ENGROSSED HOUSE
BILL NO. 1874

BY: BENSON and KEY of the HOUSE

and

ROBERTS of the SENATE

AN ACT RELATING TO REVENUE AND TAXATION; AMENDING 68 O.S. 1991, SECTION 2110, WHICH RELATES TO THE MOTOR VEHICLE RENTAL TAX; MODIFYING APPLICATION OF SUCH TAX; PROVIDING FOR APPORTIONMENT; AMENDING 68 O.S. 1991, SECTION 1355 (SECTION 19, CHAPTER 235, O.S.L. 1991), WHICH RELATES TO SALES TAX EXEMPTIONS; MODIFYING EXEMPTIONS; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 2110, is amended to read as follows:

Section 2110. A. There is hereby levied a rental tax of six percent (6%) on the gross receipts of all motor vehicle rental agreements as provided in this section. This tax shall be levied on any rental agreement of ninety (90) days or less duration on any <u>motor</u> vehicle that is rented to a person by a business engaged in renting motor vehicles without a driver in Oklahoma, irrespective of the state in which the vehicle is registered. This rental tax shall not apply to ~~any lease agreements~~ <u>the following:</u>

<u>1. Any lease agreements;</u>

2. Any truck or truck-tractor registered pursuant to the provisions of Section 1120 or Section 1133 of Title 47 of the Oklahoma Statutes having a laden weight or a combined laden weight of eight thousand (8,000) pounds or more; or

3. Any trailer or semitrailer registered pursuant to the provisions of Section 1133 of Title 47 of the Oklahoma Statutes. For purposes of this section, "vehicle" and "person" shall have the same meanings as defined in Section 2101 of this title.

B. The rental tax specified in subsection A of this section shall be apportioned in the manner as provided in Section 2102 of this title.

C. The tax hereby levied shall be collected at the time of the payment of the rental agreement and shall be due and payable to the Tax Commission by the business engaged in renting these vehicles on the fifteenth day of each month following the month in which payments for rental agreements subject to tax are made. The Tax Commission shall implement such rules and regulations and devise such forms as it deems necessary for the orderly collection of this tax and the excise tax and penalty provided for in subsection (i) of Section 2105 of this title.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 1355 (Section 19, Chapter 235, O.S.L. 1991), is amended to read as follows:

Section 1355. Exemptions - Subject to other tax.

There are hereby specifically exempted from the tax levied pursuant to the provisions of this article:

(A) Sale of gasoline, motor fuel, compressed natural gas, liquefied natural gas or liquefied petroleum gas on which the Motor Fuel Tax, Gasoline Excise Tax, Special Fuels Tax or the fee in lieu of Special Fuels Tax levied in Article 5, 6, or 7 of this title has been, or will be paid;

(B) Sale of motor vehicles or any optional equipment or accessories attached to motor vehicles on which the Oklahoma Motor Vehicle Excise Tax levied in Article 21 of this title has been, or will be paid;

(C) Sale of crude petroleum or natural or casinghead gas and other products subject to gross production tax pursuant to the provisions of Articles 10 and 11 of this title. This exemption shall not apply when such products are sold to a consumer or user for consumption or use, except when used for injection into the earth for the purpose of promoting or facilitating the production of oil or gas. This subsection shall not operate to increase or repeal the gross production tax levied by the laws of this state;

(D) Sale of aircraft on which the tax levied pursuant to the provisions of Sections 6001 through 6004 of this title has been, or will be paid or which are specifically exempt from such tax pursuant to the provisions of Section 6003 of this title. Provided that the provisions of this paragraph shall not become operative until July 1, 1984;

(E) Sales from coin-operated devices on which the fee imposed by Sections 1501 through 1513 of this title has been paid; and

(F) Leases of ~~twenty-four (24)~~ twelve (12) months or more of motor vehicles in which the owners of the vehicles have paid the vehicle excise tax levied by Section 2103 of this title.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 24th day of February, 1992.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate