

1 ENGROSSED HOUSE AMENDMENT  
TO  
2 ENGROSSED SENATE BILL NO. 1305 By: Rader of the Senate  
3 and  
4 Pfeiffer of the House  
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7 An Act relating to withholding tax rate; amending 68  
8 O.S. 2021, Sections 2385.26 and 2385.30, which relate  
9 to deduction from royalty payments and pass-through  
10 entities; matching the required withholding rate to  
the highest marginal individual income tax rate;  
updating statutory language; and providing an  
effective date.

11  
12 AUTHOR: Remove Representative Pfeiffer as principal House author  
and substitute with Representative Miller  
13

14 Add as coauthors House Coauthors: Fugate, Provenzano, and  
Ranson  
15

16 AMENDMENT NO. 1. Strike the title, enacting clause, and entire bill  
and insert:  
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19 "An Act relating to revenue and taxation; amending 68  
20 O.S. 2021, Section 1356, which relates to sales tax  
exemptions for government or nonprofit entities;  
21 providing exemption for certain entity related to  
disaster recovery; specifying applicability of  
22 exemption for sales made on or after effective date  
of act; defining term; amending 68 O.S. 2021,  
23 Section 1357, which relates to sales tax exemptions;  
providing sales tax exemption for certain hearing  
24 aid devices; defining terms; providing income tax  
credit for certain eligible caregiver expenses;

1 specifying amount of tax credit; prohibiting  
2 reduction of income tax liability to less than  
3 certain amount; providing for limitation on total  
4 credits authorized within designated time periods;  
5 prescribing formula for computation of limits;  
6 providing for administrative rules; providing for  
7 codification; providing effective dates; and  
8 declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1356, is  
amended to read as follows:

Section 1356. Exemptions - Governmental and nonprofit entities.

There are hereby specifically exempted from the tax levied by  
Section 1350 et seq. of this title:

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

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

1           3. Sales of property to agents appointed by or under contract  
2 with a political subdivision of this state if the sale of such  
3 property is associated with the development of a qualified federal  
4 facility, as provided in the Oklahoma Federal Facilities Development  
5 Act, and if ownership and possession of such property transfers  
6 immediately to the political subdivision or the state;

7           4. Sales made directly by county, district or state fair  
8 authorities of this state, upon the premises of the fair authority,  
9 for the sole benefit of the fair authority or sales of admission  
10 tickets to such fairs or fair events at any location in the state  
11 authorized by county, district or state fair authorities; provided,  
12 the exemption provided by this paragraph for admission tickets to  
13 fair events shall apply only to any portion of the admission price  
14 that is retained by or distributed to the fair authority. As used  
15 in this paragraph, "fair event" shall be limited to an event held on  
16 the premises of the fair authority in conjunction with and during  
17 the time period of a county, district or state fair;

18           5. Sale of food in cafeterias or lunchrooms of elementary  
19 schools, high schools, colleges or universities which are operated  
20 primarily for teachers and pupils and are not operated primarily for  
21 the public or for profit;

22           6. Dues paid to fraternal, religious, civic, charitable or  
23 educational societies or organizations by regular members thereof,  
24 provided, such societies or organizations operate under what is

1 commonly termed the lodge plan or system, and provided such  
2 societies or organizations do not operate for a profit which inures  
3 to the benefit of any individual member or members thereof to the  
4 exclusion of other members and dues paid monthly or annually to  
5 privately owned scientific and educational libraries by members  
6 sharing the use of services rendered by such libraries with students  
7 interested in the study of geology, petroleum engineering or related  
8 subjects;

9       7. Sale of tangible personal property or services to or by  
10 churches, except sales made in the course of business for profit or  
11 savings, competing with other persons engaged in the same or a  
12 similar business or sale of tangible personal property or services  
13 by an organization exempt from federal income tax pursuant to  
14 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,  
15 made on behalf of or at the request of a church or churches if the  
16 sale of such property is conducted not more than once each calendar  
17 year for a period not to exceed three (3) days by the organization  
18 and proceeds from the sale of such property are used by the church  
19 or churches or by the organization for charitable purposes;

20       8. The amount of proceeds received from the sale of admission  
21 tickets which is separately stated on the ticket of admission for  
22 the repayment of money borrowed by any accredited state-supported  
23 college or university or any public trust of which a county in this  
24 state is the beneficiary, for the purpose of constructing or

1 enlarging any facility to be used for the staging of an athletic  
2 event, a theatrical production, or any other form of entertainment,  
3 edification or cultural cultivation to which entry is gained with a  
4 paid admission ticket. Such facilities include, but are not limited  
5 to, athletic fields, athletic stadiums, field houses, amphitheaters  
6 and theaters. To be eligible for this sales tax exemption, the  
7 amount separately stated on the admission ticket shall be a  
8 surcharge which is imposed, collected and used for the sole purpose  
9 of servicing or aiding in the servicing of debt incurred by the  
10 college or university to effect the capital improvements  
11 hereinbefore described;

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

15 10. Sale of tangible personal property or services to any  
16 county, municipality, rural water district, public school district,  
17 the institutions of The Oklahoma State System of Higher Education,  
18 the Grand River Dam Authority, the Northeast Oklahoma Public  
19 Facilities Authority, the Oklahoma Municipal Power Authority, City  
20 of Tulsa-Rogers County Port Authority, Muskogee City-County Port  
21 Authority, the Oklahoma Department of Veterans Affairs, the Broken  
22 Bow Economic Development Authority, Ardmore Development Authority,  
23 Durant Industrial Authority, Oklahoma Ordnance Works Authority,  
24 Central Oklahoma Master Conservancy District, Arbuckle Master

1 Conservancy District, Fort Cobb Master Conservancy District, Foss  
2 Reservoir Master Conservancy District, Mountain Park Master  
3 Conservancy District, Waurika Lake Master Conservancy District and  
4 the Office of Management and Enterprise Services only when carrying  
5 out a public construction contract on behalf of the Oklahoma  
6 Department of Veterans Affairs or to any person with whom any of the  
7 above-named subdivisions or agencies of this state has duly entered  
8 into a public contract pursuant to law, necessary for carrying out  
9 such public contract or to any subcontractor to such a public  
10 contract. Any person making purchases on behalf of such subdivision  
11 or agency of this state shall certify, in writing, on the copy of  
12 the invoice or sales ticket to be retained by the vendor that the  
13 purchases are made for and on behalf of such subdivision or agency  
14 of this state and set out the name of such public subdivision or  
15 agency. Any person who wrongfully or erroneously certifies that  
16 purchases are for any of the above-named subdivisions or agencies of  
17 this state or who otherwise violates this section shall be guilty of  
18 a misdemeanor and upon conviction thereof shall be fined an amount  
19 equal to double the amount of sales tax involved or incarcerated for  
20 not more than sixty (60) days or both;

21 11. Sales of tangible personal property or services to private  
22 institutions of higher education and private elementary and  
23 secondary institutions of education accredited by the State  
24 Department of Education or registered by the State Board of

1 Education for purposes of participating in federal programs or  
2 accredited as defined by the Oklahoma State Regents for Higher  
3 Education which are exempt from taxation pursuant to the provisions  
4 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) including  
5 materials, supplies and equipment used in the construction and  
6 improvement of buildings and other structures owned by the  
7 institutions and operated for educational purposes.

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

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

21 13. a. Sales of tangible personal property made by:  
22 (1) a public school,  
23 (2) a private school offering instruction for grade  
24 levels kindergarten through twelfth grade,

- 1 (3) a public school district,  
2 (4) a public or private school board,  
3 (5) a public or private school student group or  
4 organization,  
5 (6) a parent-teacher association or organization  
6 other than as specified in subparagraph b of this  
7 paragraph, or  
8 (7) public or private school personnel for purposes  
9 of raising funds for the benefit of a public or  
10 private school, public school district, public or  
11 private school board or public or private school  
12 student group or organization, or

13 b. Sales of tangible personal property made by or to  
14 nonprofit parent-teacher associations or organizations  
15 exempt from taxation pursuant to the provisions of the  
16 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),  
17 nonprofit local public or private school foundations  
18 which solicit money or property in the name of any  
19 public or private school or public school district.

