admission which have a value equivalent to the charge
14 that would have otherwise been made to a professional sporting event
15 involving ice hockey, baseball, basketball, football or arena
16 football, or soccer. As used in this paragraph, "professional
17 sporting event" means an organized athletic competition between
18 teams that are members of an organized league or association with
19 centralized management, other than a national league or national
20 association, that imposes requirements for participation in the
21 league upon the teams, the individual athletes, or both, and which
22 uses a salary structure to compensate the athletes;

23 60. Sales of tickets for admission to an annual event sponsored
24 by an educational and charitable organization of women which is

1 exempt from taxation pursuant to the provisions of the Internal
2 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission
3 promoting volunteerism, developing the potential of women, and
4 improving the community through the effective action and leadership
5 of trained volunteers;

6 61. Sales of tangible personal property or services to an
7 organization, which is exempt from taxation pursuant to the
8 provisions of the Internal Revenue Code, 26 U.S.C., Section
9 501(c)(3), and which is itself a member of an organization which is
10 exempt from taxation pursuant to the provisions of the Internal
11 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
12 organization is primarily engaged in advancing the purposes of its
13 member organizations through fundraising, public awareness, or other
14 efforts for the benefit of its member organizations, and if the
15 member organization is primarily engaged either in providing
16 educational services and programs concerning health-related diseases
17 and conditions to individuals suffering from such health-related
18 diseases and conditions or their caregivers and family members or
19 support to such individuals, or in health-related research as to
20 such diseases and conditions, or both. In order to qualify for the
21 exemption authorized by this paragraph, the member nonprofit
22 organization shall be required to provide proof to the Oklahoma Tax
23 Commission of its membership status in the membership organization;

24

1 62. Sales of tangible personal property or services to or by an
2 organization which is part of a national volunteer women's service
3 organization dedicated to promoting patriotism, preserving American
4 history, and securing better education for children and which has at
5 least 168,000 members in 3,000 chapters across the United States;

6 63. Sales of tangible personal property or services to or by a
7 YWCA or YMCA organization which is part of a national nonprofit
8 community service organization working to meet the health and social
9 service needs of its members across the United States;

10 64. Sales of tangible personal property or services to or by a
11 veteran's organization which is exempt from taxation pursuant to the
12 provisions of the Internal Revenue Code, 26 U.S.C., Section
13 501(c)(19) and which is known as the Veterans of Foreign Wars of the
14 United States, Oklahoma Chapters;

15 65. Sales of boxes of food by a church or by an organization,
16 which is exempt from taxation pursuant to the provisions of the
17 Internal Revenue Code, 26 U.S.C., Section 501(c)(3). To qualify
18 under the provisions of this paragraph, the organization must be
19 organized for the primary purpose of feeding needy individuals or to
20 encourage volunteer service by requiring such service in order to
21 purchase food. These boxes shall only contain edible staple food
22 items;

23 66. Sales of tangible personal property or services to any
24 person with whom a church has duly entered into a construction

1 contract, necessary for carrying out such contract or to any
2 subcontractor to such a construction contract;

3 67. Sales of tangible personal property or services used
4 exclusively for charitable or educational purposes, to or by an
5 organization which:

6 a. is exempt from taxation pursuant to the provisions of
7 the Internal Revenue Code, 26 U.S.C., Section
8 501(c) (3),

9 b. has filed a Not-for-Profit Certificate of
10 Incorporation in this state, and

11 c. is organized for the purpose of:

12 (1) providing training and education to
13 developmentally disabled individuals,

14 (2) educating the community about the rights,
15 abilities, and strengths of developmentally
16 disabled individuals, and

17 (3) promoting unity among developmentally disabled
18 individuals in their community and geographic
19 area;

20 68. Sales of tangible personal property or services to any
21 organization which is a shelter for abused, neglected, or abandoned
22 children and which is exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c) (3); provided, until July 1, 2008, such exemption shall apply

1 only to eligible shelters for children from birth to age twelve (12)
2 and after July 1, 2008, such exemption shall apply to eligible
3 shelters for children from birth to age eighteen (18);

4 69. Sales of tangible personal property or services to a child
5 care center which is licensed pursuant to the Oklahoma Child Care
6 Facilities Licensing Act and which:

7 a. possesses a 3-star rating from the Department of Human
8 Services Reaching for the Stars Program or a national
9 accreditation, and

10 b. allows on-site universal prekindergarten education to
11 be provided to four-year-old children through a
12 contractual agreement with any public school or school
13 district.

14 For the purposes of this paragraph, sales made to any person,
15 firm, agency, or entity that has entered previously into a
16 contractual relationship with a child care center for construction
17 and improvement of buildings and other structures owned by the child
18 care center and operated for educational purposes shall be
19 considered sales made to a child care center. Any such person,
20 firm, agency, or entity making purchases on behalf of a child care
21 center shall certify, in writing, on the copy of the invoice or
22 sales ticket the nature of the purchase. Any such person, or person
23 acting on behalf of a firm, agency, or entity making purchases on
24 behalf of a child care center in violation of this paragraph shall

1 be guilty of a misdemeanor and upon conviction thereof shall be
2 fined an amount equal to double the amount of sales tax involved or
3 incarcerated for not more than sixty (60) days or both;

4 70. a. Sales of tangible personal property to a service
5 organization of mothers who have children who are serving or who
6 have served in the military, which service organization is exempt
7 from taxation pursuant to the provisions of the Internal Revenue
8 Code, 26 U.S.C., Section 501(c)(19) and which is known as the Blue
9 Star Mothers of America, Inc. The exemption provided by this
10 paragraph shall only apply to the purchase of tangible personal
11 property actually sent to United States military personnel overseas
12 who are serving in a combat zone and not to any other tangible
13 personal property purchased by the organization. Provided, this
14 exemption shall not apply to any sales tax levied by a city, town,
15 county, or any other jurisdiction in this state.

