

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 59th Legislature (2023)

4 COMMITTEE SUBSTITUTE
5 FOR ENGROSSED
6 SENATE BILL NO. 406

By: Rader of the Senate

and

Boatman and **Blancett** of the
House

11
12 COMMITTEE SUBSTITUTE

13 [sales tax - exemptions - effective date]

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

19 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1356, as
20 last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp.
21 2022, Section 1356), is amended to read as follows:

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

1 1. Sale of tangible personal property or services to the United
2 States government or to ~~the State of Oklahoma~~ this state, any
3 political subdivision of this state, or any agency of a political
4 subdivision of this state; provided, all sales to contractors in
5 connection with the performance of any contract with the United
6 States government, ~~State of Oklahoma~~ this state, or any of its
7 political subdivisions shall not be exempted from the tax levied by
8 Section 1350 et seq. of this title, except as hereinafter provided;

9 2. Sales of property to agents appointed by or under contract
10 with agencies or instrumentalities of the United States government
11 if ownership and possession of such property transfers immediately
12 to the United States government;

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

19 4. Sales made directly by county, district, or state fair
20 authorities of this state, upon the premises of the fair authority,
21 for the sole benefit of the fair authority or sales of admission
22 tickets to such fairs or fair events at any location in the state
23 authorized by county, district, or state fair authorities; provided,
24 the exemption provided by this paragraph for admission tickets to

1 fair events shall apply only to any portion of the admission price
2 that is retained by or distributed to the fair authority. As used
3 in this paragraph, "fair event" shall be limited to an event held on
4 the premises of the fair authority in conjunction with and during
5 the time period of a county, district, or state fair;

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

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

21 7. Sale of tangible personal property or services to or by
22 churches, except sales made in the course of business for profit or
23 savings, competing with other persons engaged in the same, or a
24 similar business or sale of tangible personal property or services

1 by an organization exempt from federal income tax pursuant to
2 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,
3 made on behalf of or at the request of a church or churches if the
4 sale of such property is conducted not more than once each calendar
5 year for a period not to exceed three (3) days by the organization
6 and proceeds from the sale of such property are used by the church
7 or churches or by the organization for charitable purposes;

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

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1 9. Sales of tangible personal property or services to the
2 council organizations or similar state supervisory organizations of
3 the Boy Scouts of America, Girl Scouts of the U.S.A., and Camp Fire
4 USA;

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

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

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

24

1 Any person, firm, agency, or entity making purchases on behalf
2 of any institution, agency, or subdivision in this state, shall
3 certify in writing, on the copy of the invoice or sales ticket the
4 nature of the purchases, and violation of this paragraph shall be a
5 misdemeanor as set forth in paragraph 10 of this section;

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

14 13. a. Sales of tangible personal property made by:
15 (1) a public school,
16 (2) a private school offering instruction for grade
17 levels kindergarten through twelfth grade,
18 (3) a public school district,
19 (4) a public or private school board,
20 (5) a public or private school student group or
21 organization,
22 (6) a parent-teacher association or organization
23 other than as specified in subparagraph b of this
24 paragraph, or

1 (7) public or private school personnel for purposes
2 of raising funds for the benefit of a public or
3 private school, public school district, public or
4 private school board, or public or private school
5 student group or organization, or

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

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

20 14. Sales of tangible personal property by:

- 21 a. local 4-H clubs,
- 22 b. county, regional, or state 4-H councils,
- 23 c. county, regional, or state 4-H committees,
- 24 d. 4-H leader associations,

- e. county, regional, or state 4-H foundations, and
- f. authorized 4-H camps and training centers.

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

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

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

17. Sales of tangible personal property or services to fire departments organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes which items are to be used for the purposes of the fire department. Any person making purchases on behalf of any such fire department shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such fire department and set out the name of such fire department. Any person who wrongfully or

1 erroneously certifies that the purchases are for any such fire
2 department or who otherwise violates the provisions of this section
3 shall be deemed guilty of a misdemeanor and upon conviction thereof,
4 shall be fined an amount equal to double the amount of sales tax
5 involved or incarcerated for not more than sixty (60) days, or both;

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

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

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

1 21. Sales of tangible personal property or services to any
2 organization, which takes court-adjudicated juveniles for purposes
3 of rehabilitation, and which is exempt from taxation pursuant to the
4 provisions of the Internal Revenue Code, 26 U.S.C., Section
5 501(c) (3), provided that at least fifty percent (50%) of the
6 juveniles served by such organization are court adjudicated and the
7 organization receives state funds in an amount less than ten percent
8 (10%) of the annual budget of the organization;

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

- 10 a. any health center as defined in Section 254b of Title
11 42 of the United States Code,
- 12 b. any clinic receiving disbursements of state monies
13 from the Indigent Health Care Revolving Fund pursuant
14 to the provisions of Section 66 of Title 56 of the
15 Oklahoma Statutes,
- 16 c. any community-based health center which meets all of
17 the following criteria:
 - 18 (1) provides primary care services at no cost to the
19 recipient, and
 - 20 (2) is exempt from taxation pursuant to the
21 provisions of Section 501(c) (3) of the Internal
22 Revenue Code, 26 U.S.C., Section 501(c) (3), and
- 23 d. any community mental health center as defined in
24 Section 3-302 of Title 43A of the Oklahoma Statutes;

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

5 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
6 from sales of tangible personal property or services to or by a
7 cultural organization established to sponsor and promote
8 educational, charitable, and cultural events for disadvantaged
9 children, and which organization is exempt from taxation pursuant to
10 the provisions of the Internal Revenue Code, 26 U.S.C., Section
11 501(c) (3);

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

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

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

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

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

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

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

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

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

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

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

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1 33. The sale, use, storage, consumption, or distribution in
2 this state, whether by the importer, exporter, or another person, of
3 any satellite or any associated launch vehicle including components
4 of, and parts and motors for, any such satellite or launch vehicle,
5 imported or caused to be imported into this state for the purpose of
6 export by means of launching into space. This exemption provided by
7 this paragraph shall not be affected by:

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

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

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

1 36. The sale, lease, use, storage, consumption, or distribution
2 in this state of tangible personal property meeting the definition
3 of "section 38 property" as defined in Sections 48(a)(1)(A) and
4 (B)(i) of the Internal Revenue Code of 1986, that is an integral
5 part of and used primarily in support of space flight; however,
6 section 38 property used in support of space flight shall not
7 include general office equipment, any boat, mobile home, motor
8 vehicle, or other vehicle of a class or type required to be
9 registered, licensed, titled, or documented in this state or by the
10 United States government, or any other property not specifically
11 suited to supporting space activity. The term "in support of space
12 flight", for purposes of this paragraph, means the altering,
13 monitoring, controlling, regulating, adjusting, servicing, or
14 repairing of any space facility, space propulsion systems or space
15 vehicle, satellite, or station possessing space flight capacity
16 including the components thereof;

17 37. The purchase or lease of machinery and equipment for use at
18 a fixed location in this state, which is used exclusively in the
19 manufacturing, processing, compounding, or producing of any space
20 facility, space propulsion system or space vehicle, satellite, or
21 station of any kind possessing space flight capacity. Provided, the
22 exemption provided for in this paragraph shall not be allowed unless
23 the purchaser or lessee signs an affidavit stating that the item or
24 items to be exempted are for the exclusive use designated herein.

