

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 SENATE BILL 477

By: Quinn

6 AS INTRODUCED

7 An Act relating to sales tax; amending 68 O.S. 2011,
8 Section 1358.1, which relates to proof of eligibility
9 for agricultural exemptions; creating exception to
10 certain point of sale exemption; modifying time
11 period for renewal of permit; establishing procedures
12 for exemption applications filed after specified
13 date; providing procedure for denied permits and
14 setting time limitations thereto; requiring Oklahoma
15 Tax Commission to develop certain forms and
16 procedures; and providing an effective date.

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

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

17 Section 1358.1. A. In order to qualify for any exemption
18 claimed at the time of sale and authorized by Section 1358 of this
19 title, ~~at the time of sale,~~ the person to whom the sale is made
20 shall be required to furnish the vendor proof of eligibility for the
21 exemption as required by this section.

22 B. All vendors shall honor the proof of eligibility for sales
23 tax exemption as authorized by this section and sales to a person
24 providing such proof shall be exempt at the time of sale from the

1 tax levied by this article, Section 1350 et seq. of this title,
2 except as provided in subsection I of this section.

3 C. The agricultural exemption permit, the size and design of
4 which shall be prescribed by the Oklahoma Tax Commission, shall
5 constitute proof of eligibility for sales tax exemptions authorized
6 by Section 1358 of this title. The permit shall be obtained by
7 listing personal property used in farming or ranching by the person
8 with the county assessor each year as provided by law. If the
9 assessor determines that the personal property is correctly listed
10 and assessed for ad valorem taxation and the county treasurer
11 certifies whether the person has delinquent accounts appearing on
12 the personal property tax lien docket in the county treasurer's
13 office, the assessor shall certify the assessment upon a form
14 prescribed by the Oklahoma Tax Commission. One copy shall be
15 retained by the assessor, one copy shall be forwarded to the
16 Oklahoma Tax Commission and one copy shall be given to the person
17 listing the personal property. Upon verification that the applicant
18 qualifies for the exemptions authorized by Section 1358 of this
19 title, subject to the provisions of subsection I of this section,
20 and that the applicant has no delinquent accounts appearing on the
21 personal property tax lien docket in the office of the county
22 treasurer, a permit shall be issued as prescribed by this section.
23 The permit shall be renewable ~~every three (3) years~~ annually in the
24 manner provided by this section.

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

12 E. Except as provided in this subsection, for a person who is a
13 resident of another state and who is engaged in custom farming
14 operations in this state, the person shall provide the vendor proof
15 of residency, the name, address and telephone number of the person
16 engaging the custom farmer and certification on the face of the
17 invoice, under the penalty of perjury, that the property purchased
18 shall be used in agricultural production as proof of eligibility for
19 the sales tax exemption authorized by Section 1358 of this title.
20 Any person who is a resident of another state and who is engaged in
21 custom farming operations in this state and who owns property in
22 this state, shall obtain proof of eligibility as provided in
23 subsection C or D of this section.
24

1 F. If an agricultural exemption permit holder purchases
2 tangible personal property from a vendor on a regular basis, the
3 permit holder may furnish the vendor proof of eligibility as
4 provided for in subsections C and D of this section and the vendor
5 may subsequently make sales of tangible personal property to the
6 permit holder without requiring proof of eligibility for each
7 subsequent sale. Provided, the permit holder shall notify the
8 vendor of all purchases which are not exempt from sales tax under
9 the provisions of Section 1358 of this title and remit the
10 applicable amount of tax thereon. If the permit holder fails to
11 notify the vendor of purchases not exempt from sales tax, then
12 sufficient grounds shall exist for the Oklahoma Tax Commission to
13 cancel the agricultural exemption permit of the permit holder who so
14 failed to notify the vendor.

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

23 H. A purchaser who uses an agricultural exemption permit or
24 provides proof of eligibility pursuant to subsection E of this

1 section to purchase, exempt from sales tax, items not authorized for
2 exemption under Section 1358 of this title shall be subject to a
3 penalty in the amount of Five Hundred Dollars (\$500.00).

4 I. 1. For applications filed on or after November 1, 2019,
5 under the provisions of subsections C and D of this section, the Tax
6 Commission shall verify that the applicant has reported income from
7 farming for income tax purposes. Such verification may be made from
8 records of the Tax Commission or satisfactory proof submitted by the
9 applicant with the application. No permit shall be issued until the
10 Tax Commission has verified the reporting of farming income by the
11 applicant.

12 2. If an applicant that would otherwise qualify for a permit is
13 denied a permit as provided in paragraph 1 of this subsection, the
14 applicant may submit a claim for refund for sales tax paid on
15 purchases exempt pursuant to Section 1358 of this title. Provided,
16 the applicant must submit a copy of its income tax return
17 documenting the reporting of farming income with its refund claim.
18 The period for which a claim may be filed shall be within one (1)
19 year of application for permit under this section and no claim for
20 refund may be filed more than two (2) years of application for
21 permit.

22 3. The Tax Commission shall develop such forms and procedures
23 as may be necessary to issue permits and refunds for sales tax paid
24

1 which is subject to the exemption authorized by Section 1358 of this
2 title as provided in this section.

3 SECTION 2. This act shall become effective November 1, 2019.
4

5 57-1-1254 JCR 1/16/2019 3:26:55 PM
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25