20 The exemption provided by this paragraph for sales made by a  
21 public or private school shall be limited to those public or private  
22 schools accredited by the State Department of Education or  
23 registered by the State Board of Education for purposes of  
24 participating in federal programs. Sale of tangible personal



1 property in this paragraph shall include sale of admission tickets  
2 and concessions at athletic events;

3 14. Sales of tangible personal property by:

- 4 a. local 4-H clubs,
- 5 b. county, regional or state 4-H councils,
- 6 c. county, regional or state 4-H committees,
- 7 d. 4-H leader associations,
- 8 e. county, regional or state 4-H foundations, and
- 9 f. authorized 4-H camps and training centers.

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

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

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

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1           17. Sales of tangible personal property or services to fire  
2 departments organized pursuant to Section 592 of Title 18 of the  
3 Oklahoma Statutes which items are to be used for the purposes of the  
4 fire department. Any person making purchases on behalf of any such  
5 fire department shall certify, in writing, on the copy of the  
6 invoice or sales ticket to be retained by the vendor that the  
7 purchases are made for and on behalf of such fire department and set  
8 out the name of such fire department. Any person who wrongfully or  
9 erroneously certifies that the purchases are for any such fire  
10 department or who otherwise violates the provisions of this section  
11 shall be deemed guilty of a misdemeanor and upon conviction thereof,  
12 shall be fined an amount equal to double the amount of sales tax  
13 involved or incarcerated for not more than sixty (60) days, or both;

14           18. Complimentary or free tickets for admission to places of  
15 amusement, sports, entertainment, exhibition, display or other  
16 recreational events or activities which are issued through a box  
17 office or other entity which is operated by a state institution of  
18 higher education with institutional employees or by a municipality  
19 with municipal employees;

20           19. The first Fifteen Thousand Dollars (\$15,000.00) each year  
21 from sales of tangible personal property by fire departments  
22 organized pursuant to Titles 11, 18 or 19 of the Oklahoma Statutes  
23 for the purposes of raising funds for the benefit of the fire  
24 department. Fire departments selling tangible personal property for

1 the purposes of raising funds shall be limited to no more than six  
2 (6) days each year to raise such funds in order to receive the  
3 exemption granted by this paragraph;

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

9 21. Sales of tangible personal property or services to any  
10 organization, which takes court-adjudicated juveniles for purposes  
11 of rehabilitation, and which is exempt from taxation pursuant to the  
12 provisions of the Internal Revenue Code, 26 U.S.C., Section  
13 501(c) (3), provided that at least fifty percent (50%) of the  
14 juveniles served by such organization are court adjudicated and the  
15 organization receives state funds in an amount less than ten percent  
16 (10%) of the annual budget of the organization;

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

- 18 a. any health center as defined in Section 254b of Title  
19 42 of the United States Code,  
20 b. any clinic receiving disbursements of state monies  
21 from the Indigent Health Care Revolving Fund pursuant  
22 to the provisions of Section 66 of Title 56 of the  
23 Oklahoma Statutes,  
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1 c. any community-based health center which meets all of  
2 the following criteria:

3 (1) provides primary care services at no cost to the  
4 recipient, and

5 (2) is exempt from taxation pursuant to the  
6 provisions of Section 501(c)(3) of the Internal  
7 Revenue Code, 26 U.S.C., Section 501(c)(3), and

8 d. any community mental health center as defined in  
9 Section 3-302 of Title 43A of the Oklahoma Statutes;

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

14 24. The first Fifteen Thousand Dollars (\$15,000.00) each year  
15 from sales of tangible personal property or services to or by a  
16 cultural organization established to sponsor and promote  
17 educational, charitable and cultural events for disadvantaged  
18 children, and which organization is exempt from taxation pursuant to  
19 the provisions of the Internal Revenue Code, 26 U.S.C., Section  
20 501(c)(3);

21 25. Sales of tangible personal property or services to museums  
22 or other entities which have been accredited by the American  
23 Association of Museums. Any person making purchases on behalf of  
24 any such museum or other entity shall certify, in writing, on the

1 copy of the invoice or sales ticket to be retained by the vendor  
2 that the purchases are made for and on behalf of such museum or  
3 other entity and set out the name of such museum or other entity.  
4 Any person who wrongfully or erroneously certifies that the  
5 purchases are for any such museum or other entity or who otherwise  
6 violates the provisions of this paragraph shall be deemed guilty of  
7 a misdemeanor and, upon conviction thereof, shall be fined an amount  
8 equal to double the amount of sales tax involved or incarcerated for  
9 not more than sixty (60) days, or by both such fine and  
10 incarceration;

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

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

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

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

9 30. Transfer of tangible personal property made pursuant to  
10 Section 3226 of Title 63 of the Oklahoma Statutes by the University  
11 Hospitals Trust;

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

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

20 33. The sale, use, storage, consumption or distribution in this  
21 state, whether by the importer, exporter or another person, of any  
22 satellite or any associated launch vehicle including components of,  
23 and parts and motors for, any such satellite or launch vehicle,  
24 imported or caused to be imported into this state for the purpose of

1 export by means of launching into space. This exemption provided by  
2 this paragraph shall not be affected by:

- 3 a. the destruction in whole or in part of the satellite  
4 or launch vehicle,
- 5 b. the failure of a launch to occur or be successful, or
- 6 c. the absence of any transfer or title to, or possession  
7 of, the satellite or launch vehicle after launch;

8 34. The sale, lease, use, storage, consumption or distribution  
9 in this state of any space facility, space propulsion system or  
10 space vehicle, satellite or station of any kind possessing space  
11 flight capacity including components thereof;

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

19 36. The sale, lease, use, storage, consumption or distribution  
20 in this state of tangible personal property meeting the definition  
21 of "section 38 property" as defined in Sections 48(a)(1)(A) and  
22 (B)(i) of the Internal Revenue Code of 1986, that is an integral  
23 part of and used primarily in support of space flight; however,  
24 section 38 property used in support of space flight shall not

1 include general office equipment, any boat, mobile home, motor  
2 vehicle or other vehicle of a class or type required to be  
3 registered, licensed, titled or documented in this state or by the  
4 United States government, or any other property not specifically  
5 suited to supporting space activity. The term "in support of space  
6 flight", for purposes of this paragraph, means the altering,  
7 monitoring, controlling, regulating, adjusting, servicing or  
8 repairing of any space facility, space propulsion systems or space  
9 vehicle, satellite or station possessing space flight capacity  
10 including the components thereof;

11 37. The purchase or lease of machinery and equipment for use at  
12 a fixed location in this state, which is used exclusively in the  
13 manufacturing, processing, compounding or producing of any space  
14 facility, space propulsion system or space vehicle, satellite or  
15 station of any kind possessing space flight capacity. Provided, the  
16 exemption provided for in this paragraph shall not be allowed unless  
17 the purchaser or lessee signs an affidavit stating that the item or  
18 items to be exempted are for the exclusive use designated herein.  
19 Any person furnishing a false affidavit to the vendor for the  
20 purpose of evading payment of any tax imposed by Section 1354 of  
21 this title shall be subject to the penalties provided by law. As  
22 used in this paragraph, "machinery and equipment" means "section 38  
23 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the  
24 Internal Revenue Code of 1986, which is used as an integral part of



1 the manufacturing, processing, compounding or producing of items of  
2 tangible personal property. Such term includes parts and  
3 accessories only to the extent that the exemption thereof is  
4 consistent with the provisions of this paragraph;

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

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

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

18 41. Sales of tangible personal property or services for use on  
19 campus or school construction projects for the benefit of  
20 institutions of The Oklahoma State System of Higher Education,  
21 private institutions of higher education accredited by the Oklahoma  
22 State Regents for Higher Education or any public school or school  
23 district when such projects are financed by or through the use of  
24 nonprofit entities which are exempt from taxation pursuant to the