1 Any person furnishing a false affidavit to the vendor for the
2 purpose of evading payment of any tax imposed by Section 1354 of
3 this title shall be subject to the penalties provided by law. As
4 used in this paragraph, "machinery and equipment" means "section 38
5 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the
6 Internal Revenue Code of 1986, which is used as an integral part of
7 the manufacturing, processing, compounding, or producing of items of
8 tangible personal property. Such term includes parts and
9 accessories only to the extent that the exemption thereof is
10 consistent with the provisions of this paragraph;

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

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

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

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1 41. Sales of tangible personal property or services for use on
2 campus or school construction projects for the benefit of
3 institutions of The Oklahoma State System of Higher Education,
4 private institutions of higher education accredited by the Oklahoma
5 State Regents for Higher Education, or any public school or school
6 district when such projects are financed by or through the use of
7 nonprofit entities which are exempt from taxation pursuant to the
8 provisions of the Internal Revenue Code, 26 U.S.C., Section
9 501(c) (3);

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

20 43. Sales of tangible personal property or services to or by an
21 organization which:

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

- 1 b. is affiliated with a comprehensive university within
2 The Oklahoma State System of Higher Education, and
3 c. has been organized primarily for the purpose of
4 providing education and teacher training and
5 conducting events relating to robotics;

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

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

18 46. 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) and is operating the Oklahoma City National Memorial and
22 Museum, an affiliate of the National Park System;

23 47. Sales of tangible personal property or services to
24 organizations which are exempt from federal taxation pursuant to the

1 provisions of Section 501(c)(3) of the Internal Revenue Code, 26
2 U.S.C., Section 501(c)(3), the memberships of which are limited to
3 honorably discharged veterans, and which furnish financial support
4 to area veterans' organizations to be used for the purpose of
5 constructing a memorial or museum;

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

12 49. Sales of tangible personal property or services to a state
13 that borders this state or any political subdivision of that state,
14 but only to the extent that the other state or political subdivision
15 exempts or does not impose a tax on similar sales of items to this
16 state or a political subdivision of this state;

17 50. Effective July 1, 2005, sales of tangible personal property
18 or services to the Career Technology Student Organizations under the
19 direction and supervision of the Oklahoma Department of Career and
20 Technology Education;

21 51. Sales of tangible personal property to a public trust
22 having either a single city, town or county or multiple cities,
23 towns or counties, or combination thereof as beneficiary or
24 beneficiaries or a nonprofit organization which is exempt from

1 taxation pursuant to the provisions of the Internal Revenue Code, 26
2 U.S.C., Section 501(c) (3) for the purpose of constructing
3 improvements to or expanding a hospital or nursing home owned and
4 operated by any such public trust or nonprofit entity prior to July
5 1, 2008, in counties with a population of less than one hundred
6 thousand (100,000) persons, according to the most recent Federal
7 Decennial Census. As used in this paragraph, "constructing
8 improvements to or expanding" shall not mean any expense for routine
9 maintenance or general repairs and shall require a project cost of
10 at least One Hundred Thousand Dollars (\$100,000.00). For purposes
11 of this paragraph, sales made to a contractor or subcontractor that
12 enters into a contractual relationship with a public trust or
13 nonprofit entity as described by this paragraph shall be considered
14 sales made to the public trust or nonprofit entity. The exemption
15 authorized by this paragraph shall be administered in the form of a
16 refund from the sales tax revenues apportioned pursuant to Section
17 1353 of this title and the vendor shall be required to collect the
18 sales tax otherwise applicable to the transaction. The purchaser
19 may apply for a refund of the sales tax paid in the manner
20 prescribed by this paragraph. Within thirty (30) days after the end
21 of each fiscal year, any purchaser that is entitled to make
22 application for a refund based upon the exempt treatment authorized
23 by this paragraph may file an application for refund of the sales
24 taxes paid during such preceding fiscal year. The Tax Commission

1 shall prescribe a form for purposes of making the application for
2 refund. The Tax Commission shall determine whether or not the total
3 amount of sales tax exemptions claimed by all purchasers is equal to
4 or less than Six Hundred Fifty Thousand Dollars (\$650,000.00). If
5 such claims are less than or equal to that amount, the Tax
6 Commission shall make refunds to the purchasers in the full amount
7 of the documented and verified sales tax amounts. If such claims by
8 all purchasers are in excess of Six Hundred Fifty Thousand Dollars
9 (\$650,000.00), the Tax Commission shall determine the amount of each
10 purchaser's claim, the total amount of all claims by all purchasers,
11 and the percentage each purchaser's claim amount bears to the total.
12 The resulting percentage determined for each purchaser shall be
13 multiplied by Six Hundred Fifty Thousand Dollars (\$650,000.00) to
14 determine the amount of refundable sales tax to be paid to each
15 purchaser. The pro rata refund amount shall be the only method to
16 recover sales taxes paid during the preceding fiscal year and no
17 balance of any sales taxes paid on a pro rata basis shall be the
18 subject of any subsequent refund claim pursuant to this paragraph;

19 52. Effective July 1, 2006, sales of tangible personal property
20 or services to any organization which assists, trains, educates, and
21 provides housing for physically and mentally handicapped persons and
22 which is exempt from taxation pursuant to the provisions of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
24 receives at least eighty-five percent (85%) of its annual budget