16 b. The exemption authorized by this paragraph shall be
17 administered in the form of a refund from the sales
18 tax revenues apportioned pursuant to Section 1353 of
19 this title, and the vendor shall be required to
20 collect the sales tax otherwise applicable to the
21 transaction. The purchaser may apply for a refund of
22 the state sales tax paid in the manner prescribed by
23 this paragraph. Within sixty (60) days after the end
24 of each calendar quarter, any purchaser that is

1 entitled to make application for a refund based upon
2 the exempt treatment authorized by this paragraph may
3 file an application for refund of the state sales
4 taxes paid during such preceding calendar quarter.
5 The Tax Commission shall prescribe a form for purposes
6 of making the application for refund.

7 c. A purchaser who applies for a refund pursuant to this
8 paragraph shall certify that the items were actually
9 sent to military personnel overseas in a combat zone.
10 Any purchaser that applies for a refund for the
11 purchase of items that are not authorized for
12 exemption under this paragraph shall be subject to a
13 penalty in the amount of Five Hundred Dollars
14 (\$500.00);

15 71. Sales of food and snack items to or by an organization
16 which is exempt from taxation pursuant to the provisions of the
17 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), whose primary
18 and principal purpose is providing funding for scholarships in the
19 medical field;

20 72. Sales of tangible personal property or services for use
21 solely on construction projects for organizations which are exempt
22 from taxation pursuant to the provisions of the Internal Revenue
23 Code, 26 U.S.C., Section 501(c)(3) and whose purpose is providing
24 end-of-life care and access to hospice services to low-income

1 individuals who live in a facility owned by the organization. The
2 exemption provided by this paragraph applies to sales to the
3 organization as well as to sales to any person with whom the
4 organization has duly entered into a construction contract,
5 necessary for carrying out such contract or to any subcontractor to
6 such a construction contract. Any person making purchases on behalf
7 of such organization shall certify, in writing, on the copy of the
8 invoice or sales ticket to be retained by the vendor that the
9 purchases are made for and on behalf of such organization and set
10 out the name of such organization. Any person who wrongfully or
11 erroneously certifies that purchases are for any of the above-named
12 organizations or who otherwise violates this section shall be guilty
13 of a misdemeanor and upon conviction thereof shall be fined an
14 amount equal to double the amount of sales tax involved or
15 incarcerated for not more than sixty (60) days or both;

16 73. Sales of tickets for admission to events held by
17 organizations exempt from taxation pursuant to the provisions of the
18 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) that are
19 organized for the purpose of supporting general hospitals licensed
20 by the State Department of Health;

21 74. Sales of tangible personal property or services:

22 a. to a foundation which is exempt from taxation pursuant
23 to the provisions of the Internal Revenue Code, 26
24 U.S.C., Section 501(c)(3) and which raises tax-

1 deductible contributions in support of a wide range of
2 firearms-related public interest activities of the
3 National Rifle Association of America and other
4 organizations that defend and foster Second Amendment
5 rights, and

6 b. to or by a grassroots fundraising program for sales
7 related to events to raise funds for a foundation
8 meeting the qualifications of subparagraph a of this
9 paragraph;

10 75. Sales by an organization or entity which is exempt from
11 taxation pursuant to the provisions of the Internal Revenue Code, 26
12 U.S.C., Section 501(c)(3) which are related to a fundraising event
13 sponsored by the organization or entity when the event does not
14 exceed any five (5) consecutive days and when the sales are not in
15 the organization's or the entity's regular course of business.
16 Provided, the exemption provided in this paragraph shall be limited
17 to tickets sold for admittance to the fundraising event and items
18 which were donated to the organization or entity for sale at the
19 event;

20 76. Effective November 1, 2017, sales of tangible personal
21 property or services to an organization which is exempt from
22 taxation pursuant to the provisions of the Internal Revenue Code, 26
23 U.S.C., Section 501(c)(3) and operates as a collaborative model
24 which connects community agencies in one location to serve

1 individuals and families affected by violence and where victims have
2 access to services and advocacy at no cost to the victim;

3 77. Effective July 1, 2018, sales of tangible personal property
4 or services to or by an association which is exempt from taxation
5 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
6 Section 501(c)(19) and which is known as the National Guard
7 Association of Oklahoma;

8 78. Effective July 1, 2018, sales of tangible personal property
9 or services to or by an association which is exempt from taxation
10 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
11 Section 501(c)(4) and which is known as the Marine Corps League of
12 Oklahoma;