1 provisions of the Internal Revenue Code, 26 U.S.C., Section  
2 501(c) (3);

3 42. Sales of tangible personal property or services by an  
4 organization which is exempt from taxation pursuant to the  
5 provisions of the Internal Revenue Code, 26 U.S.C., Section  
6 501(c) (3), in the course of conducting a national championship  
7 sports event, but only if all or a portion of the payment in  
8 exchange therefor would qualify as the receipt of a qualified  
9 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,  
10 Section 513(i). Sales exempted pursuant to this paragraph shall be  
11 exempt from all Oklahoma sales, use, excise and gross receipts  
12 taxes;

13 43. Sales of tangible personal property or services to or by an  
14 organization which:

- 15 a. is exempt from taxation pursuant to the provisions of  
16 the Internal Revenue Code, 26 U.S.C., Section  
17 501(c) (3),
- 18 b. is affiliated with a comprehensive university within  
19 The Oklahoma State System of Higher Education, and
- 20 c. has been organized primarily for the purpose of  
21 providing education and teacher training and  
22 conducting events relating to robotics;

23 44. The first Fifteen Thousand Dollars (\$15,000.00) each year  
24 from sales of tangible personal property to or by youth athletic

1 teams which are part of an athletic organization exempt from  
2 taxation pursuant to the provisions of the Internal Revenue Code, 26  
3 U.S.C., Section 501(c)(4), for the purposes of raising funds for the  
4 benefit of the team;

5 45. Sales of tickets for admission to a collegiate athletic  
6 event that is held in a facility owned or operated by a municipality  
7 or a public trust of which the municipality is the sole beneficiary  
8 and that actually determines or is part of a tournament or  
9 tournament process for determining a conference tournament  
10 championship, a conference championship, or a national championship;

11 46. Sales of tangible personal property or services to or by an  
12 organization which is exempt from taxation pursuant to the  
13 provisions of the Internal Revenue Code, 26 U.S.C., Section  
14 501(c)(3) and is operating the Oklahoma City National Memorial and  
15 Museum, an affiliate of the National Park System;

16 47. Sales of tangible personal property or services to  
17 organizations which are exempt from federal taxation pursuant to the  
18 provisions of Section 501(c)(3) of the Internal Revenue Code, 26  
19 U.S.C., Section 501(c)(3), the memberships of which are limited to  
20 honorably discharged veterans, and which furnish financial support  
21 to area veterans' organizations to be used for the purpose of  
22 constructing a memorial or museum;

23 48. Sales of tangible personal property or services on or after  
24 January 1, 2003, to an organization which is exempt from taxation

1 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,  
2 Section 501(c)(3) that is expending monies received from a private  
3 foundation grant in conjunction with expenditures of local sales tax  
4 revenue to construct a local public library;

5 49. Sales of tangible personal property or services to a state  
6 that borders this state or any political subdivision of that state,  
7 but only to the extent that the other state or political subdivision  
8 exempts or does not impose a tax on similar sales of items to this  
9 state or a political subdivision of this state;

10 50. Effective July 1, 2005, sales of tangible personal property  
11 or services to the Career Technology Student Organizations under the  
12 direction and supervision of the Oklahoma Department of Career and  
13 Technology Education;

14 51. Sales of tangible personal property to a public trust  
15 having either a single city, town or county or multiple cities,  
16 towns or counties or combination thereof as beneficiary or  
17 beneficiaries or a nonprofit organization which is exempt from  
18 taxation pursuant to the provisions of the Internal Revenue Code, 26  
19 U.S.C., Section 501(c)(3) for the purpose of constructing  
20 improvements to or expanding a hospital or nursing home owned and  
21 operated by any such public trust or nonprofit entity prior to July  
22 1, 2008, in counties with a population of less than one hundred  
23 thousand (100,000) persons, according to the most recent Federal  
24 Decennial Census. As used in this paragraph, "constructing

1 improvements to or expanding" shall not mean any expense for routine  
2 maintenance or general repairs and shall require a project cost of  
3 at least One Hundred Thousand Dollars (\$100,000.00). For purposes  
4 of this paragraph, sales made to a contractor or subcontractor that  
5 enters into a contractual relationship with a public trust or  
6 nonprofit entity as described by this paragraph shall be considered  
7 sales made to the public trust or nonprofit entity. The exemption  
8 authorized by this paragraph shall be administered in the form of a  
9 refund from the sales tax revenues apportioned pursuant to Section  
10 1353 of this title and the vendor shall be required to collect the  
11 sales tax otherwise applicable to the transaction. The purchaser  
12 may apply for a refund of the sales tax paid in the manner  
13 prescribed by this paragraph. Within thirty (30) days after the end  
14 of each fiscal year, any purchaser that is entitled to make  
15 application for a refund based upon the exempt treatment authorized  
16 by this paragraph may file an application for refund of the sales  
17 taxes paid during such preceding fiscal year. The Tax Commission  
18 shall prescribe a form for purposes of making the application for  
19 refund. The Tax Commission shall determine whether or not the total  
20 amount of sales tax exemptions claimed by all purchasers is equal to  
21 or less than Six Hundred Fifty Thousand Dollars (\$650,000.00). If  
22 such claims are less than or equal to that amount, the Tax  
23 Commission shall make refunds to the purchasers in the full amount  
24 of the documented and verified sales tax amounts. If such claims by

1 all purchasers are in excess of Six Hundred Fifty Thousand Dollars  
2 (\$650,000.00), the Tax Commission shall determine the amount of each  
3 purchaser's claim, the total amount of all claims by all purchasers,  
4 and the percentage each purchaser's claim amount bears to the total.  
5 The resulting percentage determined for each purchaser shall be  
6 multiplied by Six Hundred Fifty Thousand Dollars (\$650,000.00) to  
7 determine the amount of refundable sales tax to be paid to each  
8 purchaser. The pro rata refund amount shall be the only method to  
9 recover sales taxes paid during the preceding fiscal year and no  
10 balance of any sales taxes paid on a pro rata basis shall be the  
11 subject of any subsequent refund claim pursuant to this paragraph;

12 52. Effective July 1, 2006, sales of tangible personal property  
13 or services to any organization which assists, trains, educates, and  
14 provides housing for physically and mentally handicapped persons and  
15 which is exempt from taxation pursuant to the provisions of the  
16 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that  
17 receives at least eighty-five percent (85%) of its annual budget  
18 from state or federal funds. In order to receive the benefit of the  
19 exemption authorized by this paragraph, the taxpayer shall be  
20 required to make payment of the applicable sales tax at the time of  
21 sale to the vendor in the manner otherwise required by law.  
22 Notwithstanding any other provision of the Oklahoma Uniform Tax  
23 Procedure Code to the contrary, the taxpayer shall be authorized to  
24 file a claim for refund of sales taxes paid that qualify for the

1 exemption authorized by this paragraph for a period of one (1) year  
2 after the date of the sale transaction. The taxpayer shall be  
3 required to provide documentation as may be prescribed by the  
4 Oklahoma Tax Commission in support of the refund claim. The total  
5 amount of sales tax qualifying for exempt treatment pursuant to this  
6 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars  
7 (\$175,000.00) each fiscal year. Claims for refund shall be  
8 processed in the order in which such claims are received by the  
9 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds  
10 the total amount of refunds payable for a fiscal year, such claim  
11 shall be barred;

12 53. The first Two Thousand Dollars (\$2,000.00) each year of  
13 sales of tangible personal property or services to, by, or for the  
14 benefit of a qualified neighborhood watch organization that is  
15 endorsed or supported by or working directly with a law enforcement  
16 agency with jurisdiction in the area in which the neighborhood watch  
17 organization is located. As used in this paragraph, "qualified  
18 neighborhood watch organization" means an organization that is a  
19 not-for-profit corporation under the laws of the State of Oklahoma  
20 that was created to help prevent criminal activity in an area  
21 through community involvement and interaction with local law  
22 enforcement and which is one of the first two thousand organizations  
23 which makes application to the Oklahoma Tax Commission for the  
24 exemption after March 29, 2006;

