

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 422

By: Simpson of the Senate

and

6 Kerbs and Burns of the
7 House

8
9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to agriculture tax exemption;
11 amending 68 O.S. 2011, Section 1358.1, which relates
12 to sales tax exemptions; modifying language;
13 establishing documentary proofs of active agriculture
14 production for purposes of sales tax application;
15 directing acceptance of certain documents as proof of
16 eligibility; providing an effective date; and
17 declaring an emergency.

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

19 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1358.1, is
20 amended to read as follows:

21 Section 1358.1. A. In order to qualify for any exemption
22 authorized by Section 1358 of this title, at the time of sale, the
23 person to whom the sale is made shall be required to furnish the
24 vendor proof of eligibility for the exemption as required by this
section.

1 B. All vendors shall honor the proof of eligibility for sales
2 tax exemption as authorized by this section and sales to a person
3 providing such proof shall be exempt from the tax levied by this
4 article, Section 1350 et seq. of this title.

5 C. The agricultural exemption permit, the size and design of
6 which shall be prescribed by the Oklahoma Tax Commission, shall
7 constitute proof of eligibility for sales tax exemptions authorized
8 by Section 1358 of this title. The permit shall be obtained by
9 listing personal property used in farming or ranching by the person
10 with the county assessor each year as provided by law. If the
11 assessor determines that the personal property is correctly listed
12 and assessed for ad valorem taxation and the county treasurer
13 certifies whether the person has delinquent accounts appearing on
14 the personal property tax lien docket in the county treasurer's
15 office, the assessor shall certify the assessment upon a form
16 prescribed by the Oklahoma Tax Commission. One copy shall be
17 retained by the assessor, one copy shall be forwarded to the
18 Oklahoma Tax Commission and one copy shall be given to the person
19 listing the personal property. Upon verification that the applicant
20 qualifies for the exemptions authorized by Section 1358 of this
21 title and that the applicant has no delinquent accounts appearing on
22 the personal property tax lien docket in the office of the county
23 treasurer, a permit shall be issued as prescribed by this section.

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1 The permit shall be renewable every three (3) years in the manner
2 provided by this section.

3 D. A person who does not otherwise qualify for a permit
4 pursuant to subsection C of this section, except as provided in
5 subsection E of this section, shall file with the Oklahoma Tax
6 Commission an application for an agricultural exemption permit
7 constituting proof of eligibility for the sales tax exemptions
8 authorized by Section 1358 of this title, setting forth such
9 information as the Tax Commission may require. The application
10 shall be certified by the applicant that the applicant is engaged in
11 custom farming operations or in the business of farming or ranching.
12 If the applicant is a corporation, the application shall be
13 certified by a legally constituted officer thereof.

14 The Oklahoma Tax Commission shall accept any of the following as
15 proof of eligibility for the exemptions authorized by this section
16 or pursuant to Section 1358 of this title.

17 1. A copy of IRS Schedule F, a copy of IRS form 1065 or a copy
18 of IRS form 4835, or any equivalent form prescribed by the Internal
19 Revenue Service, with respect to a federal income tax return;

20 2. A one-page business description form provided by the
21 Oklahoma Tax Commission;

22 3. Farm Service Agency form 156EZ; or

23 4. Other documents at the discretion of the Oklahoma Tax
24 Commission that verify active agriculture production.

1 E. Except as provided in this subsection, for a person who is a
2 resident of another state and who is engaged in custom farming
3 operations in this state, the person shall provide the vendor proof
4 of residency, the name, address and telephone number of the person
5 engaging the custom farmer and certification on the face of the
6 invoice, under the penalty of perjury, that the property purchased
7 shall be used in agricultural production as proof of eligibility for
8 the sales tax exemption authorized by Section 1358 of this title.
9 Any person who is a resident of another state and who is engaged in
10 custom farming operations in this state and who owns property in
11 this state, shall obtain proof of eligibility as provided in
12 subsection C or D of this section.

13 F. If an agricultural exemption permit holder purchases
14 tangible personal property from a vendor on a regular basis, the
15 permit holder may furnish the vendor proof of eligibility as
16 provided for in subsections C and D of this section and the vendor
17 may subsequently make sales of tangible personal property to the
18 permit holder without requiring proof of eligibility for each
19 subsequent sale. Provided, the permit holder shall notify the
20 vendor of all purchases which are not exempt from sales tax under
21 the provisions of Section 1358 of this title and remit the
22 applicable amount of tax thereon. If the permit holder fails to
23 notify the vendor of purchases not exempt from sales tax, then
24 sufficient grounds shall exist for the Oklahoma Tax Commission to

1 cancel the agricultural exemption permit of the permit holder who so
2 failed to notify the vendor.

3 G. If an out-of-state agricultural exemption permit holder
4 purchases tangible personal property from a vendor within this state
5 who is not in the business of shipping the tangible personal
6 property purchased, then the out-of-state agricultural exemption
7 permit holder is responsible for providing an export bill of lading
8 or other documentation to the vendor from whom the tangible personal
9 property was purchased showing that the point of delivery of such
10 goods for use and consumption is outside ~~the State of Oklahoma~~ this
11 state.

12 H. A purchaser who uses an agricultural exemption permit or
13 provides proof of eligibility pursuant to subsection E of this
14 section to purchase, exempt from sales tax, items not authorized for
15 exemption under Section 1358 of this title shall be subject to a
16 penalty in the amount of Five Hundred Dollars (\$500.00).

17 SECTION 2. This act shall become effective July 1, 2021.

18 SECTION 3. It being immediately necessary for the preservation
19 of the public peace, health or safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

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