13 79. Sales of tangible personal property or services to the
14 American Legion, whether the purchase is made by the entity
15 chartered by the United States Congress or is an entity organized
16 under the laws of this or another state pursuant to the authority of
17 the national American Legion organization;

18 80. Sales of tangible personal property or services to or by an
19 organization which is:

- 20 a. exempt from taxation pursuant to the provisions of the
21 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 22 b. verified with a letter from the MIT Fab Foundation as
23 an official member of the Fab Lab Network in
24 compliance with the Fab Charter, and

1 c. able to provide documentation that its primary and
2 principal purpose is to provide community access to
3 advanced 21st century manufacturing and digital
4 fabrication tools for science, technology,
5 engineering, art, and math (STEAM) learning skills,
6 developing inventions, creating and sustaining
7 businesses, and producing personalized products;

8 81. Effective November 1, 2021, sales of tangible personal
9 property or services used solely for construction and remodeling
10 projects to an organization which is exempt from taxation pursuant
11 to the provisions of the Internal Revenue Code, 26 U.S.C., Section
12 501(c) (3), and which meets the following requirements:

13 a. its primary purpose is to construct or remodel and
14 sell affordable housing and provide homeownership
15 education to residents of Oklahoma that have an income
16 that is below one hundred percent (100%) of the Family
17 Median Income guidelines as defined by the U.S.

18 Department of Housing and Urban Development,

19 b. it conducts its activities in a manner that serves
20 public or charitable purposes, rather than commercial
21 purposes,

22 c. it receives funding and revenue and charges fees in a
23 manner that does not incentivize it or its employees
24

1 to act other than in the best interests of its
2 clients, and

3 d. it compensates its employees in a manner that does not
4 incentivize employees to act other than in the best
5 interests of its clients;

6 82. Effective November 1, 2021, sales of tangible personal
7 property or services to a nonprofit entity, organized pursuant to
8 Oklahoma law before January 1, 2022, exempt from federal income
9 taxation pursuant to Section 501(c) of the Internal Revenue Code of
10 1986, as amended, the principal functions of which are to provide
11 assistance to natural persons following a disaster, with program
12 emphasis on repair or restoration to single-family residential
13 dwellings or the construction of a replacement single-family
14 residential dwelling. As used in this paragraph, "disaster" means
15 damage to property with or without accompanying injury to persons
16 from heavy rain, high winds, tornadic winds, drought, wildfire,
17 snow, ice, geologic disturbances, explosions, chemical accidents or
18 spills, and other events causing damage to property on a large
19 scale. For purposes of this paragraph, an entity that expended at
20 least seventy-five percent (75%) of its funds on the restoration to
21 single-family housing following a disaster including related general
22 and administrative expenses, shall be eligible for the exemption
23 authorized by this paragraph;

1 83. Effective November 1, 2021, through December 31, 2024,
2 sales of tangible personal property or services to a museum that:

- 3 a. operates as a part of an organization which is exempt
4 from taxation pursuant to the provisions of the
5 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 6 b. is not accredited by the American Alliance of Museums,
7 and
- 8 c. operates on an annual budget of less than One Million
9 Dollars (\$1,000,000.00);

10 84. Until July 1, 2022, sales of tangible personal property or
11 services for use in a clinical practice or medical facility operated
12 by an organization which is exempt from taxation pursuant to the
13 provisions of the Internal Revenue Code of the United States, 26
14 U.S.C., Section 501(c)(3), and which has entered into a joint
15 operating agreement with the University Hospitals Trust created
16 pursuant to Section 3224 of Title 63 of the Oklahoma Statutes. The
17 exemption provided by this paragraph shall be limited to the
18 purchase of tangible personal property and services for use in
19 clinical practices or medical facilities acquired or leased by the
20 organization from the University Hospitals Authority, University
21 Hospitals Trust, or the University of Oklahoma on or after June 1,
22 2021; ~~and~~

23 85. Sales of tangible personal property or services to a
24 nonprofit entity, organized pursuant to Oklahoma law before January

1 1, 2019, exempt from federal income taxation pursuant to Section
2 501(c) of the Internal Revenue Code of 1986, as amended, the
3 principal functions of which are to provide assistance to natural
4 persons following a disaster, with program emphasis on repair or
5 restoration to single-family residential dwellings or the
6 construction of a replacement single-family residential dwelling.
7 For purposes of this paragraph, an entity operated exclusively for
8 charitable and educational purposes through the coordination of
9 volunteers for the disaster recovery of homes (as derived from Part
10 III, Statement of Program Services, of Internal Revenue Service Form
11 990) and offers its services free of charge to disaster survivors
12 statewide who are low income with no or limited means of recovery on
13 their own for the restoration to single-family housing following a
14 disaster including related general and administrative expenses,
15 shall be eligible for the exemption authorized by this paragraph.
16 The exemption provided by this paragraph shall only be applicable to
17 sales made on or after ~~the effective date of this act~~ July 1, 2022.
18 As used in this paragraph, "disaster" means damage to property with
19 or without accompanying injury to persons from heavy rain, high
20 winds, tornadic winds, drought, wildfire, snow, ice, geologic
21 disturbances, explosions, chemical accidents or spills, and other
22 events causing damage to property on a large scale;
23 86. Sales of tangible personal property or services to an
24 organization which is exempt from taxation pursuant to the

