

1 **SENATE FLOOR VERSION**

February 5, 2024

2 **AS AMENDED**

3 SENATE BILL NO. 1494

By: Rader of the Senate

4 and

5 Johns of the House

6
7 **[sales tax - exemptions - eligibility requirements -**
8 **effective date]**

9
10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

11 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357, as
12 last amended by Section 1, Chapter 344, O.S.L. 2023 (68 O.S. Supp.
13 2023, Section 1357), is amended to read as follows:

14 Section 1357. Exemptions - General.

15 There are hereby specifically exempted from the tax levied by
16 the Oklahoma Sales Tax Code:

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

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

22 3. Sales for resale to persons engaged in the business of
23 reselling the articles purchased, whether within or without the
24 state, provided that such sales to residents of this state are made

1 to persons to whom sales tax permits have been issued as provided in
2 the Oklahoma Sales Tax Code. This exemption shall not apply to the
3 sales of articles made to persons holding permits when such persons
4 purchase items for their use and which they are not regularly
5 engaged in the business of reselling; neither shall this exemption
6 apply to sales of tangible personal property to peddlers, solicitors
7 and other salespersons who do not have an established place of
8 business and a sales tax permit. The exemption provided by this
9 paragraph shall apply to sales of motor fuel or diesel fuel to a
10 Group Five vendor, but the use of such motor fuel or diesel fuel by
11 the Group Five vendor shall not be exempt from the tax levied by the
12 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
13 is exempt from sales tax when the motor fuel is for shipment outside
14 this state and consumed by a common carrier by rail in the conduct
15 of its business. The sales tax shall apply to the purchase of motor
16 fuel or diesel fuel in Oklahoma by a common carrier by rail when
17 such motor fuel is purchased for fueling, within this state, of any
18 locomotive or other motorized flanged wheel equipment;

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

20 5. Sales of programs relating to sporting and entertainment
21 events, and sales of advertising on billboards (including signage,
22 posters, panels, marquees or on other similar surfaces, whether
23 indoors or outdoors) or in programs relating to sporting and
24 entertainment events, and sales of any advertising, to be displayed

1 at or in connection with a sporting event, via the Internet,
2 electronic display devices or through public address or broadcast
3 systems. The exemption authorized by this paragraph shall be
4 effective for all sales made on or after January 1, 2001;

5 6. Sales of any advertising, other than the advertising
6 described by paragraph 5 of this section, via the Internet,
7 electronic display devices or through the electronic media including
8 radio, public address or broadcast systems, television (whether
9 through closed circuit broadcasting systems or otherwise), and cable
10 and satellite television, and the servicing of any advertising
11 devices;

12 7. Eggs, feed, supplies, machinery, and equipment purchased by
13 persons regularly engaged in the business of raising worms, fish,
14 any insect, or any other form of terrestrial or aquatic animal life
15 and used for the purpose of raising same for marketing. This
16 exemption shall only be granted and extended to the purchaser when
17 the items are to be used and in fact are used in the raising of
18 animal life as set out above. Each purchaser shall certify, in
19 writing, on the invoice or sales ticket retained by the vendor that
20 the purchaser is regularly engaged in the business of raising such
21 animal life and that the items purchased will be used only in such
22 business. The vendor shall certify to the Oklahoma Tax Commission
23 that the price of the items has been reduced to grant the full

24

1 benefit of the exemption. Violation hereof by the purchaser or
2 vendor shall be a misdemeanor;

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

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

13 10. Transfers of title or possession of empty, partially
14 filled, or filled returnable oil and chemical drums to any person
15 who is not regularly engaged in the business of selling, reselling
16 or otherwise transferring empty, partially filled or filled
17 returnable oil drums;

18 11. Sales of one-way utensils, paper napkins, paper cups,
19 disposable hot containers, and other one-way carry out materials to
20 a vendor of meals or beverages;

21 12. Sales of food or food products for home consumption which
22 are purchased in whole or in part with coupons issued pursuant to
23 the federal food stamp program as authorized by Sections 2011
24 through 2029 of Title 7 of the United States Code, as to that

1 portion purchased with such coupons. The exemption provided for
2 such sales shall be inapplicable to such sales upon the effective
3 date of any federal law that removes the requirement of the
4 exemption as a condition for participation by the state in the
5 federal food stamp program;

6 13. Sales of food or food products, or any equipment or
7 supplies used in the preparation of the food or food products to or
8 by an organization which:

9 a. is exempt from taxation pursuant to the provisions of
10 Section 501(c)(3) of the Internal Revenue Code, 26
11 U.S.C., Section 501(c)(3), and which provides and
12 delivers prepared meals for home consumption to
13 elderly or homebound persons as part of a program
14 commonly known as "Meals on Wheels" or "Mobile Meals",
15 or

16 b. 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 receives federal
19 funding pursuant to the Older Americans Act of 1965,
20 as amended, for the purpose of providing nutrition
21 programs for the care and benefit of elderly persons;

22 14. a. Sales of tangible personal property or services to or
23 by organizations which are exempt from taxation
24 pursuant to the provisions of Section 501(c)(3) of the

1 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
2 and:

3 (1) are primarily involved in the collection and
4 distribution of food and other household products
5 to other organizations that facilitate the
6 distribution of such products to the needy and
7 such distributee organizations are exempt from
8 taxation pursuant to the provisions of Section
9 501(c)(3) of the Internal Revenue Code, 26
10 U.S.C., Section 501(c)(3), or

11 (2) facilitate the distribution of such products to
12 the needy.

13 b. Sales made in the course of business for profit or
14 savings, competing with other persons engaged in the
15 same or similar business shall not be exempt under
16 this paragraph;

17 15. Sales of tangible personal property or services to
18 children's homes which are located on church-owned property and are
19 operated by organizations exempt from taxation pursuant to the
20 provisions of the Internal Revenue Code, 26 U.S.C., Section
21 501(c)(3);

22 16. Sales of computers, data processing equipment, related
23 peripherals, and telephone, telegraph, or telecommunications service
24 and equipment for use in a qualified aircraft maintenance or

1 manufacturing facility. For purposes of this paragraph, "qualified
2 aircraft maintenance or manufacturing facility" means a new or
3 expanding facility primarily engaged in aircraft repair, building,
4 or rebuilding whether or not on a factory basis, whose total cost of
5 construction or expansion exceeds the sum of ~~Five Million Dollars~~
6 ~~(\$5,000,000.00)~~ Two Million Dollars (\$2,000,000.00) and which
7 employs at least ~~two hundred fifty (250)~~ one hundred twenty-five
8 (125) new full-time-equivalent employees, as certified by the
9 Oklahoma Employment Security Commission, upon completion of the
10 facility or its expansion. ~~In order to qualify for the exemption~~
11 ~~provided for by this paragraph, the cost of the items purchased by~~
12 ~~the qualified aircraft maintenance or manufacturing facility shall~~
13 ~~equal or exceed the sum of Two Million Dollars (\$2,000,000.00);~~

14 17. Sales of tangible personal property consumed or
15 incorporated in the construction or expansion of a qualified
16 aircraft maintenance or manufacturing facility as defined in
17 paragraph 16 of this section. For purposes of this paragraph, sales
18 made to a contractor or subcontractor that has previously entered
19 into a contractual relationship with a qualified aircraft
20 maintenance or manufacturing facility for construction or expansion
21 of such a facility shall be considered sales made to a qualified
22 aircraft maintenance or manufacturing facility;

23 18. Sales of the following telecommunications services:
24

1 a. Interstate and International "800 service". "800
2 service" means a ~~"telecommunications service"~~
3 telecommunications service that allows a caller to
4 dial a toll-free number without incurring a charge for
5 the call. The service is typically marketed under the
6 name "800", "855", "866", "877" and "888" toll-free
7 calling, and any subsequent numbers designated by the
8 Federal Communications Commission,

9 b. Interstate and International "900 service". "900
10 service" means an inbound toll ~~"telecommunications
11 service"~~ telecommunications service purchased by a
12 subscriber that allows the subscriber's customers to
13 call in to the subscriber's prerecorded announcement
14 or live service. ~~"900 service"~~ 900 service does not
15 include the charge for: collection services provided
16 by the seller of the ~~"telecommunications services"~~
17 telecommunications services to the subscriber, or
18 service or product sold by the subscriber to the
19 subscriber's customer. The service is typically
20 marketed under the name "900" service, and any
21 subsequent numbers designated by the Federal
22 Communications Commission,

23 c. Interstate and International "private communications
24 service". "Private communications service" means a

1 ~~"telecommunications service"~~ telecommunications
2 service that entitles the customer to exclusive or
3 priority use of a communications channel or group of
4 channels between or among termination points,
5 regardless of the manner in which such channel or
6 channels are connected, and includes switching
7 capacity, extension lines, stations and any other
8 associated services that are provided in connection
9 with the use of such channel or channels,

