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February 15, 2023

By: Bergstrom

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[ sales tax - exemptions - penalty - effective date ]
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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1356, as last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp. 2022, 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~~ this state, 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~~ this state, 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

1 if ownership and possession of such property transfers immediately
2 to the United States government;

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

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

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

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

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

23 8. The amount of proceeds received from the sale of admission
24 tickets which is separately stated on the ticket of admission for

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

15 9. Sales of tangible personal property or services to the
16 council organizations or similar state supervisory organizations of
17 the Boy Scouts of America, Girl Scouts of the U.S.A., and Camp Fire
18 ~~USA~~;

19 10. Sale of tangible personal property or services to any
20 county, municipality, rural water district, public school district,
21 city-county library system, the institutions of The Oklahoma State
22 System of Higher Education, the Grand River Dam Authority, the
23 Northeast Oklahoma Public Facilities Authority, the Oklahoma
24 Municipal Power Authority, City of Tulsa-Rogers County Port

1 Authority, Muskogee City-County Port Authority, the Oklahoma
2 Department of Veterans Affairs, the Broken Bow Economic Development
3 Authority, Ardmore Development Authority, Durant Industrial
4 Authority, Oklahoma Ordnance Works Authority, Central Oklahoma
5 Master Conservancy District, Arbuckle Master Conservancy District,
6 Fort Cobb Master Conservancy District, Foss Reservoir Master
7 Conservancy District, Mountain Park Master Conservancy District,
8 Waurika Lake Master Conservancy District and the Office of
9 Management and Enterprise Services only when carrying out a public
10 construction contract on behalf of the Oklahoma Department of
11 Veterans Affairs, and effective July 1, 2022, the University
12 Hospitals Trust, or to any person with whom any of the above-named
13 subdivisions or agencies of this state has duly entered into a
14 public contract pursuant to law, necessary for carrying out such
15 public contract or to any subcontractor to such a public contract.
16 Any person making purchases on behalf of such subdivision or agency
17 of this state shall certify, in writing, on the copy of the invoice
18 or sales ticket to be retained by the vendor that the purchases are
19 made for and on behalf of such subdivision or agency of this state
20 and set out the name of such public subdivision or agency. Any
21 person who wrongfully or erroneously certifies that purchases are
22 for any of the above-named subdivisions or agencies of this state or
23 who otherwise violates this section shall be guilty of a misdemeanor
24 and upon conviction thereof shall be fined an amount equal to double

1 the amount of sales tax involved or incarcerated for not more than
2 sixty (60) days or both;

3 11. Sales of tangible personal property or services to private
4 institutions of higher education and private elementary and
5 secondary institutions of education accredited by the State
6 Department of Education or registered by the State Board of
7 Education for purposes of participating in federal programs or
8 accredited as defined by the Oklahoma State Regents for Higher
9 Education which are exempt from taxation pursuant to the provisions
10 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) including
11 materials, supplies, and equipment used in the construction and
12 improvement of buildings and other structures owned by the
13 institutions and operated for educational purposes.

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

19 12. Tuition and educational fees paid to private institutions
20 of higher education and private elementary and secondary
21 institutions of education accredited by the State Department of
22 Education or registered by the State Board of Education for purposes
23 of participating in federal programs or accredited as defined by the
24 Oklahoma State Regents for Higher Education which are exempt from

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

3 13. a. Sales of tangible personal property made by:

4 (1) a public school,

5 (2) a private school offering instruction for grade
6 levels kindergarten through twelfth grade,

7 (3) a public school district,

8 (4) a public or private school board,

9 (5) a public or private school student group or
10 organization,

11 (6) a parent-teacher association or organization
12 other than as specified in subparagraph b of this
13 paragraph, or

14 (7) public or private school personnel for purposes
15 of raising funds for the benefit of a public or
16 private school, public school district, public or
17 private school board, or public or private school
18 student group or organization, or

19 b. Sales of tangible personal property made by or to
20 nonprofit parent-teacher associations or organizations
21 exempt from taxation pursuant to the provisions of the
22 Internal Revenue Code, 26 U.S.C., Section 501(c) (3),
23 nonprofit local public or private school foundations
24

1 which solicit money or property in the name of any
2 public or private school or public school district.