1 provisions of the Internal Revenue Code, 26 U.S.C., Section
2 501(c) (3), the principal functions of which are to prevent child
3 abuse and neglect through education, treatment, and advocacy, and
4 operates a facility that offers comprehensive community-based
5 services for abused or neglected children from birth through
6 eighteen (18) years of age. To be eligible for the exemption
7 provided by this paragraph, the organization shall provide the
8 following documentation to the Oklahoma Tax Commission:

- 9 a. articles of incorporation,
- 10 b. organizational by-laws, and
- 11 c. a notarized letter from the president or chairman of
12 the organization stating the services provided by the
13 organization; and

14 87. Sales of tangible personal property or services to or by an
15 organization in this state which:

- 16 a. is exempt from taxation pursuant to the provisions of
17 the Internal Revenue Code, 26 U.S.C., Section
18 501(c) (3), and
- 19 b. provides documentation to the Oklahoma Tax Commission
20 showing the organization's principal purpose is to
21 provide school supplies or articles of clothing for
22 underserved students attending grades pre-K through 12
23 at public schools in this state.

1 The exemption provided by this paragraph shall include
2 materials, supplies, and equipment used in the construction or
3 improvement of buildings and other structures owned by the
4 organization and operated in pursuit of the organization's primary
5 and principal purpose. The exemption shall apply to sales to the
6 organization and to sales to any person with whom the organization
7 has duly entered into a construction contract, necessary for
8 carrying out the contract or to any subcontractor to the
9 construction contract.

10 SECTION 2. AMENDATORY 68 O.S. 2021, Section 1357, as
11 amended by Section 1, Chapter 206, O.S.L. 2022 (68 O.S. Supp. 2022,
12 Section 1357), is amended to read as follows:

13 Section 1357. Exemptions - General.

14 There are hereby specifically exempted from the tax levied by
15 the Oklahoma Sales Tax Code:

16 1. Transportation of school pupils to and from elementary
17 schools or high schools in motor or other vehicles;

18 2. Transportation of persons where the fare of each person does
19 not exceed One Dollar (\$1.00), or local transportation of persons
20 within the corporate limits of a municipality except by taxicabs;

21 3. Sales for resale to persons engaged in the business of
22 reselling the articles purchased, whether within or without the
23 state, provided that such sales to residents of this state are made
24 to persons to whom sales tax permits have been issued as provided in

1 the Oklahoma Sales Tax Code. This exemption shall not apply to the
2 sales of articles made to persons holding permits when such persons
3 purchase items for their use and which they are not regularly
4 engaged in the business of reselling; neither shall this exemption
5 apply to sales of tangible personal property to peddlers, solicitors
6 and other salespersons who do not have an established place of
7 business and a sales tax permit. The exemption provided by this
8 paragraph shall apply to sales of motor fuel or diesel fuel to a
9 Group Five vendor, but the use of such motor fuel or diesel fuel by
10 the Group Five vendor shall not be exempt from the tax levied by the
11 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
12 is exempt from sales tax when the motor fuel is for shipment outside
13 this state and consumed by a common carrier by rail in the conduct
14 of its business. The sales tax shall apply to the purchase of motor
15 fuel or diesel fuel in Oklahoma by a common carrier by rail when
16 such motor fuel is purchased for fueling, within this state, of any
17 locomotive or other motorized flanged wheel equipment;

18 4. Sales of advertising space in newspapers and periodicals;

19 5. Sales of programs relating to sporting and entertainment
20 events, and sales of advertising on billboards (including signage,
21 posters, panels, marquees, or on other similar surfaces, whether
22 indoors or outdoors) or in programs relating to sporting and
23 entertainment events, and sales of any advertising, to be displayed
24 at or in connection with a sporting event, via the Internet,

1 electronic display devices or through public address or broadcast
2 systems. The exemption authorized by this paragraph shall be
3 effective for all sales made on or after January 1, 2001;

4 6. Sales of any advertising, other than the advertising
5 described by paragraph 5 of this section, via the Internet,
6 electronic display devices or through the electronic media including
7 radio, public address or broadcast systems, television (whether
8 through closed circuit broadcasting systems or otherwise), and cable
9 and satellite television, and the servicing of any advertising
10 devices;

11 7. Eggs, feed, supplies, machinery, and equipment purchased by
12 persons regularly engaged in the business of raising worms, fish,
13 any insect, or any other form of terrestrial or aquatic animal life
14 and used for the purpose of raising same for marketing. This
15 exemption shall only be granted and extended to the purchaser when
16 the items are to be used and in fact are used in the raising of
17 animal life as set out above. Each purchaser shall certify, in
18 writing, on the invoice or sales ticket retained by the vendor that
19 the purchaser is regularly engaged in the business of raising such
20 animal life and that the items purchased will be used only in such
21 business. The vendor shall certify to the Oklahoma Tax Commission
22 that the price of the items has been reduced to grant the full
23 benefit of the exemption. Violation hereof by the purchaser or
24 vendor shall be a misdemeanor;

1 8. Sale of natural or artificial gas and electricity, and
2 associated delivery or transmission services, when sold exclusively
3 for residential use. Provided, this exemption shall not apply to
4 any sales tax levied by a city or town, or a county or any other
5 jurisdiction in this state;

