

1 **SENATE FLOOR VERSION**

2 February 24, 2025

3 SENATE BILL NO. 1110

By: Murdock

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5
6 An Act relating to sales tax; amending 68 O.S. 2021,
7 Section 1358.1, which relates to the proof of
8 eligibility for the agriculture sales tax exemption;
9 expanding the period between permit renewals; and
10 providing an effective date.

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

12 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1358.1, is
13 amended to read as follows:

14 Section 1358.1. A. In order to qualify for any exemption
15 authorized by Section 1358 of this title, at the time of sale, the
16 person to whom the sale is made shall be required to furnish the
17 vendor proof of eligibility for the exemption as required by this
18 section.

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

23 C. The agricultural exemption permit, the size and design of
24 which shall be prescribed by the Oklahoma Tax Commission, shall

1 constitute proof of eligibility for sales tax exemptions authorized
2 by Section 1358 of this title. The permit shall be obtained by
3 listing personal property used in farming or ranching by the person
4 with the county assessor each year as provided by law. If the
5 assessor determines that the personal property is correctly listed
6 and assessed for ad valorem taxation and the county treasurer
7 certifies whether the person has delinquent accounts appearing on
8 the personal property tax lien docket in the county treasurer's
9 office, the assessor shall certify the assessment upon a form
10 prescribed by the Oklahoma Tax Commission. One copy shall be
11 retained by the assessor, one copy shall be forwarded to the
12 Oklahoma Tax Commission and one copy shall be given to the person
13 listing the personal property. Upon verification that the applicant
14 qualifies for the exemptions authorized by Section 1358 of this
15 title and that the applicant has no delinquent accounts appearing on
16 the personal property tax lien docket in the office of the county
17 treasurer, a permit shall be issued as prescribed by this section.
18 The permit shall be renewable every three (3) years for permits
19 issued or renewed before the effective date of this act, and every
20 five (5) years for permits issued or renewed on or after the
21 effective date of this act, in the manner provided by this section.

22 D. A person who does not otherwise qualify for a permit
23 pursuant to subsection C of this section, except as provided in
24 subsection E of this section, shall file with the Oklahoma Tax

1 Commission an application for an agricultural exemption permit
2 constituting proof of eligibility for the sales tax exemptions
3 authorized by Section 1358 of this title, setting forth such
4 information as the Tax Commission may require. The application
5 shall be certified by the applicant that the applicant is engaged in
6 custom farming operations or in the business of farming or ranching.
7 If the applicant is a corporation, the application shall be
8 certified by a legally constituted officer thereof.

9 The Oklahoma Tax Commission shall accept any of the following as
10 proof of eligibility for the exemptions authorized by this section
11 or pursuant to Section 1358 of this title:

12 1. A copy of IRS Schedule F, a copy of IRS form 1065 or a copy
13 of IRS form 4835, or any equivalent form prescribed by the Internal
14 Revenue Service, with respect to a federal income tax return;

15 2. A one-page business description form provided by the
16 Oklahoma Tax Commission;

17 3. Farm Service Agency form 156EZ; or

18 4. Other documents at the discretion of the Oklahoma Tax
19 Commission that verify active agriculture production.

20 E. Except as provided in this subsection, for a person who is a
21 resident of another state and who is engaged in custom farming
22 operations in this state, the person shall provide the vendor proof
23 of residency, the name, address and telephone number of the person
24 engaging the custom farmer and certification on the face of the

1 invoice, under the penalty of perjury, that the property purchased
2 shall be used in agricultural production as proof of eligibility for
3 the sales tax exemption authorized by Section 1358 of this title.
4 Any person who is a resident of another state and who is engaged in
5 custom farming operations in this state and who owns property in
6 this state, shall obtain proof of eligibility as provided in
7 subsection C or D of this section.

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

22 G. If an out-of-state agricultural exemption permit holder
23 purchases tangible personal property from a vendor within this state
24 who is not in the business of shipping the tangible personal

1 property purchased, then the out-of-state agricultural exemption
2 permit holder is responsible for providing an export bill of lading
3 or other documentation to the vendor from whom the tangible personal
4 property was purchased showing that the point of delivery of such
5 goods for use and consumption is outside this state.

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

11 SECTION 2. This act shall become effective November 1, 2025.

12 COMMITTEE REPORT BY: COMMITTEE ON REVENUE AND TAXATION
13 February 24, 2025 - DO PASS

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