3 The exemption provided by this paragraph for sales made by a
4 public or private school shall be limited to those public or private
5 schools accredited by the State Department of Education or
6 registered by the State Board of Education for purposes of
7 participating in federal programs. Sale of tangible personal
8 property in this paragraph shall include sale of admission tickets
9 and concessions at athletic events;

10 14. Sales of tangible personal property by:

- 11 a. local 4-H clubs,
- 12 b. county, regional, or state 4-H councils,
- 13 c. county, regional, or state 4-H committees,
- 14 d. 4-H leader associations,
- 15 e. county, regional, or state 4-H foundations, and
- 16 f. authorized 4-H camps and training centers.

17 The exemption provided by this paragraph shall be limited to
18 sales for the purpose of raising funds for the benefit of such
19 organizations. Sale of tangible personal property exempted by this
20 paragraph shall include sale of admission tickets;

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

1 16. Sales of tangible personal property or services to any
2 person with whom the Oklahoma Tourism and Recreation Department has
3 entered into a public contract and which is necessary for carrying
4 out such contract to assist the Department in the development and
5 production of advertising, promotion, publicity, and public
6 relations programs;

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

20 18. Complimentary or free tickets for admission to places of
21 amusement, sports, entertainment, exhibition, display, or other
22 recreational events or activities which are issued through a box
23 office or other entity which is operated by a state institution of
24

1 higher education with institutional employees or by a municipality
2 with municipal employees;

3 19. The first Fifteen Thousand Dollars (\$15,000.00) each year
4 from sales of tangible personal property by fire departments
5 organized pursuant to Titles 11, 18, or 19 of the Oklahoma Statutes
6 for the purposes of raising funds for the benefit of the fire
7 department. Fire departments selling tangible personal property for
8 the purposes of raising funds shall be limited to no more than six
9 (6) days each year to raise such funds in order to receive the
10 exemption granted by this paragraph;

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

16 21. Sales of tangible personal property or services to any
17 organization, which takes court-adjudicated juveniles for purposes
18 of rehabilitation, and which is exempt from taxation pursuant to the
19 provisions of the Internal Revenue Code, 26 U.S.C., Section
20 501(c)(3), provided that at least fifty percent (50%) of the
21 juveniles served by such organization are court adjudicated and the
22 organization receives state funds in an amount less than ten percent
23 (10%) of the annual budget of the organization;

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

- 1 a. any health center as defined in Section 254b of Title
2 42 of the United States Code,
- 3 b. any clinic receiving disbursements of state monies
4 from the Indigent Health Care Revolving Fund pursuant
5 to the provisions of Section 66 of Title 56 of the
6 Oklahoma Statutes,
- 7 c. any community-based health center which meets all of
8 the following criteria:
- 9 (1) provides primary care services at no cost to the
10 recipient, and
- 11 (2) is exempt from taxation pursuant to the
12 provisions of Section 501(c)(3) of the Internal
13 Revenue Code, 26 U.S.C., Section 501(c)(3), and
- 14 d. any community mental health center as defined in
15 Section 3-302 of Title 43A of the Oklahoma Statutes;

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

20 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
21 from sales of tangible personal property or services to or by a
22 cultural organization established to sponsor and promote
23 educational, charitable, and cultural events for disadvantaged
24 children, and which organization is exempt from taxation pursuant to

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

3 25. Sales of tangible personal property or services to museums
4 or other entities which have been accredited by the American
5 ~~Association~~ Alliance of Museums. Any person making purchases on
6 behalf of any such museum or other entity shall certify, in writing,
7 on the copy of the invoice or sales ticket to be retained by the
8 vendor that the purchases are made for and on behalf of such museum
9 or other entity and set out the name of such museum or other entity.
10 Any person who wrongfully or erroneously certifies that the
11 purchases are for any such museum or other entity or who otherwise
12 violates the provisions of this paragraph shall be deemed guilty of
13 a misdemeanor and, upon conviction thereof, shall be fined an amount
14 equal to double the amount of sales tax involved or incarcerated for
15 not more than sixty (60) days, or by both such fine and
16 incarceration;