6 9. In addition to the exemptions authorized by Section 1357.6
7 of this title, sales of drugs sold pursuant to a prescription
8 written for the treatment of human beings by a person licensed to
9 prescribe the drugs, and sales of insulin and medical oxygen.
10 Provided, this exemption shall not apply to over-the-counter drugs;

11 10. Transfers of title or possession of empty, partially
12 filled, or filled returnable oil and chemical drums to any person
13 who is not regularly engaged in the business of selling, reselling
14 or otherwise transferring empty, partially filled or filled
15 returnable oil drums;

16 11. Sales of one-way utensils, paper napkins, paper cups,
17 disposable hot containers, and other one-way carry out materials to
18 a vendor of meals or beverages;

19 12. Sales of food or food products for home consumption which
20 are purchased in whole or in part with coupons issued pursuant to
21 the federal food stamp program as authorized by Sections 2011
22 through 2029 of Title 7 of the United States Code, as to that
23 portion purchased with such coupons. The exemption provided for
24 such sales shall be inapplicable to such sales upon the effective

1 date of any federal law that removes the requirement of the
2 exemption as a condition for participation by the state in the
3 federal food stamp program;

4 13. Sales of food or food products, or any equipment or
5 supplies used in the preparation of the food or food products to or
6 by an organization which:

7 a. is exempt from taxation pursuant to the provisions of
8 Section 501(c)(3) of the Internal Revenue Code, 26
9 U.S.C., Section 501(c)(3), and which provides and
10 delivers prepared meals for home consumption to
11 elderly or homebound persons as part of a program
12 commonly known as "Meals on Wheels" or "Mobile Meals",
13 or

14 b. is exempt from taxation pursuant to the provisions of
15 Section 501(c)(3) of the Internal Revenue Code, 26
16 U.S.C., Section 501(c)(3), and which receives federal
17 funding pursuant to the Older Americans Act of 1965,
18 as amended, for the purpose of providing nutrition
19 programs for the care and benefit of elderly persons;

20 14. a. Sales of tangible personal property or services to or
21 by organizations which are exempt from taxation
22 pursuant to the provisions of Section 501(c)(3) of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
24 and:

1 (1) are primarily involved in the collection and
2 distribution of food and other household products
3 to other organizations that facilitate the
4 distribution of such products to the needy and
5 such distributee organizations are exempt from
6 taxation pursuant to the provisions of Section
7 501(c)(3) of the Internal Revenue Code, 26
8 U.S.C., Section 501(c)(3), or

9 (2) facilitate the distribution of such products to
10 the needy.

11 b. Sales made in the course of business for profit or
12 savings, competing with other persons engaged in the
13 same or similar business shall not be exempt under
14 this paragraph.

15 c. The exemption provided by this paragraph shall include
16 sales of tangible personal property or taxable
17 services consumed or incorporated in the construction
18 of a facility placed in service during calendar year
19 2023. The exemption shall include sales and taxable
20 services to the organization and to any person,
21 entity, contractor, or subcontractor with whom the
22 organization has duly entered into a construction
23 contract necessary for carrying out the contract. For
24 sales tax paid on purchases that would otherwise be

1 exempt pursuant to this subparagraph but occurred
2 before the effective date of this act, the Tax
3 Commission shall make refunds to the purchasers in the
4 full amount of the sales tax paid, as documented by
5 the purchaser and verified by the Tax Commission;

6 15. Sales of tangible personal property or services to
7 children's homes which are located on church-owned property and are
8 operated by organizations exempt from taxation pursuant to the
9 provisions of the Internal Revenue Code, 26 U.S.C., Section
10 501(c)(3);

11 16. Sales of computers, data processing equipment, related
12 peripherals, and telephone, telegraph or telecommunications service
13 and equipment for use in a qualified aircraft maintenance or
14 manufacturing facility. For purposes of this paragraph, "qualified
15 aircraft maintenance or manufacturing facility" means a new or
16 expanding facility primarily engaged in aircraft repair, building,
17 or rebuilding whether or not on a factory basis, whose total cost of
18 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
19 and which employs at least two hundred fifty (250) new full-time-
20 equivalent employees, as certified by the Oklahoma Employment
21 Security Commission, upon completion of the facility. In order to
22 qualify for the exemption provided for by this paragraph, the cost
23 of the items purchased by the qualified aircraft maintenance or
24

1 manufacturing facility shall equal or exceed the sum of Two Million
2 Dollars (\$2,000,000.00);

3 17. Sales of tangible personal property consumed or
4 incorporated in the construction or expansion of a qualified
5 aircraft maintenance or manufacturing facility as defined in
6 paragraph 16 of this section. For purposes of this paragraph, sales
7 made to a contractor or subcontractor that has previously entered
8 into a contractual relationship with a qualified aircraft
9 maintenance or manufacturing facility for construction or expansion
10 of such a facility shall be considered sales made to a qualified
11 aircraft maintenance or manufacturing facility;

12 18. Sales of the following telecommunications services:

13 a. Interstate and International "800 service". "800
14 service" means a "telecommunications service" that
15 allows a caller to dial a toll-free number without
16 incurring a charge for the call. The service is
17 typically marketed under the name "800", "855", "866",
18 "877" and "888" toll-free calling, and any subsequent
19 numbers designated by the Federal Communications
20 Commission,

