

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL 687

6 By: Hall

7 COMMITTEE SUBSTITUTE

8 An Act relating to sales tax exemption; amending 68  
9 O.S. 2021, Section 1357.21, as last amended by  
10 Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp.  
11 2024, Section 1357.21), which relates to rebate  
12 payments for the sales tax exemption on the  
13 consumption of qualifying broadband equipment;  
14 requiring the Oklahoma Broadband Office and the  
15 Oklahoma Tax Commission to administer program;  
16 prescribing deadlines and procedure for filing  
17 claims; requiring the Oklahoma Broadband Office to  
18 approve or disapprove all claims; requiring Tax  
19 Commission to issue rebate payment for approved  
20 claims; clarifying rebate limit; requiring certain  
21 claims to be made on forms prescribed by the Oklahoma  
22 Broadband Office; providing for electronic submission  
23 of certain report; updating statutory language;  
24 creating the Oklahoma Broadband Rebate Revolving  
Fund; providing sources of fund; providing for  
expenditures from fund; limiting liability of this  
state to balance of fund; making appropriation to the  
Tax Commission; directing transfer of funds;  
providing for codification; providing an effective  
date; and declaring an emergency.

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

1 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357.21, as  
2 last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp.  
3 2024, Section 1357.21), is amended to read as follows:

4 Section 1357.21. A. The exemption authorized by the provisions  
5 of paragraph 43 of Section 1357 of this title shall be administered  
6 as a rebate. The rebate program shall be administered by the  
7 Oklahoma Broadband Office and the Oklahoma Tax Commission.

8 B. No claim for a rebate shall be approved unless the equipment  
9 was purchased in order to establish or expand broadband services in  
10 underserved or unserved areas. As used in this subsection and for  
11 purposes of the exemption authorized by paragraph 43 of Section 1357  
12 of this title, "broadband", "underserved", and "unserved" shall mean  
13 those services and areas as defined in Section 139.102 of Title 17  
14 of the Oklahoma Statutes.

15 C. No claim for rebate shall be approved unless the claimant  
16 establishes that as a result of the equipment purchase there has  
17 been net growth in the number of potential customers served in  
18 underserved or unserved areas.

19 D. In order to qualify for rebate payments ~~during the fiscal~~  
20 ~~year beginning July 1, 2022,~~ for equipment or other items qualifying  
21 for the exemption authorized by paragraph 43 of Section 1357 of this  
22 title, the items must ~~shall~~ be purchased and placed in service  
23 between January 1, 2022, and December 31, 2023. Claims for rebates  
24 of sales tax or use tax paid for such equipment purchased in

1 calendar year 2022 shall be filed with the Oklahoma Tax Commission  
2 not later than September 1, 2023, and in subsequent calendar years  
3 shall be filed with the Oklahoma Tax Commission not later than  
4 September 1 of the following year. Beginning in calendar year 2025,  
5 claims for rebates for sales or use tax paid for such equipment  
6 purchased in calendar year 2025 and subsequent calendar years shall  
7 be filed with the ~~Oklahoma Tax Commission~~ Oklahoma Broadband Office  
8 not later than September 1 of the following year.

9 E. The Oklahoma Broadband Office shall approve or disapprove  
10 all claims for a rebate payment beginning with claims for rebates  
11 for sales or use tax paid for such equipment purchased in calendar  
12 year 2025 and subsequent calendar years and shall notify the  
13 Oklahoma Tax Commission. Upon notification of approval from the  
14 Oklahoma Broadband Office, the Tax Commission shall issue a rebate  
15 payment for all approved claims from funds in the Oklahoma Broadband  
16 Rebate Revolving Fund, created pursuant to Section 2 of this act.

17 F. Qualifying purchases do not include supporting or ancillary  
18 functions, such as office operations, field operations, marketing,  
19 transportation, warehousing, data storage, or similar operations  
20 that do not directly result in the distribution of broadband  
21 Internet service. Property directly used or consumed in or during  
22 the provision, creation, or production of a data processing service  
23 or information service, or property the provider grants, sells, or  
24

1 leases to the customer for use within the home or establishment  
2 receiving broadband is not eligible for a rebate under this section.

3 ~~F.~~ G. The total amount of rebates that may be paid shall not  
4 exceed Forty-two Million Dollars (\$42,000,000.00) with Thirty-one  
5 Million Five Hundred Thousand Dollars (\$31,500,000.00) of the total  
6 reserved for eligible projects serving counties having a population  
7 density of fewer than one hundred (100) persons per square mile and  
8 Ten Million Five Hundred Thousand Dollars (\$10,500,000.00) of the  
9 total reserved for eligible projects serving counties having a  
10 population density of one hundred (100) or more persons per square  
11 mile.