17 26. Sales of tickets for admission by any museum accredited by
18 the American ~~Association~~ Alliance of Museums. In order to be
19 eligible for the exemption provided by this paragraph, an amount
20 equivalent to the amount of the tax which would otherwise be
21 required to be collected pursuant to the provisions of Section 1350
22 et seq. of this title shall be separately stated on the admission
23 ticket and shall be collected and used for the sole purpose of
24 servicing or aiding in the servicing of debt incurred by the museum

1 to effect the construction, enlarging, or renovation of any facility
2 to be used for entertainment, edification, or cultural cultivation
3 to which entry is gained with a paid admission ticket;

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

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

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

14 30. a. Until July 1, 2022, transfer of tangible personal
15 property made pursuant to Section 3226 of Title 63 of
16 the Oklahoma Statutes by the University Hospitals
17 Trust, and

18 b. Effective July 1, 2022, transfer of tangible personal
19 property or services to or by:

20 (1) the University Hospitals Trust created pursuant
21 to Section 3224 of Title 63 of the Oklahoma
22 Statutes, or

23 (2) nonprofit entities which are exempt from taxation
24 pursuant to the provisions of the Internal

Revenue Code of the United States, 26 U.S.C.,
Section 501(c)(3), which have entered into a
joint operating agreement with the University
Hospitals Trust;

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

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

33. The sale, use, storage, consumption, or distribution in
this state, whether by the importer, exporter, or another person, of
any satellite or any associated launch vehicle including components
of, and parts and motors for, any such satellite or launch vehicle,
imported or caused to be imported into this state for the purpose of
export by means of launching into space. This exemption provided by
this paragraph shall not be affected by:

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

1 34. The sale, lease, use, storage, consumption, or distribution
2 in this state of any space facility, space propulsion system or
3 space vehicle, satellite, or station of any kind possessing space
4 flight capacity including components thereof;

5 35. The sale, lease, use, storage, consumption, or distribution
6 in this state of tangible personal property, placed on or used
7 aboard any space facility, space propulsion system or space vehicle,
8 satellite, or station possessing space flight capacity, which is
9 launched into space, irrespective of whether such tangible property
10 is returned to this state for subsequent use, storage, or
11 consumption in any manner;

12 36. The sale, lease, use, storage, consumption, or distribution
13 in this state of tangible personal property meeting the definition
14 of "section 38 property" as defined in Sections 48(a)(1)(A) and
15 (B)(i) of the Internal Revenue Code of 1986, that is an integral
16 part of and used primarily in support of space flight; however,
17 section 38 property used in support of space flight shall not
18 include general office equipment, any boat, mobile home, motor
19 vehicle, or other vehicle of a class or type required to be
20 registered, licensed, titled, or documented in this state or by the
21 United States government, or any other property not specifically
22 suited to supporting space activity. The term "in support of space
23 flight", for purposes of this paragraph, means the altering,
24 monitoring, controlling, regulating, adjusting, servicing, or

1 repairing of any space facility, space propulsion systems or space
2 vehicle, satellite, or station possessing space flight capacity
3 including the components thereof;

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

22 38. The amount of a surcharge or any other amount which is
23 separately stated on an admission ticket which is imposed,
24 collected, and used for the sole purpose of constructing,

1 remodeling, or enlarging facilities of a public trust having a
2 municipality or county as its sole beneficiary;

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

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

11 41. Sales of tangible personal property or services for use on
12 campus or school construction projects for the benefit of
13 institutions of The Oklahoma State System of Higher Education,
14 private institutions of higher education accredited by the Oklahoma
15 State Regents for Higher Education, or any public school or school
16 district when such projects are financed by or through the use of
17 nonprofit entities which are exempt from taxation pursuant to the
18 provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3);

20 42. Sales of tangible personal property or services by an
21 organization which is exempt from taxation pursuant to the
22 provisions of the Internal Revenue Code, 26 U.S.C., Section
23 501(c)(3), in the course of conducting a national championship
24 sports event, but only if all or a portion of the payment in

1 exchange therefor would qualify as the receipt of a qualified
2 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
3 Section 513(i). Sales exempted pursuant to this paragraph shall be
4 exempt from all Oklahoma sales, use, excise, and gross receipts
5 taxes;