21 b. Interstate and International "900 service". "900
22 service" means an inbound toll "telecommunications
23 service" purchased by a subscriber that allows the
24 subscriber's customers to call in to the subscriber's

1 prerecorded announcement or live service. "900
2 service" does not include the charge for: collection
3 services provided by the seller of the
4 "telecommunications services" to the subscriber, or
5 service or product sold by the subscriber to the
6 subscriber's customer. The service is typically
7 marketed under the name "900" service, and any
8 subsequent numbers designated by the Federal
9 Communications Commission,

10 c. Interstate and International "private communications
11 service". "Private communications service" means a
12 "telecommunications service" that entitles the
13 customer to exclusive or priority use of a
14 communications channel or group of channels between or
15 among termination points, regardless of the manner in
16 which such channel or channels are connected, and
17 includes switching capacity, extension lines, stations
18 and any other associated services that are provided in
19 connection with the use of such channel or channels,

20 d. "Value-added nonvoice data service". "Value-added
21 nonvoice data service" means a service that otherwise
22 meets the definition of "telecommunications services"
23 in which computer processing applications are used to
24 act on the form, content, code or protocol of the

1 information or data primarily for a purpose other than
2 transmission, conveyance, or routing,

3 e. Interstate and International telecommunications
4 service which is:

5 (1) rendered by a company for private use within its
6 organization, or

7 (2) used, allocated or distributed by a company to
8 its affiliated group,

9 f. Regulatory assessments and charges including charges
10 to fund the Oklahoma Universal Service Fund, the
11 Oklahoma Lifeline Fund and the Oklahoma High Cost
12 Fund, and

13 g. Telecommunications nonrecurring charges including but
14 not limited to the installation, connection, change,
15 or initiation of telecommunications services which are
16 not associated with a retail consumer sale;

17 19. Sales of railroad track spikes manufactured and sold for
18 use in this state in the construction or repair of railroad tracks,
19 switches, sidings, and turnouts;

20 20. Sales of aircraft and aircraft parts provided such sales
21 occur at a qualified aircraft maintenance facility. As used in this
22 paragraph, "qualified aircraft maintenance facility" means a
23 facility operated by an air common carrier including one or more
24 component overhaul support buildings or structures in an area owned,

1 leased, or controlled by the air common carrier, at which there were
2 employed at least two thousand (2,000) full-time-equivalent
3 employees in the preceding year as certified by the Oklahoma
4 Employment Security Commission and which is primarily related to the
5 fabrication, repair, alteration, modification, refurbishing,
6 maintenance, building, or rebuilding of commercial aircraft or
7 aircraft parts used in air common carriage. For purposes of this
8 paragraph, "air common carrier" shall also include members of an
9 affiliated group as defined by Section 1504 of the Internal Revenue
10 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of
11 machinery, tools, supplies, equipment, and related tangible personal
12 property and services used or consumed in the repair, remodeling, or
13 maintenance of aircraft, aircraft engines or aircraft component
14 parts which occur at a qualified aircraft maintenance facility;

15 21. Sales of machinery and equipment purchased and used by
16 persons and establishments primarily engaged in computer services
17 and data processing:

18 a. as defined under Industrial Group Numbers 7372 and
19 7373 of the Standard Industrial Classification (SIC)
20 Manual, latest version, which derive at least fifty
21 percent (50%) of their annual gross revenues from the
22 sale of a product or service to an out-of-state buyer
23 or consumer, and

24

1 b. as defined under Industrial Group Number 7374 of the
2 SIC Manual, latest version, which derive at least
3 eighty percent (80%) of their annual gross revenues
4 from the sale of a product or service to an out-of-
5 state buyer or consumer.

6 Eligibility for the exemption set out in this paragraph shall be
7 established, subject to review by the Tax Commission, by annually
8 filing an affidavit with the Tax Commission stating that the
9 facility so qualifies and such information as required by the Tax
10 Commission. For purposes of determining whether annual gross
11 revenues are derived from sales to out-of-state buyers or consumers,
12 all sales to the federal government shall be considered to be to an
13 out-of-state buyer or consumer;

14 22. Sales of prosthetic devices to an individual for use by
15 such individual. For purposes of this paragraph, "prosthetic
16 device" shall have the same meaning as provided in Section 1357.6 of
17 this title, but shall not include corrective eye glasses, contact
18 lenses, or hearing aids;

19 23. Sales of tangible personal property or services to a motion
20 picture or television production company to be used or consumed in
21 connection with an eligible production. For purposes of this
22 paragraph, "eligible production" means a documentary, special, music
23 video or a television commercial or television program that will
24 serve as a pilot for or be a segment of an ongoing dramatic or

1 situation comedy series filmed or taped for network or national or
2 regional syndication or a feature-length motion picture intended for
3 theatrical release or for network or national or regional
4 syndication or broadcast. The provisions of this paragraph shall
5 apply to sales occurring on or after July 1, 1996. In order to
6 qualify for the exemption, the motion picture or television
7 production company shall file any documentation and information
8 required to be submitted pursuant to rules promulgated by the Tax
9 Commission;