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

18 e. Interstate and International telecommunications
19 service which is:

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

22 (2) used, allocated or distributed by a company to
23 its affiliated group,

24

1 f. Regulatory assessments and charges including charges
2 to fund the Oklahoma Universal Service Fund, the
3 Oklahoma Lifeline Fund and the Oklahoma High Cost
4 Fund, and

5 g. Telecommunications nonrecurring charges including but
6 not limited to the installation, connection, change,
7 or initiation of telecommunications services which are
8 not associated with a retail consumer sale;

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

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

1 affiliated group as defined by Section 1504 of the Internal Revenue
2 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of
3 machinery, tools, supplies, equipment, and related tangible personal
4 property and services used or consumed in the repair, remodeling, or
5 maintenance of aircraft, aircraft engines or aircraft component
6 parts which occur at a qualified aircraft maintenance facility;

7 21. Sales of machinery and equipment purchased and used by
8 persons and establishments primarily engaged in computer services
9 and data processing:

10 a. as defined under ~~Industrial~~ Industry Group Numbers
11 7372 and 7373 of the Standard Industrial
12 Classification (SIC) Manual, latest version, which
13 derive at least fifty percent (50%) of their annual
14 gross revenues from the sale of a product or service
15 to an out-of-state buyer or consumer, and

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

21 Eligibility for the exemption set out in this paragraph shall be
22 established, subject to review by the Tax Commission, by annually
23 filing an affidavit with the Tax Commission stating that the
24 facility so qualifies and such information as required by the Tax

1 Commission. For purposes of determining whether annual gross
2 revenues are derived from sales to out-of-state buyers or consumers,
3 all sales to the federal government shall be considered to be to an
4 out-of-state buyer or consumer;

5 22. Sales of prosthetic devices to an individual for use by
6 such individual. For purposes of this paragraph, "prosthetic
7 device" shall have the same meaning as provided in Section 1357.6 of
8 this title, but shall not include corrective eye glasses, contact
9 lenses, or hearing aids;

10 23. Sales of tangible personal property or services to a motion
11 picture or television production company to be used or consumed in
12 connection with an eligible production. For purposes of this
13 paragraph, "eligible production" means a documentary, special, music
14 video or a television commercial or television program that will
15 serve as a pilot for or be a segment of an ongoing dramatic or
16 situation comedy series filmed or taped for network or national or
17 regional syndication or a feature-length motion picture intended for
18 theatrical release or for network or national or regional
19 syndication or broadcast. The provisions of this paragraph shall
20 apply to sales occurring on or after July 1, 1996. In order to
21 qualify for the exemption, the motion picture or television
22 production company shall file any documentation and information
23 required to be submitted pursuant to rules promulgated by the Tax
24 Commission;

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

3 25. Sales of tangible personal property or services to tax-
4 exempt independent nonprofit biomedical research foundations that
5 provide educational programs for Oklahoma science students and
6 teachers and to tax-exempt independent nonprofit community blood
7 banks headquartered in this state;

8 26. Effective May 6, 1992, sales of wireless telecommunications
9 equipment to a vendor who subsequently transfers the equipment at no
10 charge or for a discounted charge to a consumer as part of a
11 promotional package or as an inducement to commence or continue a
12 contract for wireless telecommunications services;

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

16 28. Beginning July 1, 2005, sales of aircraft engine repairs,
17 modification, and replacement parts, sales of aircraft frame repairs
18 and modification, aircraft interior modification, and paint, and
19 sales of services employed in the repair, modification, and
20 replacement of parts of aircraft engines, aircraft frame and
21 interior repair and modification, and paint;

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

- 1 a. are loaded on the ship, motor vessel, or barge and
2 used in the maintenance and operation of the ship,
3 motor vessel, or barge, or
4 b. enter into and become component parts of the ship,
5 motor vessel, or barge;

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

- 13 a. such sale or event may not be held for a period
14 exceeding three (3) consecutive days,
15 b. the sale must be conducted within six (6) months of
16 the date of death of the decedent, and
17 c. the exemption allowed by this paragraph shall not be
18 allowed for property that was not part of the
19 decedent's estate;

20 31. Beginning January 1, 2004, sales of electricity and
21 associated delivery and transmission services, when sold exclusively
22 for use by an oil and gas operator for reservoir dewatering projects
23 and associated operations commencing on or after July 1, 2003, in
24 which the initial water-to-oil ratio is greater than or equal to

1 five-to-one water-to-oil, and such oil and gas development projects
2 have been classified by the Corporation Commission as a reservoir
3 dewatering unit;