6 43. Sales of tangible personal property or services to or by an
7 organization which:

8 a. is exempt from taxation pursuant to the provisions of
9 the Internal Revenue Code, 26 U.S.C., Section
10 501(c)(3),

11 b. is affiliated with a comprehensive university within
12 The Oklahoma State System of Higher Education, and

13 c. has been organized primarily for the purpose of
14 providing education and teacher training and
15 conducting events relating to robotics;

16 44. The first Fifteen Thousand Dollars (\$15,000.00) each year
17 from sales of tangible personal property to or by youth athletic
18 teams which are part of an athletic organization exempt from
19 taxation pursuant to the provisions of the Internal Revenue Code, 26
20 U.S.C., Section 501(c)(4), for the purposes of raising funds for the
21 benefit of the team;

22 45. Sales of tickets for admission to a collegiate athletic
23 event that is held in a facility owned or operated by a municipality
24 or a public trust of which the municipality is the sole beneficiary

1 and that actually determines or is part of a tournament or
2 tournament process for determining a conference tournament
3 championship, a conference championship, or a national championship;

4 46. Sales of tangible personal property or services to or by an
5 organization which is exempt from taxation pursuant to the
6 provisions of the Internal Revenue Code, 26 U.S.C., Section
7 501(c)(3) and is operating the Oklahoma City National Memorial and
8 Museum, an affiliate of the National Park System;

9 47. Sales of tangible personal property or services to
10 organizations which are exempt from federal taxation pursuant to the
11 provisions of Section 501(c)(3) of the Internal Revenue Code, 26
12 U.S.C., Section 501(c)(3), the memberships of which are limited to
13 honorably discharged veterans, and which furnish financial support
14 to area veterans' organizations to be used for the purpose of
15 constructing a memorial or museum;

16 48. Sales of tangible personal property or services on or after
17 January 1, 2003, to an organization which is exempt from taxation
18 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
19 Section 501(c)(3) that is expending monies received from a private
20 foundation grant in conjunction with expenditures of local sales tax
21 revenue to construct a local public library;

22 49. Sales of tangible personal property or services to a state
23 that borders this state or any political subdivision of that state,
24 but only to the extent that the other state or political subdivision

1 exempts or does not impose a tax on similar sales of items to this
2 state or a political subdivision of this state;

3 50. Effective July 1, 2005, sales of tangible personal property
4 or services to the Career Technology Student Organizations under the
5 direction and supervision of the Oklahoma Department of Career and
6 Technology Education;

7 51. Sales of tangible personal property to a public trust
8 having either a single city, town or county or multiple cities,
9 towns or counties, or combination thereof as beneficiary or
10 beneficiaries or a nonprofit organization which is exempt from
11 taxation pursuant to the provisions of the Internal Revenue Code, 26
12 U.S.C., Section 501(c)(3) for the purpose of constructing
13 improvements to or expanding a hospital or nursing home owned and
14 operated by any such public trust or nonprofit entity prior to July
15 1, 2008, in counties with a population of less than one hundred
16 thousand (100,000) persons, according to the most recent Federal
17 Decennial Census. As used in this paragraph, "constructing
18 improvements to or expanding" shall not mean any expense for routine
19 maintenance or general repairs and shall require a project cost of
20 at least One Hundred Thousand Dollars (\$100,000.00). For purposes
21 of this paragraph, sales made to a contractor or subcontractor that
22 enters into a contractual relationship with a public trust or
23 nonprofit entity as described by this paragraph shall be considered
24 sales made to the public trust or nonprofit entity. The exemption