1 from state or federal funds. In order to receive the benefit of the
2 exemption authorized by this paragraph, the taxpayer shall be
3 required to make payment of the applicable sales tax at the time of
4 sale to the vendor in the manner otherwise required by law.
5 Notwithstanding any other provision of the Oklahoma Uniform Tax
6 Procedure Code to the contrary, the taxpayer shall be authorized to
7 file a claim for refund of sales taxes paid that qualify for the
8 exemption authorized by this paragraph for a period of one (1) year
9 after the date of the sale transaction. The taxpayer shall be
10 required to provide documentation as may be prescribed by the
11 Oklahoma Tax Commission in support of the refund claim. The total
12 amount of sales tax qualifying for exempt treatment pursuant to this
13 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
14 (\$175,000.00) each fiscal year. Claims for refund shall be
15 processed in the order in which such claims are received by the
16 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
17 the total amount of refunds payable for a fiscal year, such claim
18 shall be barred;

19 53. The first Two Thousand Dollars (\$2,000.00) each year of
20 sales of tangible personal property or services to, by, or for the
21 benefit of a qualified neighborhood watch organization that is
22 endorsed or supported by or working directly with a law enforcement
23 agency with jurisdiction in the area in which the neighborhood watch
24 organization is located. As used in this paragraph, "qualified

1 neighborhood watch organization" means an organization that is a
2 not-for-profit corporation under the laws of ~~the State of Oklahoma~~
3 this state that was created to help prevent criminal activity in an
4 area through community involvement and interaction with local law
5 enforcement and which is one of the first two thousand organizations
6 which makes application to the Oklahoma Tax Commission for the
7 exemption after March 29, 2006;

8 54. Sales of tangible personal property to a nonprofit
9 organization, exempt from taxation pursuant to the provisions of the
10 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
11 primarily for the purpose of providing services to homeless persons
12 during the day and located in a metropolitan area with a population
13 in excess of five hundred thousand (500,000) persons according to
14 the latest Federal Decennial Census. The exemption authorized by
15 this paragraph shall be applicable to sales of tangible personal
16 property to a qualified entity occurring on or after January 1,
17 2005;

18 55. 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 of wetlands and habitat for wild ducks;

23 56. Sales of tangible personal property or services to or by 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) for events the principal purpose of which is to provide
3 funding for the preservation and conservation of wild turkeys;

4 57. Sales of tangible personal property or services to 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), and

9 b. is part of a network of community-based, autonomous
10 member organizations that meets the following
11 criteria:

12 (1) serves people with workplace disadvantages and
13 disabilities by providing job training and
14 employment services, as well as job placement
15 opportunities and post-employment support,

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

18 (3) collects donated clothing and household goods to
19 sell in retail stores and provides contract labor
20 services to business and government, and

21 (4) provides documentation to the Oklahoma Tax
22 Commission that over seventy-five percent (75%)
23 of its revenues are channeled into employment,
24

1 job training and placement programs, and other
2 critical community services;

3 58. Sales of tickets made on or after September 21, 2005, and
4 complimentary or free tickets for admission issued on or after
5 September 21, 2005, which have a value equivalent to the charge that
6 would have otherwise been made, for admission to a professional
7 athletic event in which a team in the National Basketball
8 Association is a participant, which is held in a facility owned or
9 operated by a municipality, a county, or a public trust of which a
10 municipality or a county is the sole beneficiary, and sales of
11 tickets made on or after July 1, 2007, and complimentary or free
12 tickets for admission issued on or after July 1, 2007, which have a
13 value equivalent to the charge that would have otherwise been made,
14 for admission to a professional athletic event in which a team in
15 the National Hockey League is a participant, which is held in a
16 facility owned or operated by a municipality, a county, or a public
17 trust of which a municipality or a county is the sole beneficiary;

18 59. Sales of tickets for admission and complimentary or free
19 tickets for admission which have a value equivalent to the charge
20 that would have otherwise been made to a professional sporting event
21 involving ice hockey, baseball, basketball, football or arena
22 football, or soccer. As used in this paragraph, "professional
23 sporting event" means an organized athletic competition between
24 teams that are members of an organized league or association with

1 centralized management, other than a national league or national
2 association, that imposes requirements for participation in the
3 league upon the teams, the individual athletes, or both, and which
4 uses a salary structure to compensate the athletes;

5 60. Sales of tickets for admission to an annual event sponsored
6 by an educational and charitable organization of women which is
7 exempt from taxation pursuant to the provisions of the Internal
8 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission
9 promoting volunteerism, developing the potential of women, and
10 improving the community through the effective action and leadership
11 of trained volunteers;

12 61. Sales of tangible personal property or services to an
13 organization, which is exempt from taxation pursuant to the
14 provisions of the Internal Revenue Code, 26 U.S.C., Section
15 501(c)(3), and which is itself a member of an organization which is
16 exempt from taxation pursuant to the provisions of the Internal
17 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
18 organization is primarily engaged in advancing the purposes of its
19 member organizations through fundraising, public awareness, or other
20 efforts for the benefit of its member organizations, and if the
21 member organization is primarily engaged either in providing
22 educational services and programs concerning health-related diseases
23 and conditions to individuals suffering from such health-related
24 diseases and conditions or their caregivers and family members or

1 support to such individuals, or in health-related research as to
2 such diseases and conditions, or both. In order to qualify for the
3 exemption authorized by this paragraph, the member nonprofit
4 organization shall be required to provide proof to the Oklahoma Tax
5 Commission of its membership status in the membership organization;

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

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

15 64. Sales of tangible personal property or services to or by a
16 veteran's organization which is exempt from taxation pursuant to the
17 provisions of the Internal Revenue Code, 26 U.S.C., Section
18 501(c)(19) and which is known as the Veterans of Foreign Wars of the
19 United States, Oklahoma Chapters;

20 65. Sales of boxes of food by a church or by an organization,
21 which is exempt from taxation pursuant to the provisions of the
22 Internal Revenue Code, 26 U.S.C., Section 501(c)(3). To qualify
23 under the provisions of this paragraph, the organization must be
24 organized for the primary purpose of feeding needy individuals or to

1 encourage volunteer service by requiring such service in order to
2 purchase food. These boxes shall only contain edible staple food
3 items;

4 66. Sales of tangible personal property or services to any
5 person with whom a church has duly entered into a construction
6 contract, necessary for carrying out such contract or to any
7 subcontractor to such a construction contract;

8 67. Sales of tangible personal property or services used
9 exclusively for charitable or educational purposes, to or by an
10 organization which:

11 a. is exempt from taxation pursuant to the provisions of
12 the Internal Revenue Code, 26 U.S.C., Section
13 501(c)(3),

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

16 c. is organized for the purpose of:

17 (1) providing training and education to
18 developmentally disabled individuals,

19 (2) educating the community about the rights,
20 abilities, and strengths of developmentally
21 disabled individuals, and

22 (3) promoting unity among developmentally disabled
23 individuals in their community and geographic
24 area;

1 68. Sales of tangible personal property or services to any
2 organization which is a shelter for abused, neglected, or abandoned
3 children and which is exempt from taxation pursuant to the
4 provisions of the Internal Revenue Code, 26 U.S.C., Section
5 501(c)(3); provided, until July 1, 2008, such exemption shall apply
6 only to eligible shelters for children from birth to age twelve (12)
7 and after July 1, 2008, such exemption shall apply to eligible
8 shelters for children from birth to age eighteen (18);

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

- 12 a. possesses a 3-star rating from the Department of Human
13 Services Reaching for the Stars Program or a national
14 accreditation, and
- 15 b. allows on-site universal prekindergarten education to
16 be provided to four-year-old children through a
17 contractual agreement with any public school or school
18 district.