12 ~~G.~~ H. The amount of ~~rebate~~ rebates paid to each claimant shall  
13 be computed by dividing the applicable total rebate pool amount by  
14 the dollar amount of claims timely received by the Tax Commission  
15 with respect to each fiscal year, and paying in full the amount of  
16 the claims submitted if the amount of claims are equal to, or less  
17 than, the total rebate pool, or a pro rata share if the total amount  
18 of claims submitted exceed the rebate pool.

19 ~~H.~~ I. ~~For the fiscal year beginning July 1, 2023, and all~~  
20 ~~subsequent fiscal years, the~~ The total amount of ~~rebate~~ rebates that  
21 may be paid shall not exceed Forty-two Million Dollars  
22 (\$42,000,000.00).

23 ~~I.~~ J. Claims for rebate shall be on such forms as the Oklahoma  
24 Tax Commission may prescribe for such purpose and shall contain any

1 required information or supporting documentation the Commission  
2 requires to verify eligibility for the rebate payment. Claims for  
3 rebate for sales or use tax paid for equipment purchased in calendar  
4 year 2025 and subsequent calendar years shall be on such forms as  
5 the Oklahoma Broadband Office may prescribe for such purpose.

6 ~~J.~~ K. The Oklahoma Department of Commerce shall use information  
7 provided by the Oklahoma Tax Commission and the Oklahoma Broadband  
8 Office to prepare a report to identify the qualifying rural  
9 broadband projects completed with the equipment purchased together  
10 with the location of the equipment and the geographic areas served  
11 as a result of the equipment purchases, including the total number  
12 of potential new customers receiving qualifying broadband services  
13 resulting from the project. The report shall not identify any  
14 entity by name that purchased equipment.

15 ~~K.~~ L. The report shall be filed not later than April 1, 2025,  
16 with respect to rebates paid for equipment purchases made during  
17 calendar years 2022 and 2023 and April 1 of the second succeeding  
18 year for equipment purchases made in subsequent calendar years. The  
19 Oklahoma Tax Commission and the Oklahoma Broadband Office shall make  
20 information available as required by subsection ~~J.~~ K. of this section  
21 as claims are completed to assist with the timely preparation of the  
22 report.

23 ~~L.~~ M. The report shall be electronically filed with the  
24 Governor, the Speaker of the House of Representatives and the

1 President Pro Tempore of the Senate and posted on the Oklahoma  
2 Broadband Office website.

3 SECTION 2. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 1357.22 of Title 68, unless  
5 there is created a duplication in numbering, reads as follows:

6 A. There is hereby created in the State Treasury a revolving  
7 fund for the Oklahoma Tax Commission to be designated the "Oklahoma  
8 Broadband Rebate Revolving Fund". The fund shall be a continuing  
9 fund, not subject to fiscal year limitations, and shall consist of  
10 all monies received by the Tax Commission which are specifically  
11 required by law to be deposited in the fund. All monies accruing to  
12 the credit of the fund are hereby appropriated and may be budgeted  
13 and expended by the Commission for the purpose of paying rebate  
14 claims pursuant to Section 1357.21 of Title 68 of the Oklahoma  
15 Statutes. Expenditures from the fund shall be made upon warrants  
16 issued by the State Treasurer against claims filed as prescribed by  
17 law with the Director of the Office of Management and Enterprise  
18 Services for approval and payment.

19 B. The liability of this state to make rebate payments pursuant  
20 to the program created in Section 1357.21 of Title 68 of the  
21 Oklahoma Statutes shall be limited to the balance of the Oklahoma  
22 Broadband Rebate Revolving Fund.

23 SECTION 3. There is hereby appropriated to the Oklahoma Tax  
24 Commission from any monies not otherwise appropriated from the

1 General Revenue Fund of the State Treasury for the fiscal year  
2 ending June 30, 2023, the sum of Fifteen Million Dollars  
3 (\$15,000,000.00) to be transferred to the Oklahoma Broadband Rebate  
4 Revolving Fund created pursuant to Section 2 of this act.

5 SECTION 4. This act shall become effective July 1, 2025.

6 SECTION 5. It being immediately necessary for the preservation  
7 of the public peace, health or safety, an emergency is hereby  
8 declared to exist, by reason whereof this act shall take effect and  
9 be in full force from and after its passage and approval.

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