

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 687

By: Hall

AS INTRODUCED

An Act relating to sales tax exemption; amending 68 O.S. 2021, Section 1357.21, as last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp. 2024, Section 1357.21), which relates to rebate payments for the sales tax exemption on the consumption of qualifying broadband equipment; requiring rebate payments to be made from agency special account; providing for electronic submission of certain report; creating agency special account for the Oklahoma Tax Commission; stating purpose; making appropriation to the Tax Commission; directing transfer of funds; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357.21, as last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp. 2024, Section 1357.21), is amended to read as follows:

Section 1357.21. A. The exemption authorized by the provisions of paragraph 43 of Section 1357 of this title shall be administered as a rebate. Rebate payments shall be made from funds deposited in the agency special account created in subsection M of this section.

B. No claim for a rebate shall be approved unless the equipment was purchased in order to establish or expand broadband services in

1 underserved or unserved areas. As used in this subsection and for
2 purposes of the exemption authorized by paragraph 43 of Section 1357
3 of this title, "broadband", "underserved", and "unserved" shall mean
4 those services and areas as defined in Section 139.102 of Title 17
5 of the Oklahoma Statutes.

6 C. No claim for rebate shall be approved unless the claimant
7 establishes that as a result of the equipment purchase there has
8 been net growth in the number of potential customers served in
9 underserved or unserved areas.

10 D. In order to qualify for rebate payments during the fiscal
11 year beginning July 1, 2022, equipment or other items qualifying for
12 the exemption authorized by paragraph 43 of Section 1357 of this
13 title must be purchased and placed in service between January 1,
14 2022, and December 31, 2023. Claims for rebates of sales tax or use
15 tax paid for such equipment purchased in calendar year 2022 shall be
16 filed with the Oklahoma Tax Commission not later than September 1,
17 2023, and claims for rebates for sales or use tax paid for such
18 equipment purchased in subsequent calendar years shall be filed with
19 the Oklahoma Tax Commission not later than September 1 of the
20 following year.

21 E. Qualifying purchases do not include supporting or ancillary
22 functions, such as office operations, field operations, marketing,
23 transportation, warehousing, data storage, or similar operations
24 that do not directly result in the distribution of broadband

1 Internet service. Property directly used or consumed in or during
2 the provision, creation, or production of a data processing service
3 or information service, or property the provider grants, sells, or
4 leases to the customer for use within the home or establishment
5 receiving broadband is not eligible for a rebate under this section.

6 F. The total amount of rebates that may be paid shall not
7 exceed Forty-two Million Dollars (\$42,000,000.00) with Thirty-one
8 Million Five Hundred Thousand Dollars (\$31,500,000.00) of the total
9 reserved for eligible projects serving counties having a population
10 density of fewer than one hundred (100) persons per square mile and
11 Ten Million Five Hundred Thousand Dollars (\$10,500,000.00) of the
12 total reserved for eligible projects serving counties having a
13 population density of one hundred (100) or more persons per square
14 mile.

15 G. The amount of rebate paid to each claimant shall be computed
16 by dividing the applicable total rebate pool amount by the dollar
17 amount of claims timely received by the Tax Commission with respect
18 to each fiscal year, and paying in full the amount of the claims
19 submitted if the amount of claims are equal to, or less than, the
20 total rebate pool, or a pro rata share if the total amount of claims
21 submitted exceed the rebate pool.

22 H. For the fiscal year beginning July 1, 2023, and all
23 subsequent fiscal years, the total amount of rebate that may be paid
24 shall not exceed Forty-two Million Dollars (\$42,000,000.00).

1 I. Claims for rebate shall be on such forms as the Oklahoma Tax
2 Commission may prescribe for such purpose and shall contain any
3 required information or supporting documentation the Commission
4 requires to verify eligibility for the rebate payment.

5 J. The Oklahoma Department of Commerce shall use information
6 provided by the Oklahoma Tax Commission and the Oklahoma Broadband
7 Office to prepare a report to identify the qualifying rural
8 broadband projects completed with the equipment purchased together
9 with the location of the equipment and the geographic areas served
10 as a result of the equipment purchases, including the total number
11 of potential new customers receiving qualifying broadband services
12 resulting from the project. The report shall not identify any
13 entity by name that purchased equipment.

14 K. The report shall be filed not later than April 1, 2025, with
15 respect to rebates paid for equipment purchases made during calendar
16 years 2022 and 2023 and April 1 of the second succeeding year for
17 equipment purchases made in subsequent calendar years. The Oklahoma
18 Tax Commission shall make information available as required by
19 subsection J of this section as claims are completed to assist with
20 the timely preparation of the report.

21 L. The report shall be electronically filed with the Governor,
22 the Speaker of the House of Representatives and the President Pro
23 Tempore of the Senate and posted on the Oklahoma Broadband Office
24 website.

1 M. There is hereby created in the State Treasury an agency
2 special account for the Oklahoma Tax Commission for the payment of
3 rebates as provided by this section.

4 SECTION 2. There is hereby appropriated to the Oklahoma Tax
5 Commission from any monies not otherwise appropriated from the
6 General Revenue Fund of the State Treasury for the fiscal year
7 ending June 30, 2023, the sum of Forty-two Million Dollars
8 (\$42,000,000.00) to be transferred to the agency special account
9 created pursuant to subsection M of Section 1357.21 of Title 68 of
10 the Oklahoma Statutes for the purpose of making rebate payments
11 pursuant to Section 1357.21 of Title 68 of the Oklahoma Statutes.

12 SECTION 3. This act shall become effective July 1, 2025.

13 SECTION 4. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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