

An Act

ENROLLED SENATE
BILL NO. 422

By: Simpson, Pederson, Hamilton
and Stephens of the Senate

and

Kerbs, Burns, Pfeiffer,
Caldwell (Trey), Lowe
(Dick), West (Rick), Moore,
Dobrinski, Fetgatter, Mize,
Strom, Vancuren, Grego,
McCall, Baker, Culver,
Frix, McDugle, Bashore,
Boles, Hardin (David),
Hilbert and Stegall of the
House

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

SUBJECT: Sales tax exemption

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

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

Section 1358.1. A. In order to qualify for any exemption
authorized by Section 1358 of this title, at the time of sale, the
person to whom the sale is made shall be required to furnish the

vendor proof of eligibility for the exemption as required by this section.

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

C. The agricultural exemption permit, the size and design of which shall be prescribed by the Oklahoma Tax Commission, shall constitute proof of eligibility for sales tax exemptions authorized by Section 1358 of this title. The permit shall be obtained by listing personal property used in farming or ranching by the person with the county assessor each year as provided by law. If the assessor determines that the personal property is correctly listed and assessed for ad valorem taxation and the county treasurer certifies whether the person has delinquent accounts appearing on the personal property tax lien docket in the county treasurer's office, the assessor shall certify the assessment upon a form prescribed by the Oklahoma Tax Commission. One copy shall be retained by the assessor, one copy shall be forwarded to the Oklahoma Tax Commission and one copy shall be given to the person listing the personal property. Upon verification that the applicant qualifies for the exemptions authorized by Section 1358 of this title and that the applicant has no delinquent accounts appearing on the personal property tax lien docket in the office of the county treasurer, a permit shall be issued as prescribed by this section. The permit shall be renewable every three (3) years in the manner provided by this section.

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

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

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

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

3. Farm Service Agency form 156EZ; or

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

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

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

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

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

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

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

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

Passed the Senate the 24th day of May, 2021.

Presiding Officer of the Senate

Passed the House of Representatives the 20th day of May, 2021.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____