

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 SENATE BILL 244

By: Allen

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5
6 AS INTRODUCED

7 An Act relating to sales tax exemption; amending 68
8 O.S. 2011, Section 1358, which relates to
9 agricultural exemptions; providing sales tax
10 exemption for certain purchases of sod; and providing
11 an effective date.

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

13 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1358, is
14 amended to read as follows:

15 Section 1358. Exemptions - Agriculture.

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

18 1. Sales of agricultural products produced in this state by the
19 producer thereof directly to the consumer or user when such articles
20 are sold at or from a farm and not from some other place of
21 business, as follows:

22 a. farm, orchard or garden products, ~~and~~

1 b. dairy products sold by a dairy producer or farmer who
2 owns all the cows from which the dairy products
3 offered for sale are produced, and

4 c. sod;

5 provided, the provisions of this paragraph shall not be construed as
6 exempting sales by florists, nursery operators or chicken
7 hatcheries, or sales of dairy products by any other business except
8 as set out herein;

9 2. Livestock, including cattle, horses, mules or other domestic
10 or draft animals, sold by the producer by private treaty or at a
11 special livestock sale;

12 3. Sale of baby chicks, turkey poults and starter pullets used
13 in the commercial production of chickens, turkeys and eggs, provided
14 that the purchaser certifies, in writing, on the copy of the invoice
15 or sales ticket to be retained by the vendor that the pullets will
16 be used primarily for egg production;

17 4. Sale of salt, grains, tankage, oyster shells, mineral
18 supplements, limestone and other generally recognized animal feeds
19 for the following purposes and subject to the following limitations:

20 a. feed which is fed to poultry and livestock, including
21 breeding stock and wool-bearing stock, for the purpose
22 of producing eggs, poultry, milk or meat for human
23 consumption,

1 b. feed purchased in Oklahoma for the purpose of being
2 fed to and which is fed by the purchaser to horses,
3 mules or other domestic or draft animals used directly
4 in the producing and marketing of agricultural
5 products, and

6 c. any stock tonics, water purifying products, stock
7 sprays, disinfectants or other such agricultural
8 supplies.

9 "Poultry" shall not be construed to include any fowl other than
10 domestic fowl kept and raised for the market or production of eggs.

11 "Livestock" shall not be construed to include any pet animals such
12 as dogs, cats, birds or such other fur-bearing animals. This
13 exemption shall only be granted and extended where the purchaser of
14 feed that is to be used and in fact is used for a purpose that would
15 bring about an exemption hereunder executes an invoice or sales
16 ticket in duplicate on a form to be prescribed by the Oklahoma Tax
17 Commission. The purchaser may demand and receive a copy of the
18 invoice or sales ticket and the vendor shall retain a copy;

19 5. Sales of items to be and in fact used in the production of
20 agricultural products. Sale of the following items shall be subject
21 to the following limitations:

22 a. sales of agricultural fertilizer to any person
23 regularly engaged, for profit, in the business of
24 farming or ranching,

1 b. sales of agricultural fertilizer to any person engaged
2 in the business of applying such materials on a
3 contract or custom basis to land owned or leased and
4 operated by persons regularly engaged, for profit, in
5 the business of farming or ranching. In addition to
6 providing the vendor proof of eligibility as provided
7 in Section 1358.1 of this title, the purchaser shall
8 provide the name or names of such owner or lessee and
9 operator and the location of the lands on which said
10 materials are to be applied to each such land,

11 c. sales of agricultural fertilizer, pharmaceuticals and
12 biologicals to persons engaged in the business of
13 applying such materials on a contract or custom basis
14 shall not be considered to be sales to contractors
15 under this article, and said sales shall not be
16 considered to be taxable sales within the meaning of
17 the Oklahoma Sales Tax Code. As used in this section,
18 "agricultural fertilizer", "pharmaceuticals" and
19 "biologicals" mean any substance sold and used for
20 soil enrichment or soil corrective purposes or for
21 promoting the growth and productivity of plants or
22 animals,

23 d. sales of agricultural seed or plants to any person
24 regularly engaged, for profit, in the business of

1 farming or ranching. This section shall not be
2 construed as exempting from sales tax, seed which is
3 packaged and sold for use in noncommercial flower and
4 vegetable gardens, and

- 5 e. sales of agricultural chemical pesticides to any
6 person regularly engaged, for profit, in the business
7 of farming or ranching. For the purposes of this
8 subparagraph, "agricultural chemical pesticides" shall
9 include any substance or mixture of substances
10 intended for preventing, destroying, repelling or
11 mitigating any insect, snail, slug, rodent, bird,
12 nematode, fungus, weed or any other form of
13 terrestrial or aquatic plant or animal life or virus,
14 bacteria or other microorganism, except viruses,
15 bacteria or other microorganisms on or in living man,
16 or any substance or mixture of substances intended for
17 use as a plant regulator, defoliant or desiccant.

18 The exemption provided in this paragraph shall only be granted
19 and extended to the purchaser where the items are to be used and in
20 fact are used in the production of agricultural products;

21 6. Sale of farm machinery, repair parts thereto or fuel, oil,
22 lubricants and other substances used for operation and maintenance
23 of the farm machinery to be used directly on a farm or ranch in the
24 production, cultivation, planting, sowing, harvesting, processing,

1 spraying, preservation or irrigation of any livestock, poultry,
2 agricultural or dairy products produced from such lands. The
3 exemption specified in this paragraph shall apply to such farm
4 machinery, repair parts or fuel, oil, lubricants and other
5 substances used by persons engaged in the business of custom
6 production, cultivation, planting, sowing, harvesting, processing,
7 spraying, preservation, or irrigation of any livestock, poultry,
8 agricultural, or dairy products for farmers or ranchers. The
9 exemption provided for herein shall not apply to motor vehicles;

10 7. Sales of supplies, machinery and equipment to persons
11 regularly engaged in the business of raising evergreen trees for
12 retail sale in which such trees are cut down on the premises by the
13 consumer purchasing such tree. This exemption shall only be granted
14 and extended when the items in fact are used in the raising of such
15 evergreen trees; and

16 8. Sales of materials, supplies and equipment to an
17 agricultural permit holder or to any person with whom the permit
18 holder has contracted to construct facilities which are or which
19 will be used directly in the production of any livestock, including,
20 but not limited to, facilities used in the production and storage of
21 feed for livestock owned by the permit holder. Any person making
22 purchases on behalf of the agricultural permit holder shall certify,
23 in writing, on the copy of the invoice or sales ticket to be
24 retained by the vendor that the purchases are made for and on behalf

1 of such permit holder and set out the name and permit number of such
2 holder. Any person who wrongfully or erroneously certifies that
3 purchases are for an agricultural permit holder or who otherwise
4 violates this subsection shall be guilty of a misdemeanor and upon
5 conviction thereof shall be punishable by a fine of an amount equal
6 to double the amount of sales tax involved or imprisonment in the
7 county jail for not more than sixty (60) days or by both such fine
8 and imprisonment.

9 B. As used in this section and Section 1358.1 of this title:

10 1. "Agricultural products" shall include horses; and

11 2. "Ranching" or "ranch" shall include the business, or
12 facilities for the business, of raising horses.

13 Provided, sales of items at race meetings as defined in Section
14 200.1 of Title 3A of the Oklahoma Statutes shall not be exempt
15 pursuant to the provisions of this section and Section 1358.1 of
16 this title.

17 SECTION 2. This act shall become effective November 1, 2021.

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