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

11       55. Sales of tangible personal property or services to or by an  
12 organization which is exempt from taxation pursuant to the  
13 provisions of the Internal Revenue Code, 26 U.S.C., Section  
14 501(c)(3) for events the principal purpose of which is to provide  
15 funding for the preservation of wetlands and habitat for wild ducks;

16       56. Sales of tangible personal property or services to or by an  
17 organization which is exempt from taxation pursuant to the  
18 provisions of the Internal Revenue Code, 26 U.S.C., Section  
19 501(c)(3) for events the principal purpose of which is to provide  
20 funding for the preservation and conservation of wild turkeys;

21       57. Sales of tangible personal property or services to an  
22 organization which:  
23  
24



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

4 b. is part of a network of community-based, autonomous  
5 member organizations that meets the following  
6 criteria:

7 (1) serves people with workplace disadvantages and  
8 disabilities by providing job training and  
9 employment services, as well as job placement  
10 opportunities and post-employment support,

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

13 (3) collects donated clothing and household goods to  
14 sell in retail stores and provides contract labor  
15 services to business and government, and

16 (4) provides documentation to the Oklahoma Tax  
17 Commission that over seventy-five percent (75%)  
18 of its revenues are channeled into employment,  
19 job training and placement programs and other  
20 critical community services;

21 58. Sales of tickets made on or after September 21, 2005, and  
22 complimentary or free tickets for admission issued on or after  
23 September 21, 2005, which have a value equivalent to the charge that  
24 would have otherwise been made, for admission to a professional

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

12 59. Sales of tickets for admission and complimentary or free  
13 tickets for admission which have a value equivalent to the charge  
14 that would have otherwise been made to a professional sporting event  
15 involving ice hockey, baseball, basketball, football or arena  
16 football, or soccer. As used in this paragraph, "professional  
17 sporting event" means an organized athletic competition between  
18 teams that are members of an organized league or association with  
19 centralized management, other than a national league or national  
20 association, that imposes requirements for participation in the  
21 league upon the teams, the individual athletes or both, and which  
22 uses a salary structure to compensate the athletes;

23 60. Sales of tickets for admission to an annual event sponsored  
24 by an educational and charitable organization of women which is

1 exempt from taxation pursuant to the provisions of the Internal  
2 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission  
3 promoting volunteerism, developing the potential of women and  
4 improving the community through the effective action and leadership  
5 of trained volunteers;

6 61. Sales of tangible personal property or services to an  
7 organization, which is exempt from taxation pursuant to the  
8 provisions of the Internal Revenue Code, 26 U.S.C., Section  
9 501(c)(3), and which is itself a member of an organization which is  
10 exempt from taxation pursuant to the provisions of the Internal  
11 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership  
12 organization is primarily engaged in advancing the purposes of its  
13 member organizations through fundraising, public awareness or other  
14 efforts for the benefit of its member organizations, and if the  
15 member organization is primarily engaged either in providing  
16 educational services and programs concerning health-related diseases  
17 and conditions to individuals suffering from such health-related  
18 diseases and conditions or their caregivers and family members or  
19 support to such individuals, or in health-related research as to  
20 such diseases and conditions, or both. In order to qualify for the  
21 exemption authorized by this paragraph, the member nonprofit  
22 organization shall be required to provide proof to the Oklahoma Tax  
23 Commission of its membership status in the membership organization;

24

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

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

10       64. Sales of tangible personal property or services to or by a  
11 veteran's organization which is exempt from taxation pursuant to the  
12 provisions of the Internal Revenue Code, 26 U.S.C., Section  
13 501(c)(19) and which is known as the Veterans of Foreign Wars of the  
14 United States, Oklahoma Chapters;

15       65. Sales of boxes of food by a church or by an organization,  
16 which is exempt from taxation pursuant to the provisions of the  
17 Internal Revenue Code, 26 U.S.C., Section 501(c)(3). To qualify  
18 under the provisions of this paragraph, the organization must be  
19 organized for the primary purpose of feeding needy individuals or to  
20 encourage volunteer service by requiring such service in order to  
21 purchase food. These boxes shall only contain edible staple food  
22 items;

23       66. Sales of tangible personal property or services to any  
24 person with whom a church has duly entered into a construction

1 contract, necessary for carrying out such contract or to any  
2 subcontractor to such a construction contract;

3 67. Sales of tangible personal property or services used  
4 exclusively for charitable or educational purposes, to or by 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),

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

11 c. is organized for the purpose of:

12 (1) providing training and education to  
13 developmentally disabled individuals,

14 (2) educating the community about the rights,  
15 abilities and strengths of developmentally  
16 disabled individuals, and

17 (3) promoting unity among developmentally disabled  
18 individuals in their community and geographic  
19 area;

20 68. Sales of tangible personal property or services to any  
21 organization which is a shelter for abused, neglected, or abandoned  
22 children and which is exempt from taxation pursuant to the  
23 provisions of the Internal Revenue Code, 26 U.S.C., Section  
24 501(c) (3); provided, until July 1, 2008, such exemption shall apply

1 only to eligible shelters for children from birth to age twelve (12)  
2 and after July 1, 2008, such exemption shall apply to eligible  
3 shelters for children from birth to age eighteen (18);

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

- 7 a. possesses a 3-star rating from the Department of Human  
8 Services Reaching for the Stars Program or a national  
9 accreditation, and  
10 b. allows on site universal pre-kindergarten education to  
11 be provided to four-year-old children through a  
12 contractual agreement with any public school or school  
13 district.

14 For the purposes of this paragraph, sales made to any person,  
15 firm, agency or entity that has entered previously into a  
16 contractual relationship with a child care center for construction  
17 and improvement of buildings and other structures owned by the child  
18 care center and operated for educational purposes shall be  
19 considered sales made to a child care center. Any such person,  
20 firm, agency or entity making purchases on behalf of a child care  
21 center shall certify, in writing, on the copy of the invoice or  
22 sales ticket the nature of the purchase. Any such person, or person  
23 acting on behalf of a firm, agency or entity making purchases on  
24 behalf of a child care center in violation of this paragraph shall

1 be guilty of a misdemeanor and upon conviction thereof shall be  
2 fined an amount equal to double the amount of sales tax involved or  
3 incarcerated for not more than sixty (60) days or both;

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

19 b. The exemption authorized by this paragraph shall be  
20 administered in the form of a refund from the sales  
21 tax revenues apportioned pursuant to Section 1353 of  
22 this title, and the vendor shall be required to  
23 collect the sales tax otherwise applicable to the  
24 transaction. The purchaser may apply for a refund of

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

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

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

23 72. Sales of tangible personal property or services for use  
24 solely on construction projects for organizations which are exempt



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

19 73. Sales of tickets for admission to events held by  
20 organizations exempt from taxation pursuant to the provisions of the  
21 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) that are  
22 organized for the purpose of supporting general hospitals licensed  
23 by the State Department of Health;

24 74. Sales of tangible personal property or services:

- 1           a.    to a foundation which is exempt from taxation pursuant  
2                   to the provisions of the Internal Revenue Code, 26  
3                   U.S.C., Section 501(c)(3) and which raises tax-  
4                   deductible contributions in support of a wide range of  
5                   firearms-related public interest activities of the  
6                   National Rifle Association of America and other  
7                   organizations that defend and foster Second Amendment  
8                   rights, and
- 9           b.    to or by a grassroots fundraising program for sales  
10                   related to events to raise funds for a foundation  
11                   meeting the qualifications of subparagraph a of this  
12                   paragraph;

13           75.   Sales by an organization or entity which is exempt from  
14           taxation pursuant to the provisions of the Internal Revenue Code, 26  
15           U.S.C., Section 501(c)(3) which are related to a fundraising event  
16           sponsored by the organization or entity when the event does not  
17           exceed any five (5) consecutive days and when the sales are not in  
18           the organization's or the entity's regular course of business.  
19           Provided, the exemption provided in this paragraph shall be limited  
20           to tickets sold for admittance to the fundraising event and items  
21           which were donated to the organization or entity for sale at the  
22           event;