19 For the purposes of this paragraph, sales made to any person,
20 firm, agency, or entity that has entered previously into a
21 contractual relationship with a child care center for construction
22 and improvement of buildings and other structures owned by the child
23 care center and operated for educational purposes shall be
24 considered sales made to a child care center. Any such person,

1 firm, agency, or entity making purchases on behalf of a child care
2 center shall certify, in writing, on the copy of the invoice or
3 sales ticket the nature of the purchase. Any such person, or person
4 acting on behalf of a firm, agency, or entity making purchases on
5 behalf of a child care center in violation of this paragraph shall
6 be guilty of a misdemeanor and upon conviction thereof shall be
7 fined an amount equal to double the amount of sales tax involved or
8 incarcerated for not more than sixty (60) days or both;

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

21 b. The exemption authorized by this paragraph shall be
22 administered in the form of a refund from the sales
23 tax revenues apportioned pursuant to Section 1353 of
24 this title, and the vendor shall be required to

1 collect the sales tax otherwise applicable to the
2 transaction. The purchaser may apply for a refund of
3 the state sales tax paid in the manner prescribed by
4 this paragraph. Within sixty (60) days after the end
5 of each calendar quarter, any purchaser that is
6 entitled to make application for a refund based upon
7 the exempt treatment authorized by this paragraph may
8 file an application for refund of the state sales
9 taxes paid during such preceding calendar quarter.
10 The Tax Commission shall prescribe a form for purposes
11 of making the application for refund.

12 c. A purchaser who applies for a refund pursuant to this
13 paragraph shall certify that the items were actually
14 sent to military personnel overseas in a combat zone.
15 Any purchaser that applies for a refund for the
16 purchase of items that are not authorized for
17 exemption under this paragraph shall be subject to a
18 penalty in the amount of Five Hundred Dollars
19 (\$500.00);

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

1 72. Sales of tangible personal property or services for use
2 solely on construction projects for organizations which are exempt
3 from taxation pursuant to the provisions of the Internal Revenue
4 Code, 26 U.S.C., Section 501(c)(3) and whose purpose is providing
5 end-of-life care and access to hospice services to low-income
6 individuals who live in a facility owned by the organization. The
7 exemption provided by this paragraph applies to sales to the
8 organization as well as to sales to any person with whom the
9 organization has duly entered into a construction contract,
10 necessary for carrying out such contract or to any subcontractor to
11 such a construction contract. Any person making purchases on behalf
12 of such organization shall certify, in writing, on the copy of the
13 invoice or sales ticket to be retained by the vendor that the
14 purchases are made for and on behalf of such organization and set
15 out the name of such organization. Any person who wrongfully or
16 erroneously certifies that purchases are for any of the above-named
17 organizations or who otherwise violates this section shall be guilty
18 of a misdemeanor and upon conviction thereof shall be fined an
19 amount equal to double the amount of sales tax involved or
20 incarcerated for not more than sixty (60) days or both;

21 73. Sales of tickets for admission to events held by
22 organizations exempt from taxation pursuant to the provisions of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) that are
24

1 organized for the purpose of supporting general hospitals licensed
2 by the State Department of Health;

3 74. Sales of tangible personal property or services:

4 a. to a foundation which is exempt from taxation pursuant
5 to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3) and which raises tax-
7 deductible contributions in support of a wide range of
8 firearms-related public interest activities of the
9 National Rifle Association of America and other
10 organizations that defend and foster Second Amendment
11 rights, and

12 b. to or by a grassroots fundraising program for sales
13 related to events to raise funds for a foundation
14 meeting the qualifications of subparagraph a of this
15 paragraph;

16 75. Sales by an organization or entity which is exempt from
17 taxation pursuant to the provisions of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3) which are related to a fundraising event
19 sponsored by the organization or entity when the event does not
20 exceed any five (5) consecutive days and when the sales are not in
21 the organization's or the entity's regular course of business.

22 Provided, the exemption provided in this paragraph shall be limited
23 to tickets sold for admittance to the fundraising event and items
24

1 which were donated to the organization or entity for sale at the
2 event;

3 76. Effective November 1, 2017, sales of tangible personal
4 property or services to an organization which is exempt from
5 taxation pursuant to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c) (3) and operates as a collaborative model
7 which connects community agencies in one location to serve
8 individuals and families affected by violence and where victims have
9 access to services and advocacy at no cost to the victim;

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

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

20 79. Sales of tangible personal property or services to the
21 American Legion, whether the purchase is made by the entity
22 chartered by the United States Congress or is an entity organized
23 under the laws of this or another state pursuant to the authority of
24 the national American Legion organization;

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

- 3 a. exempt from taxation pursuant to the provisions of the
4 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 5 b. verified with a letter from the MIT Fab Foundation as
6 an official member of the Fab Lab Network in
7 compliance with the Fab Charter, and
- 8 c. able to provide documentation that its primary and
9 principal purpose is to provide community access to
10 advanced 21st century manufacturing and digital
11 fabrication tools for science, technology,
12 engineering, art, and math (STEAM) learning skills,
13 developing inventions, creating and sustaining
14 businesses, and producing personalized products;

15 81. Effective November 1, 2021, sales of tangible personal
16 property or services used solely for construction and remodeling
17 projects to an organization which is exempt from taxation pursuant
18 to the provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3), and which meets the following requirements:

- 20 a. its primary purpose is to construct or remodel and
21 sell affordable housing and provide homeownership
22 education to residents of Oklahoma that have an income
23 that is below one hundred percent (100%) of the Family
24