10 24. Sales of diesel fuel sold for consumption by commercial
11 vessels, barges and other commercial watercraft;

12 25. Sales of tangible personal property or services to tax-
13 exempt independent nonprofit biomedical research foundations that
14 provide educational programs for Oklahoma science students and
15 teachers and to tax-exempt independent nonprofit community blood
16 banks headquartered in this state;

17 26. Effective May 6, 1992, sales of wireless telecommunications
18 equipment to a vendor who subsequently transfers the equipment at no
19 charge or for a discounted charge to a consumer as part of a
20 promotional package or as an inducement to commence or continue a
21 contract for wireless telecommunications services;

22 27. Effective January 1, 1991, leases of rail transportation
23 cars to haul coal to coal-fired plants located in this state which
24 generate electric power;

1 28. Beginning July 1, 2005, sales of aircraft engine repairs,
2 modification, and replacement parts, sales of aircraft frame repairs
3 and modification, aircraft interior modification, and paint, and
4 sales of services employed in the repair, modification, and
5 replacement of parts of aircraft engines, aircraft frame and
6 interior repair and modification, and paint;

7 29. Sales of materials and supplies to the owner or operator of
8 a ship, motor vessel, or barge that is used in interstate or
9 international commerce if the materials and supplies:

10 a. are loaded on the ship, motor vessel, or barge and
11 used in the maintenance and operation of the ship,
12 motor vessel, or barge, or

13 b. enter into and become component parts of the ship,
14 motor vessel, or barge;

15 30. Sales of tangible personal property made at estate sales at
16 which such property is offered for sale on the premises of the
17 former residence of the decedent by a person who is not required to
18 be licensed pursuant to the Transient Merchant Licensing Act, or who
19 is not otherwise required to obtain a sales tax permit for the sale
20 of such property pursuant to the provisions of Section 1364 of this
21 title; provided:

22 a. such sale or event may not be held for a period
23 exceeding three (3) consecutive days,

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1 b. the sale must be conducted within six (6) months of
2 the date of death of the decedent, and

3 c. the exemption allowed by this paragraph shall not be
4 allowed for property that was not part of the
5 decedent's estate;

6 31. Beginning January 1, 2004, sales of electricity and
7 associated delivery and transmission services, when sold exclusively
8 for use by an oil and gas operator for reservoir dewatering projects
9 and associated operations commencing on or after July 1, 2003, in
10 which the initial water-to-oil ratio is greater than or equal to
11 five-to-one water-to-oil, and such oil and gas development projects
12 have been classified by the Corporation Commission as a reservoir
13 dewatering unit;

14 32. Sales of prewritten computer software that is delivered
15 electronically. For purposes of this paragraph, "delivered
16 electronically" means delivered to the purchaser by means other than
17 tangible storage media;

18 33. Sales of modular dwelling units when built at a production
19 facility and moved in whole or in parts, to be assembled on-site,
20 and permanently affixed to the real property and used for
21 residential or commercial purposes. The exemption provided by this
22 paragraph shall equal forty-five percent (45%) of the total sales
23 price of the modular dwelling unit. For purposes of this paragraph,
24 "modular dwelling unit" means a structure that is not subject to the

1 motor vehicle excise tax imposed pursuant to Section 2103 of this
2 title;

3 34. Sales of tangible personal property or services to:

4 a. persons who are residents of Oklahoma and have been
5 honorably discharged from active service in any branch
6 of the Armed Forces of the United States or Oklahoma
7 National Guard and who have been certified by the
8 United States Department of Veterans Affairs or its
9 successor to be in receipt of disability compensation
10 at the one-hundred-percent rate and the disability
11 shall be permanent and have been sustained through
12 military action or accident or resulting from disease
13 contracted while in such active service and registered
14 with the veterans registry created by the Oklahoma
15 Department of Veterans Affairs; provided, that if the
16 veteran received the sales tax exemption prior to
17 November 1, 2020, he or she shall be required to
18 register with the veterans registry prior to July 1,
19 2023, in order to remain qualified, or

20 b. the surviving spouse of the person in subparagraph a
21 of this paragraph if the person is deceased and the
22 spouse has not remarried and the surviving spouse of a
23 person who is determined by the United States
24 Department of Defense or any branch of the United

1 States military to have died while in the line of duty
2 if the spouse has not remarried. Sales for the
3 benefit of an eligible person to a spouse of the
4 eligible person or to a member of the household in
5 which the eligible person resides and who is
6 authorized to make purchases on the person's behalf,
7 when such eligible person is not present at the sale,
8 shall also be exempt for purposes of this paragraph.
9 The Oklahoma Tax Commission shall issue a separate
10 exemption card to a spouse of an eligible person or to
11 a member of the household in which the eligible person
12 resides who is authorized to make purchases on the
13 person's behalf, if requested by the eligible person.
14 Sales qualifying for the exemption authorized by this
15 paragraph shall not exceed Twenty-five Thousand
16 Dollars (\$25,000.00) per year per individual while the
17 disabled veteran is living. Sales qualifying for the
18 exemption authorized by this paragraph shall not
19 exceed One Thousand Dollars (\$1,000.00) per year for
20 an unremarried surviving spouse. Upon request of the
21 Tax Commission, a person asserting or claiming the
22 exemption authorized by this paragraph shall provide a
23 statement, executed under oath, that the total sales
24 amounts for which the exemption is applicable have not