23           76.   Effective November 1, 2017, sales of tangible personal  
24           property or services to an 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) and operates as a collaborative model  
3 which connects community agencies in one location to serve  
4 individuals and families affected by violence and where victims have  
5 access to services and advocacy at no cost to the victim;

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

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

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

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

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

- 1           b.    verified with a letter from the MIT Fab Foundation as  
2                    an official member of the Fab Lab Network in  
3                    compliance with the Fab Charter, and
- 4           c.    able to provide documentation that its primary and  
5                    principal purpose is to provide community access to  
6                    advanced 21st century manufacturing and digital  
7                    fabrication tools for science, technology,  
8                    engineering, art and math (STEAM) learning skills,  
9                    developing inventions, creating and sustaining  
10                  businesses and producing personalized products; ~~and~~

11           81.   Effective November 1, 2021, through December 31, 2024,  
12 sales of tangible personal property or services to a museum that:

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

20           82.   Sales of tangible personal property or services to a  
21 nonprofit entity, organized pursuant to Oklahoma law before January  
22 1, 2019, exempt from federal income taxation pursuant to Section  
23 501(c) of the Internal Revenue Code of 1986, as amended, the  
24 principal functions of which are to provide assistance to natural

1 persons following a disaster, with program emphasis on repair or  
2 restoration to single-family residential dwellings or the  
3 construction of a replacement single-family residential dwelling.  
4 For purposes of this paragraph, an entity operated exclusively for  
5 charitable and educational purposes through the coordination of  
6 volunteers for the disaster recovery of homes (as derived from Part  
7 III, Statement of Program Services, of Internal Revenue Service Form  
8 990) and offers its services free of charge to disaster survivors  
9 statewide who are low income with no or limited means of recovery on  
10 their own for the restoration to single-family housing following a  
11 disaster, including related general and administrative expenses,  
12 shall be eligible for the exemption authorized by this paragraph.  
13 The exemption provided by this paragraph shall only be applicable to  
14 sales made on or after the effective date of this act. As used in  
15 this paragraph, "disaster" means damage to property with or without  
16 accompanying injury to persons from heavy rain, high winds, tornadic  
17 winds, drought, wildfire, snow, ice, geologic disturbances,  
18 explosions, chemical accidents or spills and other events causing  
19 damage to property on a large scale.

20 SECTION 2. AMENDATORY 68 O.S. 2021, Section 1357, is  
21 amended to read as follows:

22 Section 1357. Exemptions - General.

23 There are hereby specifically exempted from the tax levied by  
24 the Oklahoma Sales Tax Code:

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

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

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

1 such motor fuel is purchased for fueling, within this state, of any  
2 locomotive or other motorized flanged wheel equipment;

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

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

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

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

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

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

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

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



1 11. Sales of one-way utensils, paper napkins, paper cups,  
2 disposable hot containers and other one-way carry out materials to a  
3 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 15. Sales of tangible personal property or services to  
2 children's homes which are located on church-owned property and are  
3 operated by organizations exempt from taxation pursuant to the  
4 provisions of the Internal Revenue Code, 26 U.S.C., Section  
5 501(c) (3);

6 16. Sales of computers, data processing equipment, related  
7 peripherals and telephone, telegraph or telecommunications service  
8 and equipment for use in a qualified aircraft maintenance or  
9 manufacturing facility. For purposes of this paragraph, "qualified  
10 aircraft maintenance or manufacturing facility" means a new or  
11 expanding facility primarily engaged in aircraft repair, building or  
12 rebuilding whether or not on a factory basis, whose total cost of  
13 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)  
14 and which employs at least two hundred fifty (250) new full-time-  
15 equivalent employees, as certified by the Oklahoma Employment  
16 Security Commission, upon completion of the facility. In order to  
17 qualify for the exemption provided for by this paragraph, the cost  
18 of the items purchased by the qualified aircraft maintenance or  
19 manufacturing facility shall equal or exceed the sum of Two Million  
20 Dollars (\$2,000,000.00);

21 17. Sales of tangible personal property consumed or  
22 incorporated in the construction or expansion of a qualified  
23 aircraft maintenance or manufacturing facility as defined in  
24 paragraph 16 of this section. For purposes of this paragraph, sales

1 made to a contractor or subcontractor that has previously entered  
2 into a contractual relationship with a qualified aircraft  
3 maintenance or manufacturing facility for construction or expansion  
4 of such a facility shall be considered sales made to a qualified  
5 aircraft maintenance or manufacturing facility;

6 18. Sales of the following telecommunications services:

7 a. Interstate and International "800 service". "800  
8 service" means a "telecommunications service" that  
9 allows a caller to dial a toll-free number without  
10 incurring a charge for the call. The service is  
11 typically marketed under the name "800", "855", "866",  
12 "877", and "888" toll-free calling, and any subsequent  
13 numbers designated by the Federal Communications  
14 Commission, or

15 b. Interstate and International "900 service". "900  
16 service" means an inbound toll "telecommunications  
17 service" purchased by a subscriber that allows the  
18 subscriber's customers to call in to the subscriber's  
19 prerecorded announcement or live service. "900  
20 service" does not include the charge for: collection  
21 services provided by the seller of the  
22 "telecommunications services" to the subscriber, or  
23 service or product sold by the subscriber to the  
24 subscriber's customer. The service is typically

1 marketed under the name "900" service, and any  
2 subsequent numbers designated by the Federal  
3 Communications Commission,

4 c. Interstate and International "private communications  
5 service". "Private communications service" means a  
6 "telecommunications service" that entitles the  
7 customer to exclusive or priority use of a  
8 communications channel or group of channels between or  
9 among termination points, regardless of the manner in  
10 which such channel or channels are connected, and  
11 includes switching capacity, extension lines,  
12 stations, and any other associated services that are  
13 provided in connection with the use of such channel or  
14 channels,

15 d. "Value-added nonvoice data service". "Value-added  
16 nonvoice data service" means a service that otherwise  
17 meets the definition of "telecommunications services"  
18 in which computer processing applications are used to  
19 act on the form, content, code, or protocol of the  
20 information or data primarily for a purpose other than  
21 transmission, conveyance or routing,

22 e. Interstate and International telecommunications  
23 service which is:  
24

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

3 (2) used, allocated, or distributed by a company to  
4 its affiliated group,

5 f. Regulatory assessments and charges, including charges  
6 to fund the Oklahoma Universal Service Fund, the  
7 Oklahoma Lifeline Fund and the Oklahoma High Cost  
8 Fund, and

9 g. Telecommunications nonrecurring charges, including but  
10 not limited to the installation, connection, change or  
11 initiation of telecommunications services which are  
12 not associated with a retail consumer sale;

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

16 20. Sales of aircraft and aircraft parts provided such sales  
17 occur at a qualified aircraft maintenance facility. As used in this  
18 paragraph, "qualified aircraft maintenance facility" means a  
19 facility operated by an air common carrier, including one or more  
20 component overhaul support buildings or structures in an area owned,  
21 leased or controlled by the air common carrier, at which there were  
22 employed at least two thousand (2,000) full-time-equivalent  
23 employees in the preceding year as certified by the Oklahoma  
24 Employment Security Commission and which is primarily related to the

1 fabrication, repair, alteration, modification, refurbishing,  
2 maintenance, building or rebuilding of commercial aircraft or  
3 aircraft parts used in air common carriage. For purposes of this  
4 paragraph, "air common carrier" shall also include members of an  
5 affiliated group as defined by Section 1504 of the Internal Revenue  
6 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of  
7 machinery, tools, supplies, equipment and related tangible personal  
8 property and services used or consumed in the repair, remodeling or  
9 maintenance of aircraft, aircraft engines, or aircraft component  
10 parts which occur at a qualified aircraft maintenance facility;

11 21. Sales of machinery and equipment purchased and used by  
12 persons and establishments primarily engaged in computer services  
13 and data processing:

14 a. as defined under Industrial Group Numbers 7372 and  
15 7373 of the Standard Industrial Classification (SIC)  
16 Manual, latest version, which derive at least fifty  
17 percent (50%) of their annual gross revenues from the  
18 sale of a product or service to an out-of-state buyer  
19 or consumer, and

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

1 Eligibility for the exemption set out in this paragraph shall be  
2 established, subject to review by the Tax Commission, by annually  
3 filing an affidavit with the Tax Commission stating that the  
4 facility so qualifies and such information as required by the Tax  
5 Commission. For purposes of determining whether annual gross  
6 revenues are derived from sales to out-of-state buyers or consumers,  
7 all sales to the federal government shall be considered to be to an  
8 out-of-state buyer or consumer;

9 22. Sales of prosthetic devices to an individual for use by  
10 such individual. For purposes of this paragraph, "prosthetic  
11 device" shall have the same meaning as provided in Section 1357.6 of  
12 this title and shall include hearing aids purchased from an  
13 audiologist or hearing aid dealer or fitter who is licensed by the  
14 state as required by law, but shall not include corrective eye  
15 glasses, or contact lenses ~~or hearing aids~~;

16 23. Sales of tangible personal property or services to a motion  
17 picture or television production company to be used or consumed in  
18 connection with an eligible production. For purposes of this  
19 paragraph, "eligible production" means a documentary, special, music  
20 video, or a television commercial or television program that will  
21 serve as a pilot for or be a segment of an ongoing dramatic or  
22 situation comedy series filmed or taped for network or national or  
23 regional syndication or a feature-length motion picture intended for  
24 theatrical release or for network or national or regional



1 syndication or broadcast. The provisions of this paragraph shall  
2 apply to sales occurring on or after July 1, 1996. In order to  
3 qualify for the exemption, the motion picture or television  
4 production company shall file any documentation and information  
5 required to be submitted pursuant to rules promulgated by the Tax  
6 Commission;

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

9 25. Sales of tangible personal property or services to tax-  
10 exempt independent nonprofit biomedical research foundations that  
11 provide educational programs for Oklahoma science students and  
12 teachers and to tax-exempt independent nonprofit community blood  
13 banks headquartered in this state;

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

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

22 28. Beginning July 1, 2005, sales of aircraft engine repairs,  
23 modification, and replacement parts, sales of aircraft frame repairs  
24 and modification, aircraft interior modification, and paint, and

1 sales of services employed in the repair, modification and  
2 replacement of parts of aircraft engines, aircraft frame and  
3 interior repair and modification, and paint;

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

7 a. are loaded on the ship, motor vessel or barge and used  
8 in the maintenance and operation of the ship, motor  
9 vessel or barge, or

10 b. enter into and become component parts of the ship,  
11 motor vessel or barge;

12 30. Sales of tangible personal property made at estate sales at  
13 which such property is offered for sale on the premises of the  
14 former residence of the decedent by a person who is not required to  
15 be licensed pursuant to the Transient Merchant Licensing Act, or who  
16 is not otherwise required to obtain a sales tax permit for the sale  
17 of such property pursuant to the provisions of Section 1364 of this  
18 title; provided:

19 a. such sale or event may not be held for a period  
20 exceeding three (3) consecutive days,

21 b. the sale must be conducted within six (6) months of  
22 the date of death of the decedent, and  
23  
24

1           c.    the exemption allowed by this paragraph shall not be  
2                    allowed for property that was not part of the  
3                    decedent's estate;

4           31.   Beginning January 1, 2004, sales of electricity and  
5 associated delivery and transmission services, when sold exclusively  
6 for use by an oil and gas operator for reservoir dewatering projects  
7 and associated operations commencing on or after July 1, 2003, in  
8 which the initial water-to-oil ratio is greater than or equal to  
9 five-to-one water-to-oil, and such oil and gas development projects  
10 have been classified by the Corporation Commission as a reservoir  
11 dewatering unit;

12           32.   Sales of prewritten computer software that is delivered  
13 electronically. For purposes of this paragraph, "delivered  
14 electronically" means delivered to the purchaser by means other than  
15 tangible storage media;

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

1        34. Sales of tangible personal property or services to persons  
2 who are residents of Oklahoma and have been honorably discharged  
3 from active service in any branch of the Armed Forces of the United  
4 States or Oklahoma National Guard and who have been certified by the  
5 United States Department of Veterans Affairs or its successor to be  
6 in receipt of disability compensation at the one-hundred-percent  
7 rate and the disability shall be permanent and have been sustained  
8 through military action or accident or resulting from disease  
9 contracted while in such active service or the surviving spouse of  
10 such person if the person is deceased and the spouse has not  
11 remarried; provided, sales for the benefit of the person to a spouse  
12 of the eligible person or to a member of the household in which the  
13 eligible person resides and who is authorized to make purchases on  
14 the person's behalf, when such eligible person is not present at the  
15 sale, shall also be exempt for purposes of this paragraph. The  
16 Oklahoma Tax Commission shall issue a separate exemption card to a  
17 spouse of an eligible person or to a member of the household in  
18 which the eligible person resides who is authorized to make  
19 purchases on the person's behalf, if requested by the eligible  
20 person. Sales qualifying for the exemption authorized by this  
21 paragraph shall not exceed Twenty-five Thousand Dollars (\$25,000.00)  
22 per year per individual while the disabled veteran is living. Sales  
23 qualifying for the exemption authorized by this paragraph shall not  
24 exceed One Thousand Dollars (\$1,000.00) per year for an unremarried

1 surviving spouse. Upon request of the Tax Commission, a person  
2 asserting or claiming the exemption authorized by this paragraph  
3 shall provide a statement, executed under oath, that the total sales  
4 amounts for which the exemption is applicable have not exceeded  
5 Twenty-five Thousand Dollars (\$25,000.00) per year per living  
6 disabled veteran or One Thousand Dollars (\$1,000.00) per year for an  
7 unremarried surviving spouse. If the amount of such exempt sales  
8 exceeds such amount, the sales tax in excess of the authorized  
9 amount shall be treated as a direct sales tax liability and may be  
10 recovered by the Tax Commission in the same manner provided by law  
11 for other taxes, including penalty and interest;

12 35. Sales of electricity to the operator, specifically  
13 designated by the Corporation Commission, of a spacing unit or lease  
14 from which oil is produced or attempted to be produced using  
15 enhanced recovery methods, including, but not limited to, increased  
16 pressure in a producing formation through the use of water or  
17 saltwater if the electrical usage is associated with and necessary  
18 for the operation of equipment required to inject or circulate  
19 fluids in a producing formation for the purpose of forcing oil or  
20 petroleum into a wellbore for eventual recovery and production from  
21 the wellhead. In order to be eligible for the sales tax exemption  
22 authorized by this paragraph, the total content of oil recovered  
23 after the use of enhanced recovery methods shall not exceed one  
24 percent (1%) by volume. The exemption authorized by this paragraph

1 shall be applicable only to the state sales tax rate and shall not  
2 be applicable to any county or municipal sales tax rate;

3 36. Sales of intrastate charter and tour bus transportation.  
4 As used in this paragraph, "intrastate charter and tour bus  
5 transportation" means the transportation of persons from one  
6 location in this state to another location in this state in a motor  
7 vehicle which has been constructed in such a manner that it may  
8 lawfully carry more than eighteen persons, and which is ordinarily  
9 used or rented to carry persons for compensation. Provided, this  
10 exemption shall not apply to regularly scheduled bus transportation  
11 for the general public;

12 37. Sales of vitamins, minerals and dietary supplements by a  
13 licensed chiropractor to a person who is the patient of such  
14 chiropractor at the physical location where the chiropractor  
15 provides chiropractic care or services to such patient. The  
16 provisions of this paragraph shall not be applicable to any drug,  
17 medicine or substance for which a prescription by a licensed  
18 physician is required;

19 38. Sales of goods, wares, merchandise, tangible personal  
20 property, machinery and equipment to a web search portal located in  
21 this state which derives at least eighty percent (80%) of its annual  
22 gross revenue from the sale of a product or service to an out-of-  
23 state buyer or consumer. For purposes of this paragraph, "web  
24 search portal" means an establishment classified under NAICS code