1 Median Income guidelines as defined by the U.S.

2 Department of Housing and Urban Development,

3 b. it conducts its activities in a manner that serves
4 public or charitable purposes, rather than commercial
5 purposes,

6 c. it receives funding and revenue and charges fees in a
7 manner that does not incentivize it or its employees
8 to act other than in the best interests of its
9 clients, and

10 d. it compensates its employees in a manner that does not
11 incentivize employees to act other than in the best
12 interests of its clients;

13 82. Effective November 1, 2021, sales of tangible personal
14 property or services to a nonprofit entity, organized pursuant to
15 Oklahoma law before January 1, 2022, exempt from federal income
16 taxation pursuant to Section 501(c) of the Internal Revenue Code of
17 1986, as amended, the principal functions of which are to provide
18 assistance to natural persons following a disaster, with program
19 emphasis on repair or restoration to single-family residential
20 dwellings or the construction of a replacement single-family
21 residential dwelling. As used in this paragraph, "disaster" means
22 damage to property with or without accompanying injury to persons
23 from heavy rain, high winds, tornadic winds, drought, wildfire,
24 snow, ice, geologic disturbances, explosions, chemical accidents or

1 spills, and other events causing damage to property on a large
2 scale. For purposes of this paragraph, an entity that expended at
3 least seventy-five percent (75%) of its funds on the restoration to
4 single-family housing following a disaster including related general
5 and administrative expenses, shall be eligible for the exemption
6 authorized by this paragraph;

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

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

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

1 clinical practices or medical facilities acquired or leased by the
2 organization from the University Hospitals Authority, University
3 Hospitals Trust, or the University of Oklahoma on or after June 1,
4 2021; and

5 85. Sales of tangible personal property or services to a
6 nonprofit entity, organized pursuant to Oklahoma law before January
7 1, 2019, exempt from federal income taxation pursuant to Section
8 501(c) of the Internal Revenue Code of 1986, as amended, the
9 principal functions of which are to provide assistance to natural
10 persons following a disaster, with program emphasis on repair or
11 restoration to single-family residential dwellings or the
12 construction of a replacement single-family residential dwelling.
13 For purposes of this paragraph, an entity operated exclusively for
14 charitable and educational purposes through the coordination of
15 volunteers for the disaster recovery of homes (as derived from Part
16 III, Statement of Program Services, of Internal Revenue Service Form
17 990) and offers its services free of charge to disaster survivors
18 statewide who are low income with no or limited means of recovery on
19 their own for the restoration to single-family housing following a
20 disaster including related general and administrative expenses,
21 shall be eligible for the exemption authorized by this paragraph.
22 The exemption provided by this paragraph shall only be applicable to
23 sales made on or after ~~the effective date of this act~~ July 1, 2022.
24 As used in this paragraph, "disaster" means damage to property with

1 or without accompanying injury to persons from heavy rain, high
2 winds, tornadic winds, drought, wildfire, snow, ice, geologic
3 disturbances, explosions, chemical accidents or spills, and other
4 events causing damage to property on a large scale;

5 86. Sales of tangible personal property or services to 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), the principal functions of which are to prevent child
9 abuse and neglect through education, treatment, and advocacy, and
10 operates a facility that offers comprehensive community-based
11 services for abused or neglected children from birth through
12 eighteen (18) years of age. To be eligible for the exemption
13 provided by this paragraph, the organization shall provide the
14 following documentation to the Oklahoma Tax Commission:

- 15 a. articles of incorporation,
- 16 b. organizational by-laws, and
- 17 c. a notarized letter from the president or chairman of
18 the organization stating the services provided by the
19 organization; and

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

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

1 b. provides documentation to the Oklahoma Tax Commission
2 showing the organization's principal purpose is to
3 provide school supplies or articles of clothing for
4 underserved students attending grades pre-K through 12
5 at public schools in this state.

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

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

18 Section 1357. Exemptions - General.

19 There are hereby specifically exempted from the tax levied by
20 the Oklahoma Sales Tax Code:

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

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

4 3. Sales for resale to persons engaged in the business of
5 reselling the articles purchased, whether within or without the
6 state, provided that such sales to residents of this state are made
7 to persons to whom sales tax permits have been issued as provided in
8 the Oklahoma Sales Tax Code. This exemption shall not apply to the
9 sales of articles made to persons holding permits when such persons
10 purchase items for their use and which they are not regularly
11 engaged in the business of reselling; neither shall this exemption
12 apply to sales of tangible personal property to peddlers, solicitors
13 and other salespersons who do not have an established place of
14 business and a sales tax permit. The exemption provided by this
15 paragraph shall apply to sales of motor fuel or diesel fuel to a
16 Group Five vendor, but the use of such motor fuel or diesel fuel by
17 the Group Five vendor shall not be exempt from the tax levied by the
18 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
19 is exempt from sales tax when the motor fuel is for shipment outside
20 this state and consumed by a common carrier by rail in the conduct
21 of its business. The sales tax shall apply to the purchase of motor
22 fuel or diesel fuel in Oklahoma by a common carrier by rail when
23 such motor fuel is purchased for fueling, within this state, of any
24 locomotive or other motorized flanged wheel equipment;

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

2 5. Sales of programs relating to sporting and entertainment
3 events, and sales of advertising on billboards (including signage,
4 posters, panels, marquees, or on other similar surfaces, whether
5 indoors or outdoors) or in programs relating to sporting and
6 entertainment events, and sales of any advertising, to be displayed
7 at or in connection with a sporting event, via the Internet,
8 electronic display devices or through public address or broadcast
9 systems. The exemption authorized by this paragraph shall be
10 effective for all sales made on or after January 1, 2001;

11 6. Sales of any advertising, other than the advertising
12 described by paragraph 5 of this section, via the Internet,
13 electronic display devices or through the electronic media including
14 radio, public address or broadcast systems, television (whether
15 through closed circuit broadcasting systems or otherwise), and cable
16 and satellite television, and the servicing of any advertising
17 devices;

18 7. Eggs, feed, supplies, machinery, and equipment purchased by
19 persons regularly engaged in the business of raising worms, fish,
20 any insect, or any other form of terrestrial or aquatic animal life
21 and used for the purpose of raising same for marketing. This
22 exemption shall only be granted and extended to the purchaser when
23 the items are to be used and in fact are used in the raising of
24 animal life as set out above. Each purchaser shall certify, in