1 authorized by this paragraph shall be administered in the form of a
2 refund from the sales tax revenues apportioned pursuant to Section
3 1353 of this title and the vendor shall be required to collect the
4 sales tax otherwise applicable to the transaction. The purchaser
5 may apply for a refund of the sales tax paid in the manner
6 prescribed by this paragraph. Within thirty (30) days after the end
7 of each fiscal year, any purchaser that is entitled to make
8 application for a refund based upon the exempt treatment authorized
9 by this paragraph may file an application for refund of the sales
10 taxes paid during such preceding fiscal year. The Tax Commission
11 shall prescribe a form for purposes of making the application for
12 refund. The Tax Commission shall determine whether or not the total
13 amount of sales tax exemptions claimed by all purchasers is equal to
14 or less than Six Hundred Fifty Thousand Dollars (\$650,000.00). If
15 such claims are less than or equal to that amount, the Tax
16 Commission shall make refunds to the purchasers in the full amount
17 of the documented and verified sales tax amounts. If such claims by
18 all purchasers are in excess of Six Hundred Fifty Thousand Dollars
19 (\$650,000.00), the Tax Commission shall determine the amount of each
20 purchaser's claim, the total amount of all claims by all purchasers,
21 and the percentage each purchaser's claim amount bears to the total.
22 The resulting percentage determined for each purchaser shall be
23 multiplied by Six Hundred Fifty Thousand Dollars (\$650,000.00) to
24 determine the amount of refundable sales tax to be paid to each

1 purchaser. The pro rata refund amount shall be the only method to
2 recover sales taxes paid during the preceding fiscal year and no
3 balance of any sales taxes paid on a pro rata basis shall be the
4 subject of any subsequent refund claim pursuant to this paragraph;

5 52. Effective July 1, 2006, sales of tangible personal property
6 or services to any organization which assists, trains, educates, and
7 provides housing for physically and mentally handicapped persons and
8 which is exempt from taxation pursuant to the provisions of the
9 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
10 receives at least eighty-five percent (85%) of its annual budget
11 from state or federal funds. In order to receive the benefit of the
12 exemption authorized by this paragraph, the taxpayer shall be
13 required to make payment of the applicable sales tax at the time of
14 sale to the vendor in the manner otherwise required by law.

15 Notwithstanding any other provision of the Oklahoma Uniform Tax
16 Procedure Code to the contrary, the taxpayer shall be authorized to
17 file a claim for refund of sales taxes paid that qualify for the
18 exemption authorized by this paragraph for a period of one (1) year
19 after the date of the sale transaction. The taxpayer shall be
20 required to provide documentation as may be prescribed by the
21 Oklahoma Tax Commission in support of the refund claim. The total
22 amount of sales tax qualifying for exempt treatment pursuant to this
23 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
24 (\$175,000.00) each fiscal year. Claims for refund shall be

1 processed in the order in which such claims are received by the
2 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
3 the total amount of refunds payable for a fiscal year, such claim
4 shall be barred;

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

18 54. Sales of tangible personal property to a nonprofit
19 organization, exempt from taxation pursuant to the provisions of the
20 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
21 primarily for the purpose of providing services to homeless persons
22 during the day and located in a metropolitan area with a population
23 in excess of five hundred thousand (500,000) persons according to
24 the latest Federal Decennial Census. The exemption authorized by

1 this paragraph shall be applicable to sales of tangible personal
2 property to a qualified entity occurring on or after January 1,
3 2005;

4 55. Sales of tangible personal property or services to or by an
5 organization which is exempt from taxation pursuant to the
6 provisions of the Internal Revenue Code, 26 U.S.C., Section
7 501(c)(3) for events the principal purpose of which is to provide
8 funding for the preservation of wetlands and habitat for wild ducks;

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

14 57. Sales of tangible personal property or services to an
15 organization which:

16 a. is exempt from taxation pursuant to the provisions of
17 the Internal Revenue Code, 26 U.S.C., Section
18 501(c)(3), and

19 b. is part of a network of community-based, autonomous
20 member organizations that meets the following
21 criteria:

22 (1) serves people with workplace disadvantages and
23 disabilities by providing job training and
24

1 employment services, as well as job placement
2 opportunities and post-employment support,

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

5 (3) collects donated clothing and household goods to
6 sell in retail stores and provides contract labor
7 services to business and government, and

8 (4) provides documentation to the Oklahoma Tax
9 Commission that over seventy-five percent (75%)
10 of its revenues are channeled into employment,
11 job training and placement programs, and other
12 critical community services;