1 exceeded Twenty-five Thousand Dollars (\$25,000.00) per
2 year per living disabled veteran or One Thousand
3 Dollars (\$1,000.00) per year for an unremarried
4 surviving spouse. If the amount of such exempt sales
5 exceeds such amount, the sales tax in excess of the
6 authorized amount shall be treated as a direct sales
7 tax liability and may be recovered by the Tax
8 Commission in the same manner provided by law for
9 other taxes including penalty and interest. The Tax
10 Commission shall promulgate any rules necessary to
11 implement the provisions of this paragraph, which
12 shall include rules providing for the disclosure of
13 information about persons eligible for the exemption
14 authorized in this paragraph to the Oklahoma
15 Department of ~~Veteran's~~ Veterans Affairs, as
16 authorized in Section 205 of this title;

17 35. Sales of electricity to the operator, specifically
18 designated by the Corporation Commission, of a spacing unit or lease
19 from which oil is produced or attempted to be produced using
20 enhanced recovery methods including, but not limited to, increased
21 pressure in a producing formation through the use of water or
22 saltwater if the electrical usage is associated with and necessary
23 for the operation of equipment required to inject or circulate
24 fluids in a producing formation for the purpose of forcing oil or

1 petroleum into a wellbore for eventual recovery and production from
2 the wellhead. In order to be eligible for the sales tax exemption
3 authorized by this paragraph, the total content of oil recovered
4 after the use of enhanced recovery methods shall not exceed one
5 percent (1%) by volume. The exemption authorized by this paragraph
6 shall be applicable only to the state sales tax rate and shall not
7 be applicable to any county or municipal sales tax rate;

8 36. Sales of intrastate charter and tour bus transportation.
9 As used in this paragraph, "intrastate charter and tour bus
10 transportation" means the transportation of persons from one
11 location in this state to another location in this state in a motor
12 vehicle which has been constructed in such a manner that it may
13 lawfully carry more than eighteen persons, and which is ordinarily
14 used or rented to carry persons for compensation. Provided, this
15 exemption shall not apply to regularly scheduled bus transportation
16 for the general public;

17 37. Sales of vitamins, minerals, and dietary supplements by a
18 licensed chiropractor to a person who is the patient of such
19 chiropractor at the physical location where the chiropractor
20 provides chiropractic care or services to such patient. The
21 provisions of this paragraph shall not be applicable to any drug,
22 medicine, or substance for which a prescription by a licensed
23 physician is required;

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1 38. Sales of goods, wares, merchandise, tangible personal
2 property, machinery, and equipment to a web search portal located in
3 this state which derives at least eighty percent (80%) of its annual
4 gross revenue from the sale of a product or service to an out-of-
5 state buyer or consumer. For purposes of this paragraph, "web
6 search portal" means an establishment classified under NAICS code
7 519130 which operates websites that use a search engine to generate
8 and maintain extensive databases of Internet addresses and content
9 in an easily searchable format;

10 39. Sales of tangible personal property consumed or
11 incorporated in the construction or expansion of a facility for a
12 corporation organized under Section 437 et seq. of Title 18 of the
13 Oklahoma Statutes as a rural electric cooperative. For purposes of
14 this paragraph, sales made to a contractor or subcontractor that has
15 previously entered into a contractual relationship with a rural
16 electric cooperative for construction or expansion of a facility
17 shall be considered sales made to a rural electric cooperative;

18 40. Sales of tangible personal property or services to a
19 business primarily engaged in the repair of consumer electronic
20 goods including, but not limited to, cell phones, compact disc
21 players, personal computers, MP3 players, digital devices for the
22 storage and retrieval of information through hard-wired or wireless
23 computer or Internet connections, if the devices are sold to the
24 business by the original manufacturer of such devices and the

1 devices are repaired, refitted or refurbished for sale by the entity
2 qualifying for the exemption authorized by this paragraph directly
3 to retail consumers or if the devices are sold to another business
4 entity for sale to retail consumers;

5 41. On or after July 1, 2019, and prior to July 1, 2024, sales
6 or leases of rolling stock when sold or leased by the manufacturer,
7 regardless of whether the purchaser is a public services corporation
8 engaged in business as a common carrier of property or passengers by
9 railway, for use or consumption by a common carrier directly in the
10 rendition of public service. For purposes of this paragraph,
11 "rolling stock" means locomotives, autocars, and railroad cars and
12 "sales or leases" includes railroad car maintenance and retrofitting
13 of railroad cars for their further use only on the railways; and

14 42. Sales of gold, silver, platinum, palladium, or other
15 bullion items such as coins and bars and legal tender of any nation,
16 which legal tender is sold according to its value as precious metal
17 or as an investment. As used in the paragraph, "bullion" means any
18 precious metal including, but not limited to, gold, silver,
19 platinum, and palladium, that is in such a state or condition that
20 its value depends upon its precious metal content and not its form.
21 The exemption authorized by this paragraph shall not apply to
22 fabricated metals that have been processed or manufactured for
23 artistic use or as jewelry.

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SECTION 3. This act shall become effective November 1, 2023.

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