1 writing, on the invoice or sales ticket retained by the vendor that
2 the purchaser is regularly engaged in the business of raising such
3 animal life and that the items purchased will be used only in such
4 business. The vendor shall certify to the Oklahoma Tax Commission
5 that the price of the items has been reduced to grant the full
6 benefit of the exemption. Violation hereof by the purchaser or
7 vendor shall be a misdemeanor;

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

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

18 10. Transfers of title or possession of empty, partially
19 filled, or filled returnable oil and chemical drums to any person
20 who is not regularly engaged in the business of selling, reselling
21 or otherwise transferring empty, partially filled or filled
22 returnable oil drums;

23
24

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

4 12. Sales of food or food products for home consumption which
5 are purchased in whole or in part with coupons issued pursuant to
6 the federal food stamp program as authorized by Sections 2011
7 through 2029 of Title 7 of the United States Code, as to that
8 portion purchased with such coupons. The exemption provided for
9 such sales shall be inapplicable to such sales upon the effective
10 date of any federal law that removes the requirement of the
11 exemption as a condition for participation by the state in the
12 federal food stamp program;

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

- 16 a. is exempt from taxation pursuant to the provisions of
17 Section 501(c)(3) of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3), and which provides and
19 delivers prepared meals for home consumption to
20 elderly or homebound persons as part of a program
21 commonly known as "Meals on Wheels" or "Mobile Meals",
22 or
23 b. is exempt from taxation pursuant to the provisions of
24 Section 501(c)(3) of the Internal Revenue Code, 26

1 U.S.C., Section 501(c)(3), and which receives federal
2 funding pursuant to the Older Americans Act of 1965,
3 as amended, for the purpose of providing nutrition
4 programs for the care and benefit of elderly persons;

5 14. a. Sales of tangible personal property or services to or
6 by organizations which are exempt from taxation
7 pursuant to the provisions of Section 501(c)(3) of the
8 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
9 and:

10 (1) are primarily involved in the collection and
11 distribution of food and other household products
12 to other organizations that facilitate the
13 distribution of such products to the needy and
14 such distributee organizations are exempt from
15 taxation pursuant to the provisions of Section
16 501(c)(3) of the Internal Revenue Code, 26
17 U.S.C., Section 501(c)(3), or

18 (2) facilitate the distribution of such products to
19 the needy.

20 b. Sales made in the course of business for profit or
21 savings, competing with other persons engaged in the
22 same or similar business shall not be exempt under
23 this paragraph.

24

1 c. The exemption provided by this paragraph shall include
2 sales of tangible personal property or taxable
3 services consumed or incorporated in the construction
4 of a facility placed in service during calendar year
5 2023. The exemption shall include sales and taxable
6 services to the organization and to any person,
7 entity, contractor, or subcontractor with whom the
8 organization has duly entered into a construction
9 contract necessary for carrying out the contract. For
10 sales tax paid on purchases that would otherwise be
11 exempt pursuant to this subparagraph but occurred
12 before the effective date of this act, the Tax
13 Commission shall make refunds to the purchasers in the
14 full amount of the sales tax paid, as documented by
15 the purchaser and verified by the Tax Commission;

16 15. Sales of tangible personal property or services to
17 children's homes which are located on church-owned property and are
18 operated by organizations exempt from taxation pursuant to the
19 provisions of the Internal Revenue Code, 26 U.S.C., Section
20 501(c) (3);

21 16. Sales of computers, data processing equipment, related
22 peripherals, and telephone, telegraph or telecommunications service
23 and equipment for use in a qualified aircraft maintenance or
24 manufacturing facility. For purposes of this paragraph, "qualified

1 aircraft maintenance or manufacturing facility" means a new or
2 expanding facility primarily engaged in aircraft repair, building,
3 or rebuilding whether or not on a factory basis, whose total cost of
4 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
5 and which employs at least two hundred fifty (250) new full-time-
6 equivalent employees, as certified by the Oklahoma Employment
7 Security Commission, upon completion of the facility. In order to
8 qualify for the exemption provided for by this paragraph, the cost
9 of the items purchased by the qualified aircraft maintenance or
10 manufacturing facility shall equal or exceed the sum of Two Million
11 Dollars (\$2,000,000.00);

12 17. Sales of tangible personal property consumed or
13 incorporated in the construction or expansion of a qualified
14 aircraft maintenance or manufacturing facility as defined in
15 paragraph 16 of this section. For purposes of this paragraph, sales
16 made to a contractor or subcontractor that has previously entered
17 into a contractual relationship with a qualified aircraft
18 maintenance or manufacturing facility for construction or expansion
19 of such a facility shall be considered sales made to a qualified
20 aircraft maintenance or manufacturing facility;

21 18. Sales of the following telecommunications services:

22 a. Interstate and International "800 service". "800
23 service" means a "telecommunications service" that
24 allows a caller to dial a toll-free number without

1 incurring a charge for the call. The service is
2 typically marketed under the name "800", "855", "866",
3 "877" and "888" toll-free calling, and any subsequent
4 numbers designated by the Federal Communications
5 Commission,

6 b. Interstate and International "900 service". "900
7 service" means an inbound toll "telecommunications
8 service" purchased by a subscriber that allows the
9 subscriber's customers to call in to the subscriber's
10 prerecorded announcement or live service. "900
11 service" does not include the charge for: collection
12 services provided by the seller of the
13 "telecommunications services" to the subscriber, or
14 service or product sold by the subscriber to the
15 subscriber's customer. The service is typically
16 marketed under the name "900" service, and any
17 subsequent numbers designated by the Federal
18 Communications Commission,

19 c. Interstate and International "private communications
20 service". "Private communications service" means a
21 "telecommunications service" that entitles the
22 customer to exclusive or priority use of a
23 communications channel or group of channels between or
24 among termination points, regardless of the manner in

1 which such channel or channels are connected, and
2 includes switching capacity, extension lines, stations
3 and any other associated services that are provided in
4 connection with the use of such channel or channels,

5 d. "Value-added nonvoice data service". "Value-added
6 nonvoice data service" means a service that otherwise
7 meets the definition of "telecommunications services"
8 in which computer processing applications are used to
9 act on the form, content, code or protocol of the
10 information or data primarily for a purpose other than
11 transmission, conveyance, or routing,

12 e. Interstate and International telecommunications
13 service which is:

14 (1) rendered by a company for private use within its
15 organization, or

16 (2) used, allocated or distributed by a company to
17 its affiliated group,

18 f. Regulatory assessments and charges including charges
19 to fund the Oklahoma Universal Service Fund, the
20 Oklahoma Lifeline Fund and the Oklahoma High Cost
21 Fund, and