1 519130 which operates websites that use a search engine to generate  
2 and maintain extensive databases of Internet addresses and content  
3 in an easily searchable format;

4 39. Sales of tangible personal property consumed or  
5 incorporated in the construction or expansion of a facility for a  
6 corporation organized under Section 437 et seq. of Title 18 of the  
7 Oklahoma Statutes as a rural electric cooperative. For purposes of  
8 this paragraph, sales made to a contractor or subcontractor that has  
9 previously entered into a contractual relationship with a rural  
10 electric cooperative for construction or expansion of a facility  
11 shall be considered sales made to a rural electric cooperative;

12 40. Sales of tangible personal property or services to a  
13 business primarily engaged in the repair of consumer electronic  
14 goods, including, but not limited to, cell phones, compact disc  
15 players, personal computers, MP3 players, digital devices for the  
16 storage and retrieval of information through hard-wired or wireless  
17 computer or Internet connections, if the devices are sold to the  
18 business by the original manufacturer of such devices and the  
19 devices are repaired, refitted or refurbished for sale by the entity  
20 qualifying for the exemption authorized by this paragraph directly  
21 to retail consumers or if the devices are sold to another business  
22 entity for sale to retail consumers;

23 41. On or after July 1, 2019, and prior to July 1, 2024, sales  
24 or leases of rolling stock when sold or leased by the manufacturer,

1 regardless of whether the purchaser is a public services corporation  
2 engaged in business as a common carrier of property or passengers by  
3 railway, for use or consumption by a common carrier directly in the  
4 rendition of public service. For purposes of this paragraph,  
5 "rolling stock" means locomotives, autocars and railroad cars and  
6 "sales or leases" includes railroad car maintenance and retrofitting  
7 of railroad cars for their further use only on the railways;

8 42. Sales of gold, silver, platinum, palladium or other bullion  
9 items such as coins and bars and legal tender of any nation, which  
10 legal tender is sold according to its value as precious metal or as  
11 an investment. As used in the paragraph, "bullion" means any  
12 precious metal, including, but not limited to, gold, silver,  
13 platinum and palladium, that is in such a state or condition that  
14 its value depends upon its precious metal content and not its form.  
15 The exemption authorized by this paragraph shall not apply to  
16 fabricated metals that have been processed or manufactured for  
17 artistic use or as jewelry; and

18 43. Subject to the other requirements of this paragraph and the  
19 requirements of Section ~~2~~ 1357.21 of this ~~act~~ title, sale, lease,  
20 rental, storage, use or other consumption of qualifying broadband  
21 equipment by providers of Internet service or subsidiaries if the  
22 property is directly used or consumed by the provider or subsidiary  
23 in or during the distribution of broadband Internet service.

24



1 SECTION 3. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 2358.8 of Title 68, unless there  
3 is created a duplication in numbering, reads as follows:

4 A. As used in this section:

5 1. "Activities of daily living (ADL)" shall include:

- 6 a. ambulating, which is the extent of an individual's  
7 ability to move from one position to another and walk  
8 independently,
- 9 b. feeding, which is the ability of an individual to feed  
10 oneself,
- 11 c. dressing, which is the ability to select appropriate  
12 clothes and to put the clothes on without aid,
- 13 d. personal hygiene, which is the ability to bathe and  
14 groom oneself and maintain dental hygiene and nail and  
15 hair care,
- 16 e. continence, which is the ability to control bladder  
17 and bowel functions, and
- 18 f. toileting, which is the ability to get to and from the  
19 toilet without aid, using it appropriately, and  
20 cleaning oneself;

21 2. "Eligible expenditure" shall include:

- 22 a. the improvement or alteration to the family  
23 caregiver's or eligible family member's primary  
24 residence to permit the eligible family member to live

1 in the residence and to remain mobile, safe, and  
2 independent,

3 b. the family caregiver's purchase or lease of equipment,  
4 including but not limited to durable medical  
5 equipment, that is necessary to assist an eligible  
6 family member in carrying out one or more activities  
7 of daily living (ADL), and

8 c. other paid or incurred expenses by the family  
9 caregiver that assist the family caregiver in  
10 providing care to an eligible family member, such as  
11 expenditures related to:

- 12 (1) hiring a home care aide,
- 13 (2) respite care,
- 14 (3) adult day care,
- 15 (4) personal care attendants,
- 16 (5) health care equipment, and
- 17 (6) technology.

18 The eligible expenditure must be directly related to assisting the  
19 family caregiver in providing care to an eligible family member.

20 Eligible expenditure shall not include the carrying out of general  
21 household maintenance activities such as painting, plumbing,  
22 electrical repairs, or exterior maintenance;

23 3. "Eligible family member" shall mean an individual who:

24 a. is sixty-two (62) years of age or older,

1           b. requires assistance with at least two activities of  
2           daily living (ADL) as certified by a licensed health  
3           care provider, as defined in paragraph 1 of Section  
4           3090.2 of Title 63 of the Oklahoma Statutes,

5           c. qualifies as a dependent, spouse, parent, or other  
6           relation by blood or marriage to the family caregiver,  
7           and

8           d. lives in a private residential home and not in an  
9           assisted living center, nursing facility, or  
10          residential care home; and

11         4. "Family caregiver" shall mean an individual:

12           a. providing care and support for an eligible family  
13           member,

14           b. who has a federal adjusted gross income of less than  
15           Fifty Thousand Dollars (\$50,000.00) for an individual  
16           and less than One Hundred Thousand Dollars  
17           (\$100,000.00) for a couple filing jointly, and

18           c. who has personally incurred uncompensated expenses  
19           directly related to the care of an eligible family  
20           member.

21         B. For taxable years beginning after December 31, 2022, there  
22         shall be allowed a credit against the tax imposed pursuant to  
23         Section 2355 of Title 68 of the Oklahoma Statutes in the amount of

1 fifty percent (50%) for eligible expenditures incurred by a family  
2 caregiver for the care and support of an eligible family member.

3 C. The maximum allowable credit authorized by this section  
4 shall be Two Thousand Dollars (\$2,000.00) unless the eligible family  
5 member is a veteran or has a diagnosis of dementia in which case the  
6 maximum allowable credit shall be Three Thousand Dollars  
7 (\$3,000.00). If two or more family caregivers claim the tax credit  
8 authorized by this section for the same eligible family member, the  
9 maximum allowable credit shall be allocated in equal amounts between  
10 each of the family caregivers.

11 D. The credit authorized by this section may not be used to  
12 reduce the tax liability of the taxpayer to less than zero (0). The  
13 credit shall not be carried over.

14 E. The total credits authorized pursuant to this section for  
15 all taxpayers shall not exceed One Million Five Hundred Thousand  
16 Dollars (\$1,500,000.00) annually. In the event the total tax  
17 credits authorized by this section exceed One Million Five Hundred  
18 Thousand Dollars (\$1,500,000.00) annually in any calendar year, the  
19 Tax Commission shall permit any excess over One Million Five Hundred  
20 Thousand Dollars (\$1,500,000.00) annually, but shall factor such  
21 excess into the percentage adjustment formula for subsequent years.  
22 The Tax Commission shall annually calculate and publish by the first  
23 day of the affected year a percentage by which the credits  
24 authorized by this section shall be reduced so the total amount of

1 credits used to offset tax does not exceed One Million Five Hundred  
2 Thousand Dollars (\$1,500,000.00) annually per year. The formula to  
3 be used for the percentage adjustment shall be One Million Five  
4 Hundred Thousand Dollars (\$1,500,000.00) annually divided by the  
5 credits claimed in the second preceding year.

6 F. The Oklahoma Tax Commission shall promulgate rules necessary  
7 to implement and administer the credit authorized by this section.

8 SECTION 4. Sections 1 and 2 of this act shall become effective  
9 July 1, 2022.

10 SECTION 5. Section 3 of this act shall become effective January  
11 1, 2023.

12 SECTION 6. It being immediately necessary for the preservation  
13 of the public peace, health or safety, an emergency is hereby  
14 declared to exist, by reason whereof this act shall take effect and  
15 be in full force from and after its passage and approval."

