

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 58th Legislature (2021)

4 HOUSE BILL 1682

By: Grego and **Hardin (David)** of
the House

5
6 and

7 **Allen** of the Senate

8
9
10 AS INTRODUCED

11 An Act relating to revenue and taxation; amending 68
12 O.S. 2011, Section 1358.1, which relates to
13 agricultural sales tax exemptions; prohibiting
14 Oklahoma Tax Commission from requiring certain
15 information related to federal income tax returns as
16 condition for exemption or proof of exemption;
17 providing an effective date; and declaring an
18 emergency.

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

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

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

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

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

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

1 treasurer, a permit shall be issued as prescribed by this section.
2 The permit shall be renewable every three (3) years in the manner
3 provided by this section.

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

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

1 custom farming operations in this state and who owns property in
2 this state, shall obtain proof of eligibility as provided in
3 subsection C or D of this section.

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

18 G. If an out-of-state agricultural exemption permit holder
19 purchases tangible personal property from a vendor within this state
20 who is not in the business of shipping the tangible personal
21 property purchased, then the out-of-state agricultural exemption
22 permit holder is responsible for providing an export bill of lading
23 or other documentation to the vendor from whom the tangible personal
24

1 property was purchased showing that the point of delivery of such
2 goods for use and consumption is outside the State of Oklahoma.

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

8 I. The Oklahoma Tax Commission shall not require any person to
9 provide Schedule F, or a copy of Schedule F, or any equivalent form
10 prescribed by the Internal Revenue Service, with respect to a
11 federal income tax return in order to obtain any proof of
12 eligibility for the exemptions authorized by this section or
13 pursuant to Section 1358 of this title.

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

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

19
20 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
21 PENSIONS, dated 02/23/2021 - DO PASS, As Coauthored.

22
23
24