22 g. Telecommunications nonrecurring charges including but
23 not limited to the installation, connection, change,
24

1 or initiation of telecommunications services which are
2 not associated with a retail consumer sale;

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

6 20. Sales of aircraft and aircraft parts provided such sales
7 occur at a qualified aircraft maintenance facility. As used in this
8 paragraph, "qualified aircraft maintenance facility" means a
9 facility operated by an air common carrier including one or more
10 component overhaul support buildings or structures in an area owned,
11 leased, or controlled by the air common carrier, at which there were
12 employed at least two thousand (2,000) full-time-equivalent
13 employees in the preceding year as certified by the Oklahoma
14 Employment Security Commission and which is primarily related to the
15 fabrication, repair, alteration, modification, refurbishing,
16 maintenance, building, or rebuilding of commercial aircraft or
17 aircraft parts used in air common carriage. For purposes of this
18 paragraph, "air common carrier" shall also include members of an
19 affiliated group as defined by Section 1504 of the Internal Revenue
20 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of
21 machinery, tools, supplies, equipment, and related tangible personal
22 property and services used or consumed in the repair, remodeling, or
23 maintenance of aircraft, aircraft engines or aircraft component
24 parts which occur at a qualified aircraft maintenance facility;

1 21. Sales of machinery and equipment purchased and used by
2 persons and establishments primarily engaged in computer services
3 and data processing:

4 a. as defined under Industrial Group Numbers 7372 and
5 7373 of the Standard Industrial Classification (SIC)
6 Manual, latest version, which derive at least fifty
7 percent (50%) of their annual gross revenues from the
8 sale of a product or service to an out-of-state buyer
9 or consumer, and

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

15 Eligibility for the exemption set out in this paragraph shall be
16 established, subject to review by the Tax Commission, by annually
17 filing an affidavit with the Tax Commission stating that the
18 facility so qualifies and such information as required by the Tax
19 Commission. For purposes of determining whether annual gross
20 revenues are derived from sales to out-of-state buyers or consumers,
21 all sales to the federal government shall be considered to be to an
22 out-of-state buyer or consumer;

23 22. Sales of prosthetic devices to an individual for use by
24 such individual. For purposes of this paragraph, "prosthetic

1 device" shall have the same meaning as provided in Section 1357.6 of
2 this title, but shall not include corrective eye glasses, contact
3 lenses, or hearing aids;

4 23. Sales of tangible personal property or services to a motion
5 picture or television production company to be used or consumed in
6 connection with an eligible production. For purposes of this
7 paragraph, "eligible production" means a documentary, special, music
8 video or a television commercial or television program that will
9 serve as a pilot for or be a segment of an ongoing dramatic or
10 situation comedy series filmed or taped for network or national or
11 regional syndication or a feature-length motion picture intended for
12 theatrical release or for network or national or regional
13 syndication or broadcast. The provisions of this paragraph shall
14 apply to sales occurring on or after July 1, 1996. In order to
15 qualify for the exemption, the motion picture or television
16 production company shall file any documentation and information
17 required to be submitted pursuant to rules promulgated by the Tax
18 Commission;

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

21 25. Sales of tangible personal property or services to tax-
22 exempt independent nonprofit biomedical research foundations that
23 provide educational programs for Oklahoma science students and
24

1 teachers and to tax-exempt independent nonprofit community blood
2 banks headquartered in this state;

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

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

11 28. Beginning July 1, 2005, sales of aircraft engine repairs,
12 modification, and replacement parts, sales of aircraft frame repairs
13 and modification, aircraft interior modification, and paint, and
14 sales of services employed in the repair, modification, and
15 replacement of parts of aircraft engines, aircraft frame and
16 interior repair and modification, and paint;

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

- 20 a. are loaded on the ship, motor vessel, or barge and
21 used in the maintenance and operation of the ship,
22 motor vessel, or barge, or
23 b. enter into and become component parts of the ship,
24 motor vessel, or barge;

1 30. Sales of tangible personal property made at estate sales at
2 which such property is offered for sale on the premises of the
3 former residence of the decedent by a person who is not required to
4 be licensed pursuant to the Transient Merchant Licensing Act, or who
5 is not otherwise required to obtain a sales tax permit for the sale
6 of such property pursuant to the provisions of Section 1364 of this
7 title; provided:

- 8 a. such sale or event may not be held for a period
9 exceeding three (3) consecutive days,
- 10 b. the sale must be conducted within six (6) months of
11 the date of death of the decedent, and
- 12 c. the exemption allowed by this paragraph shall not be
13 allowed for property that was not part of the
14 decedent's estate;

15 31. Beginning January 1, 2004, sales of electricity and
16 associated delivery and transmission services, when sold exclusively
17 for use by an oil and gas operator for reservoir dewatering projects
18 and associated operations commencing on or after July 1, 2003, in
19 which the initial water-to-oil ratio is greater than or equal to
20 five-to-one water-to-oil, and such oil and gas development projects
21 have been classified by the Corporation Commission as a reservoir
22 dewatering unit;

23 32. Sales of prewritten computer software that is delivered
24 electronically. For purposes of this paragraph, "delivered

1 electronically" means delivered to the purchaser by means other than
2 tangible storage media;

3 33. Sales of modular dwelling units when built at a production
4 facility and moved in whole or in parts, to be assembled on-site,
5 and permanently affixed to the real property and used for
6 residential or commercial purposes. The exemption provided by this
7 paragraph shall equal forty-five percent (45%) of the total sales
8 price of the modular dwelling unit. For purposes of this paragraph,
9 "modular dwelling unit" means a structure that is not subject to the
10 motor vehicle excise tax imposed pursuant to Section 2103 of this
11 title;

12 34. Sales of tangible personal property or services to:
13 a. persons who are residents of Oklahoma and have been
14 honorably discharged from active service in any branch
15 of the Armed Forces of the United States or Oklahoma
16 National Guard and who have been certified by the
17 United States Department of Veterans Affairs or its
18 successor to be in receipt of disability compensation
19 at the one-hundred-percent rate and the disability
20 shall be permanent and have been sustained through
21 military action or accident or resulting from disease
22 contracted while in such active service and registered
23 with the veterans registry created by the Oklahoma
24 Department of Veterans Affairs; provided, that if the

1 veteran received the sales tax exemption prior to
2 November 1, 2020, he or she shall be required to
3 register with the veterans registry prior to July 1,
4 2023, in order to remain qualified, or