16 Passed the House of Representatives the 27th day of April, 2022.

17

18

19 \_\_\_\_\_  
20 Presiding Officer of the House of  
Representatives

21 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2022.

22

23

24 \_\_\_\_\_  
Presiding Officer of the Senate

1 ENGROSSED SENATE  
2 BILL NO. 1305

By: Rader of the Senate

3 and

4 Pfeiffer of the House

5  
6 An Act relating to withholding tax rate; amending 68  
7 O.S. 2021, Sections 2385.26 and 2385.30, which relate  
8 to deduction from royalty payments and pass-through  
9 entities; matching the required withholding rate to  
10 the highest marginal individual income tax rate;  
11 updating statutory language; and providing an  
12 effective date.

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

14 SECTION 7. AMENDATORY 68 O.S. 2021, Section 2385.26, is  
15 amended to read as follows:

16 Section 2385.26. A. Each remitter, except as otherwise  
17 provided in subsection B of this section, shall deduct and withhold  
18 from each payment being made to any royalty interest owner in  
19 respect to production of oil and gas in this state, but not  
20 including that to which the remitter is entitled, an amount equal to  
21 ~~five percent (5%)~~ the highest Oklahoma marginal individual income  
22 tax rate pursuant to Section 2355 of this title of the gross amount  
23 which would have otherwise been payable to the person entitled to  
24 the payment.

1 B. The obligation to deduct and withhold from payments as  
2 provided in subsection A of this section does not apply to those  
3 payments which are made to:

4 1. Current or permanent residents of Oklahoma;

5 2. The United States, this state or any state or federal agency  
6 or political subdivision;

7 3. Any charitable institution;

8 4. Any federally recognized Indian tribe; or

9 5. A publicly-traded partnership as defined by Section 7704 (b)  
10 of the Internal Revenue Code, 26 U.S. Code 7704 (b), that is treated  
11 as a partnership for federal tax purposes under Section 7704 (c) of  
12 the Internal Revenue Code, 26 U.S. Code 7704 (c), or its publicly-  
13 traded partnership affiliates. As used in this paragraph,  
14 "publicly-traded partnership affiliates" shall include any limited  
15 liability company or limited partnership for which at least eighty  
16 percent (80%) of the limited liability member interests or limited  
17 partnership interests of which are owned directly or indirectly by  
18 the publicly-traded partnership.

19 The obligation to deduct and withhold from payments as provided  
20 in subsection A of this section does not apply if the remitter and  
21 the royalty interest owner are the same person.

22 C. Any royalty interest owner from whom an amount is withheld  
23 pursuant to the provisions of subsection A of this section, or if  
24 the royalty interest owner is not liable to ~~the State of Oklahoma~~

1 this state for income taxes, any person to whom a royalty interest  
2 owner subsequently distributes royalty payments with respect to  
3 which an amount is withheld pursuant to the provisions of subsection  
4 A of this section, and who files an income tax return with this  
5 state is entitled to a credit against the tax as shown on the return  
6 for the amount withheld by the remitter under subsection A of this  
7 section. If the amount withheld is greater than the tax due on the  
8 return, the person filing the return shall be entitled to a refund  
9 in the amount of the overpayment.

10 SECTION 8. AMENDATORY 68 O.S. 2021, Section 2385.30, is  
11 amended to read as follows:

12 Section 2385.30. A. A pass-through entity shall withhold  
13 income tax at the ~~rate of five percent (5%)~~ highest Oklahoma  
14 marginal individual income tax rate pursuant to Section 2355 of this  
15 title from a nonresident member's share of the Oklahoma share of  
16 income of the entity distributed to each nonresident member and pay  
17 the withheld amount on or before the due date of the pass-through  
18 entity's income tax return, including extensions.

19 The pass-through entity shall file a return with each payment to  
20 the Oklahoma Tax Commission. The return, in a form prescribed by  
21 the Tax Commission, shall show the amount of the Oklahoma taxable  
22 income upon which withholding was based and the amount withheld.

23 B. A pass-through entity may make quarterly estimated payments  
24 for the taxable year and a pass-through entity shall be required to



1 make quarterly estimated payments for the taxable year if the amount  
2 that must be withheld from all nonresident members for the taxable  
3 year can reasonably be expected to exceed Five Hundred Dollars  
4 (\$500.00). The estimated tax payments shall be paid in equal  
5 quarterly installments on or before the last day of the month  
6 succeeding the calendar quarter. The total of quarterly estimated  
7 payments required to be paid by a pass-through entity for the  
8 taxable year shall be the lesser of:

- 9 1. Seventy percent (70%) of the withholding tax that must be  
10 withheld from all its nonresident members for the taxable year; or
- 11 2. One hundred percent (100%) of the withholding tax that had  
12 to be withheld from all of its nonresident members for the preceding  
13 taxable year.

14 The provisions of this subsection shall not relieve a pass-  
15 through entity from the requirement of remitting amounts to the Tax  
16 Commission that were actually withheld from distributions.

17 C. The amount of income tax withheld shall be allowed as a  
18 credit to the recipient of the income as income taxes paid.

19 D. A pass-through entity shall not be required to withhold  
20 income tax from an entity exempt pursuant to subsection C of Section  
21 2359 of this title or Section 501(c)(3) of the Internal Revenue  
22 Code, 26 U.S.C., Section 501(c)(3).

23 E. Every pass-through entity required pursuant to this section  
24 to withhold income tax shall furnish to its nonresident member and

1 to the Tax Commission annually, but not later than the due date of  
2 the pass-through entity's income tax return for the taxable year  
3 including extensions, a written statement of the amount of taxable  
4 income upon which withholding was based and of the tax withheld on  
5 behalf of the nonresident member on forms prescribed by the Tax  
6 Commission. The written statement shall show the name of the  
7 member, the applicable social security number or federal  
8 identification number, the amount of the nonresident member's share  
9 of Oklahoma taxable income upon which withholding was based, the  
10 amounts withheld, and any such information as may be required by the  
11 Tax Commission.

12 F. If the Tax Commission, in any case, has justifiable reason  
13 to believe that the collection of the amount required in subsection  
14 A of this section is in jeopardy, the Tax Commission may require a  
15 pass-through entity to file a return and pay the withheld amounts at  
16 any time.

17 G. All amounts received by the Tax Commission pursuant to the  
18 provisions of Sections 2385.29 through 2385.31 of this title shall  
19 be deposited as provided by Section 2385.16 of this title.

20 H. Notwithstanding the provisions of subsection A of this  
21 section, a pass-through entity is not required to withhold tax for a  
22 nonresident member if:

23 1. The Tax Commission has determined, by rule, that the income  
24 of the nonresident member is not subject to withholding;

1           2. The nonresident member files an affidavit with the Tax  
2 Commission, in the form and manner prescribed by the Tax Commission,  
3 whereby such nonresident member agrees to be subject to the personal  
4 jurisdiction of the Tax Commission in the courts of this state for  
5 the purpose of determining and collecting any Oklahoma taxes,  
6 including estimated tax payments, together with any related interest  
7 and penalties. The Tax Commission may revoke an exemption granted  
8 by this subsection at any time it determines that the nonresident  
9 member is not abiding by the terms of the affidavit; or

10           3. The entity is a publicly traded partnership, as defined by  
11 Section 7704(b) of the Internal Revenue Code, which is treated as a  
12 partnership for the purposes of the Internal Revenue Code, and which  
13 has agreed to file an annual information return reporting the name,  
14 address, taxpayer identification number and other information  
15 requested by the Tax Commission of each unitholder with an income in  
16 the state in excess of Five Hundred Dollars (\$500.00).

17           SECTION 9. This act shall become effective November 1, 2022.

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1 Passed the Senate the 15th day of February, 2022.

2  
3 \_\_\_\_\_  
4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2022.

7  
8 \_\_\_\_\_  
9 Presiding Officer of the House  
10 of Representatives