13 58. Sales of tickets made on or after September 21, 2005, and
14 complimentary or free tickets for admission issued on or after
15 September 21, 2005, which have a value equivalent to the charge that
16 would have otherwise been made, for admission to a professional
17 athletic event in which a team in the National Basketball
18 Association is a participant, which is held in a facility owned or
19 operated by a municipality, a county, or a public trust of which a
20 municipality or a county is the sole beneficiary, and sales of
21 tickets made on or after July 1, 2007, and complimentary or free
22 tickets for admission issued on or after July 1, 2007, which have a
23 value equivalent to the charge that would have otherwise been made,
24 for admission to a professional athletic event in which a team in

1 the National Hockey League is a participant, which is held in a
2 facility owned or operated by a municipality, a county, or a public
3 trust of which a municipality or a county is the sole beneficiary;

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

15 60. Sales of tickets for admission to an annual event sponsored
16 by an educational and charitable organization of women which is
17 exempt from taxation pursuant to the provisions of the Internal
18 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission
19 promoting volunteerism, developing the potential of women, and
20 improving the community through the effective action and leadership
21 of trained volunteers;

22 61. Sales of tangible personal property or services to an
23 organization, which is exempt from taxation pursuant to the
24 provisions of the Internal Revenue Code, 26 U.S.C., Section

1 501(c)(3), and which is itself a member of an organization which is
2 exempt from taxation pursuant to the provisions of the Internal
3 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
4 organization is primarily engaged in advancing the purposes of its
5 member organizations through fundraising, public awareness, or other
6 efforts for the benefit of its member organizations, and if the
7 member organization is primarily engaged either in providing
8 educational services and programs concerning health-related diseases
9 and conditions to individuals suffering from such health-related
10 diseases and conditions or their caregivers and family members or
11 support to such individuals, or in health-related research as to
12 such diseases and conditions, or both. In order to qualify for the
13 exemption authorized by this paragraph, the member nonprofit
14 organization shall be required to provide proof to the Oklahoma Tax
15 Commission of its membership status in the membership organization;

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

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

1 64. Sales of tangible personal property or services to or by a
2 veteran's organization which is exempt from taxation pursuant to the
3 provisions of the Internal Revenue Code, 26 U.S.C., Section
4 501(c)(19) and which is known as the Veterans of Foreign Wars of the
5 United States, Oklahoma Chapters;

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

14 66. Sales of tangible personal property or services to any
15 person with whom a church has duly entered into a construction
16 contract, necessary for carrying out such contract or to any
17 subcontractor to such a construction contract;

18 67. Sales of tangible personal property or services used
19 exclusively for charitable or educational purposes, to or by an
20 organization which:

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

- 1 b. has filed a Not-for-Profit Certificate of
2 Incorporation in this state, and
3 c. is organized for the purpose of:
4 (1) providing training and education to
5 developmentally disabled individuals,
6 (2) educating the community about the rights,
7 abilities, and strengths of developmentally
8 disabled individuals, and
9 (3) promoting unity among developmentally disabled
10 individuals in their community and geographic
11 area;

12 68. Sales of tangible personal property or services to any
13 organization which is a shelter for abused, neglected, or abandoned
14 children and which is exempt from taxation pursuant to the
15 provisions of the Internal Revenue Code, 26 U.S.C., Section
16 501(c)(3); provided, until July 1, 2008, such exemption shall apply
17 only to eligible shelters for children from birth to age twelve (12)
18 and after July 1, 2008, such exemption shall apply to eligible
19 shelters for children from birth to age eighteen (18);

20 69. Sales of tangible personal property or services to a child
21 care center which is licensed pursuant to the Oklahoma Child Care
22 Facilities Licensing Act and which:
23
24

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

For the purposes of this paragraph, sales made to any person, firm, agency, or entity that has entered previously into a contractual relationship with a child care center for construction and improvement of buildings and other structures owned by the child care center and operated for educational purposes shall be considered sales made to a child care center. Any such person, firm, agency, or entity making purchases on behalf of a child care center shall certify, in writing, on the copy of the invoice or sales ticket the nature of the purchase. Any such person, or person acting on behalf of a firm, agency, or entity making purchases on behalf of a child care center in violation of this paragraph shall be guilty of a misdemeanor and upon conviction thereof shall be fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days or both;

70. ~~a.~~ Sales of tangible personal property to a service organization of mothers who have children who are serving or who have served in the military, which service organization is exempt