4 32. Sales of prewritten computer software that is delivered
5 electronically. For purposes of this paragraph, "delivered
6 electronically" means delivered to the purchaser by means other than
7 tangible storage media;

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

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

18 a. persons who are residents of Oklahoma and have been
19 honorably discharged from active service in any branch
20 of the Armed Forces of the United States or Oklahoma
21 National Guard and who have been certified by the
22 United States Department of Veterans Affairs or its
23 successor to be in receipt of disability compensation
24 at the one-hundred-percent rate and the disability

1 shall be permanent and have been sustained through
2 military action or accident or resulting from disease
3 contracted while in such active service and registered
4 with the veterans registry created by the Oklahoma
5 Department of Veterans Affairs; provided, that if the
6 veteran received the sales tax exemption prior to
7 November 1, 2020, he or she shall be required to
8 register with the veterans registry prior to July 1,
9 2023, in order to remain qualified, or

10 b. the surviving spouse of the person in subparagraph a
11 of this paragraph if the person is deceased and the
12 spouse has not remarried and the surviving spouse of a
13 person who is determined by the United States
14 Department of Defense or any branch of the United
15 States military to have died while in the line of duty
16 if the spouse has not remarried. Sales for the
17 benefit of an eligible person to a spouse of the
18 eligible person or to a member of the household in
19 which the eligible person resides and who is
20 authorized to make purchases on the person's behalf,
21 when such eligible person is not present at the sale,
22 shall also be exempt for purposes of this paragraph.
23 The Oklahoma Tax Commission shall issue a separate
24 exemption card to a spouse of an eligible person or to

1 a member of the household in which the eligible person
2 resides who is authorized to make purchases on the
3 person's behalf, if requested by the eligible person.
4 Sales qualifying for the exemption authorized by this
5 paragraph shall not exceed Twenty-five Thousand
6 Dollars (\$25,000.00) per year per individual while the
7 disabled veteran is living. Sales qualifying for the
8 exemption authorized by this paragraph shall not
9 exceed One Thousand Dollars (\$1,000.00) per year for
10 an unremarried surviving spouse. Upon request of the
11 Tax Commission, a person asserting or claiming the
12 exemption authorized by this paragraph shall provide a
13 statement, executed under oath, that the total sales
14 amounts for which the exemption is applicable have not
15 exceeded Twenty-five Thousand Dollars (\$25,000.00) per
16 year per living disabled veteran or One Thousand
17 Dollars (\$1,000.00) per year for an unremarried
18 surviving spouse. If the amount of such exempt sales
19 exceeds such amount, the sales tax in excess of the
20 authorized amount shall be treated as a direct sales
21 tax liability and may be recovered by the Tax
22 Commission in the same manner provided by law for
23 other taxes including penalty and interest. The Tax
24 Commission shall promulgate any rules necessary to

1 implement the provisions of this paragraph, which
2 shall include rules providing for the disclosure of
3 information about persons eligible for the exemption
4 authorized in this paragraph to the Oklahoma
5 Department of ~~Veteran's~~ Veterans Affairs, as
6 authorized in Section 205 of this title. For purposes
7 of the exemption authorized by this subparagraph, if
8 the disability determination that would have been made
9 while the disabled veteran was still living is not
10 made final until after the death of the disabled
11 veteran, the exemption authorized by this subparagraph
12 may still be claimed by the surviving spouse;

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

1 percent (1%) by volume. The exemption authorized by this paragraph
2 shall be applicable only to the state sales tax rate and shall not
3 be applicable to any county or municipal sales tax rate;

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

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

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

1 search portal" means an establishment classified under NAICS code
2 519130 which operates websites that use a search engine to generate
3 and maintain extensive databases of Internet addresses and content
4 in an easily searchable format;

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

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

24

1 41. On or after July 1, 2019, and prior to July 1, 2024, sales
2 or leases of rolling stock when sold or leased by the manufacturer,
3 regardless of whether the purchaser is a public services corporation
4 engaged in business as a common carrier of property or passengers by
5 railway, for use or consumption by a common carrier directly in the
6 rendition of public service. For purposes of this paragraph,
7 "rolling stock" means locomotives, autocars, and railroad cars and
8 "sales or leases" includes railroad car maintenance and retrofitting
9 of railroad cars for their further use only on the railways; and

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

20 SECTION 2. This act shall become effective November 1, 2024.

21 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
22 February 5, 2024 - DO PASS AS AMENDED
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