- 5 b. the surviving spouse of the person in subparagraph a
6 of this paragraph if the person is deceased and the
7 spouse has not remarried and the surviving spouse of a
8 person who is determined by the United States
9 Department of Defense or any branch of the United
10 States military to have died while in the line of duty
11 if the spouse has not remarried. Sales for the
12 benefit of an eligible person to a spouse of the
13 eligible person or to a member of the household in
14 which the eligible person resides and who is
15 authorized to make purchases on the person's behalf,
16 when such eligible person is not present at the sale,
17 shall also be exempt for purposes of this paragraph.
18 The Oklahoma Tax Commission shall issue a separate
19 exemption card to a spouse of an eligible person or to
20 a member of the household in which the eligible person
21 resides who is authorized to make purchases on the
22 person's behalf, if requested by the eligible person.
23 Sales qualifying for the exemption authorized by this
24 paragraph shall not exceed Twenty-five Thousand

1 Dollars (\$25,000.00) per year per individual while the
2 disabled veteran is living. Sales qualifying for the
3 exemption authorized by this paragraph shall not
4 exceed One Thousand Dollars (\$1,000.00) per year for
5 an unremarried surviving spouse. Upon request of the
6 Tax Commission, a person asserting or claiming the
7 exemption authorized by this paragraph shall provide a
8 statement, executed under oath, that the total sales
9 amounts for which the exemption is applicable have not
10 exceeded Twenty-five Thousand Dollars (\$25,000.00) per
11 year per living disabled veteran or One Thousand
12 Dollars (\$1,000.00) per year for an unremarried
13 surviving spouse. If the amount of such exempt sales
14 exceeds such amount, the sales tax in excess of the
15 authorized amount shall be treated as a direct sales
16 tax liability and may be recovered by the Tax
17 Commission in the same manner provided by law for
18 other taxes including penalty and interest. The Tax
19 Commission shall promulgate any rules necessary to
20 implement the provisions of this paragraph, which
21 shall include rules providing for the disclosure of
22 information about persons eligible for the exemption
23 authorized in this paragraph to the Oklahoma
24

1 Department of ~~Veteran's~~ Veterans Affairs, as
2 authorized in Section 205 of this title;

3 35. Sales of electricity to the operator, specifically
4 designated by the Corporation Commission, of a spacing unit or lease
5 from which oil is produced or attempted to be produced using
6 enhanced recovery methods including, but not limited to, increased
7 pressure in a producing formation through the use of water or
8 saltwater if the electrical usage is associated with and necessary
9 for the operation of equipment required to inject or circulate
10 fluids in a producing formation for the purpose of forcing oil or
11 petroleum into a wellbore for eventual recovery and production from
12 the wellhead. In order to be eligible for the sales tax exemption
13 authorized by this paragraph, the total content of oil recovered
14 after the use of enhanced recovery methods shall not exceed one
15 percent (1%) by volume. The exemption authorized by this paragraph
16 shall be applicable only to the state sales tax rate and shall not
17 be applicable to any county or municipal sales tax rate;

18 36. Sales of intrastate charter and tour bus transportation.
19 As used in this paragraph, "intrastate charter and tour bus
20 transportation" means the transportation of persons from one
21 location in this state to another location in this state in a motor
22 vehicle which has been constructed in such a manner that it may
23 lawfully carry more than eighteen persons, and which is ordinarily
24 used or rented to carry persons for compensation. Provided, this

1 exemption shall not apply to regularly scheduled bus transportation
2 for the general public;

3 37. Sales of vitamins, minerals, and dietary supplements by a
4 licensed chiropractor to a person who is the patient of such
5 chiropractor at the physical location where the chiropractor
6 provides chiropractic care or services to such patient. The
7 provisions of this paragraph shall not be applicable to any drug,
8 medicine, or substance for which a prescription by a licensed
9 physician is required;

10 38. Sales of goods, wares, merchandise, tangible personal
11 property, machinery, and equipment to a web search portal located in
12 this state which derives at least eighty percent (80%) of its annual
13 gross revenue from the sale of a product or service to an out-of-
14 state buyer or consumer. For purposes of this paragraph, "web
15 search portal" means an establishment classified under NAICS code
16 519130 which operates websites that use a search engine to generate
17 and maintain extensive databases of Internet addresses and content
18 in an easily searchable format;

19 39. Sales of tangible personal property consumed or
20 incorporated in the construction or expansion of a facility for a
21 corporation organized under Section 437 et seq. of Title 18 of the
22 Oklahoma Statutes as a rural electric cooperative. For purposes of
23 this paragraph, sales made to a contractor or subcontractor that has
24 previously entered into a contractual relationship with a rural

1 electric cooperative for construction or expansion of a facility
2 shall be considered sales made to a rural electric cooperative;

3 40. Sales of tangible personal property or services to a
4 business primarily engaged in the repair of consumer electronic
5 goods including, but not limited to, cell phones, compact disc
6 players, personal computers, MP3 players, digital devices for the
7 storage and retrieval of information through hard-wired or wireless
8 computer or Internet connections, if the devices are sold to the
9 business by the original manufacturer of such devices and the
10 devices are repaired, refitted or refurbished for sale by the entity
11 qualifying for the exemption authorized by this paragraph directly
12 to retail consumers or if the devices are sold to another business
13 entity for sale to retail consumers;

14 41. On or after July 1, 2019, and prior to July 1, 2024, sales
15 or leases of rolling stock when sold or leased by the manufacturer,
16 regardless of whether the purchaser is a public services corporation
17 engaged in business as a common carrier of property or passengers by
18 railway, for use or consumption by a common carrier directly in the
19 rendition of public service. For purposes of this paragraph,
20 "rolling stock" means locomotives, autocars, and railroad cars and
21 "sales or leases" includes railroad car maintenance and retrofitting
22 of railroad cars for their further use only on the railways; and

23 42. Sales of gold, silver, platinum, palladium, or other
24 bullion items such as coins and bars and legal tender of any nation,

1 which legal tender is sold according to its value as precious metal
2 or as an investment. As used in the paragraph, "bullion" means any
3 precious metal including, but not limited to, gold, silver,
4 platinum, and palladium, that is in such a state or condition that
5 its value depends upon its precious metal content and not its form.
6 The exemption authorized by this paragraph shall not apply to
7 fabricated metals that have been processed or manufactured for
8 artistic use or as jewelry.

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

10

11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
12 04/20/2023 - DO PASS, As Amended and Coauthored.

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