1 from taxation pursuant to the provisions of the Internal Revenue
2 Code, 26 U.S.C., Section 501(c)(19) and which is known as the Blue
3 Star Mothers of America, Inc. The exemption provided by this
4 paragraph shall only apply to the purchase of tangible personal
5 property ~~actually~~ intended to be sent to United States military
6 personnel overseas who are serving in a combat zone and not to any
7 other tangible personal property purchased by the organization.
8 ~~Provided, this exemption shall not apply to any sales tax levied by~~
9 ~~a city, town, county, or any other jurisdiction in this state.~~

10 ~~b. The exemption authorized by this paragraph shall be~~
11 ~~administered in the form of a refund from the sales~~
12 ~~tax revenues apportioned pursuant to Section 1353 of~~
13 ~~this title, and the vendor shall be required to~~
14 ~~collect the sales tax otherwise applicable to the~~
15 ~~transaction. The purchaser may apply for a refund of~~
16 ~~the state sales tax paid in the manner prescribed by~~
17 ~~this paragraph. Within sixty (60) days after the end~~
18 ~~of each calendar quarter, any purchaser that is~~
19 ~~entitled to make application for a refund based upon~~
20 ~~the exempt treatment authorized by this paragraph may~~
21 ~~file an application for refund of the state sales~~
22 ~~taxes paid during such preceding calendar quarter.~~
23 ~~The Tax Commission shall prescribe a form for purposes~~
24 ~~of making the application for refund.~~

1 ~~e. A purchaser who applies for a refund pursuant to this~~
2 ~~paragraph shall certify that the items were actually~~
3 ~~sent to military personnel overseas in a combat zone.~~
4 ~~Any purchaser that applies for a refund for the~~
5 ~~purchase of items that are not authorized for~~
6 ~~exemption under this paragraph shall be subject to a~~
7 ~~penalty in the amount of Five Hundred Dollars~~
8 ~~(\$500.00);~~

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

14 72. Sales of tangible personal property or services for use
15 solely on construction projects for organizations which are exempt
16 from taxation pursuant to the provisions of the Internal Revenue
17 Code, 26 U.S.C., Section 501(c)(3) and whose purpose is providing
18 end-of-life care and access to hospice services to low-income
19 individuals who live in a facility owned by the organization. The
20 exemption provided by this paragraph applies to sales to the
21 organization as well as to sales to any person with whom the
22 organization has duly entered into a construction contract,
23 necessary for carrying out such contract or to any subcontractor to
24 such a construction contract. Any person making purchases on behalf

1 of such organization shall certify, in writing, on the copy of the
2 invoice or sales ticket to be retained by the vendor that the
3 purchases are made for and on behalf of such organization and set
4 out the name of such organization. Any person who wrongfully or
5 erroneously certifies that purchases are for any of the above-named
6 organizations or who otherwise violates this section shall be guilty
7 of a misdemeanor and upon conviction thereof shall be fined an
8 amount equal to double the amount of sales tax involved or
9 incarcerated for not more than sixty (60) days or both;

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

15 74. Sales of tangible personal property or services:

- 16 a. to a foundation which is exempt from taxation pursuant
17 to the provisions of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3) and which raises tax-
19 deductible contributions in support of a wide range of
20 firearms-related public interest activities of the
21 National Rifle Association of America and other
22 organizations that defend and foster Second Amendment
23 rights, and
24

1 b. to or by a grassroots fundraising program for sales
2 related to events to raise funds for a foundation
3 meeting the qualifications of subparagraph a of this
4 paragraph;

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

15 76. Effective November 1, 2017, sales of tangible personal
16 property or services to an organization which is exempt from
17 taxation pursuant to the provisions of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3) and operates as a collaborative model
19 which connects community agencies in one location to serve
20 individuals and families affected by violence and where victims have
21 access to services and advocacy at no cost to the victim;

22 77. Effective July 1, 2018, sales of tangible personal property
23 or services to or by an association which is exempt from taxation
24 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,

1 Section 501(c)(19) and which is known as the National Guard
2 Association of Oklahoma;

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

8 79. Sales of tangible personal property or services to the
9 American Legion, whether the purchase is made by the entity
10 chartered by the United States Congress or is an entity organized
11 under the laws of this or another state pursuant to the authority of
12 the national American Legion organization;

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

- 15 a. exempt from taxation pursuant to the provisions of the
16 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 17 b. verified with a letter from the MIT Fab Foundation as
18 an official member of the Fab Lab Network in
19 compliance with the Fab Charter, and
- 20 c. able to provide documentation that its primary and
21 principal purpose is to provide community access to
22 advanced 21st century manufacturing and digital
23 fabrication tools for science, technology,
24 engineering, art, and math (STEAM) learning skills,

1 developing inventions, creating and sustaining
2 businesses, and producing personalized products;

3 81. Effective November 1, 2021, sales of tangible personal
4 property or services used solely for construction and remodeling
5 projects to an organization which is exempt from taxation pursuant
6 to the provisions of the Internal Revenue Code, 26 U.S.C., Section
7 501(c)(3), and which meets the following requirements:

- 8 a. its primary purpose is to construct or remodel and
9 sell affordable housing and provide homeownership
10 education to residents of Oklahoma that have an income
11 that is below one hundred percent (100%) of the Family
12 Median Income guidelines as defined by the U.S.
13 Department of Housing and Urban Development,
14 b. it conducts its activities in a manner that serves
15 public or charitable purposes, rather than commercial
16 purposes,
17 c. it receives funding and revenue and charges fees in a
18 manner that does not incentivize it or its employees
19 to act other than in the best interests of its
20 clients, and
21 d. it compensates its employees in a manner that does not
22 incentivize employees to act other than in the best
23 interests of its clients;

1 82. Effective November 1, 2021, sales of tangible personal
2 property or services to a nonprofit entity, organized pursuant to
3 Oklahoma law before January 1, 2022, exempt from federal income
4 taxation pursuant to Section 501(c) of the Internal Revenue Code of
5 1986, as amended, the principal functions of which are to provide
6 assistance to natural persons following a disaster, with program
7 emphasis on repair or restoration to single-family residential
8 dwellings or the construction of a replacement single-family
9 residential dwelling. As used in this paragraph, "disaster" means
10 damage to property with or without accompanying injury to persons
11 from heavy rain, high winds, tornadic winds, drought, wildfire,
12 snow, ice, geologic disturbances, explosions, chemical accidents or
13 spills, and other events causing damage to property on a large
14 scale. For purposes of this paragraph, an entity that expended at
15 least seventy-five percent (75%) of its funds on the restoration to
16 single-family housing following a disaster including related general
17 and administrative expenses, shall be eligible for the exemption
18 authorized by this paragraph;

19 83. Effective November 1, 2021, through December 31, 2024,
20 sales of tangible personal property or services to a museum that:

- 21 a. operates as a part of an organization which is exempt
22 from taxation pursuant to the provisions of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
24

1 b. is not accredited by the American Alliance of Museums,
2 and

3 c. operates on an annual budget of less than One Million
4 Dollars (\$1,000,000.00);

5 84. Until July 1, 2022, sales of tangible personal property or
6 services for use in a clinical practice or medical facility operated
7 by an organization which is exempt from taxation pursuant to the
8 provisions of the Internal Revenue Code of the United States, 26
9 U.S.C., Section 501(c)(3), and which has entered into a joint
10 operating agreement with the University Hospitals Trust created
11 pursuant to Section 3224 of Title 63 of the Oklahoma Statutes. The
12 exemption provided by this paragraph shall be limited to the
13 purchase of tangible personal property and services for use in
14 clinical practices or medical facilities acquired or leased by the
15 organization from the University Hospitals Authority, University
16 Hospitals Trust, or the University of Oklahoma on or after June 1,
17 2021; and

18 85. Sales of tangible personal property or services to a
19 nonprofit entity, organized pursuant to Oklahoma law before January
20 1, 2019, exempt from federal income taxation pursuant to Section
21 501(c) of the Internal Revenue Code of 1986, as amended, the
22 principal functions of which are to provide assistance to natural
23 persons following a disaster, with program emphasis on repair or
24 restoration to single-family residential dwellings or the

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

18 SECTION 2. This act shall become effective November 1, 2023.

19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
20 February 15, 2023 - DO PASS
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