

ENGROSSED SENATE
BILL NO. 624

BY: CAPPS and MUEGGE of the
SENATE

and

GRIESER of the HOUSE

AN ACT RELATING TO REVENUE AND TAXATION; AMENDING 68
O.S. 1991, SECTIONS 5401, 5402 AND 5403, WHICH
RELATE TO TAXES IN LIEU OF AD VALOREM; MODIFYING
TYPES OF ITEMS UPON WHICH TAX IS IMPOSED; PROVIDING
DEFINITIONS; MAKING CERTAIN EQUIPMENT SUBJECT TO
TAX; MAKING CERTAIN EQUIPMENT EXEMPT FROM TAX;
MAKING CERTAIN BUSINESS ENTITIES SUBJECT TO TAX ON
CERTAIN DATE; CLARIFYING LANGUAGE; AND DECLARING AN
EMERGENCY.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 5401, is
amended to read as follows:

Section 5401. A. A tax is hereby imposed, in lieu of the ad
valorem tax on certain ~~parts~~ items of the whole goods inventories,
both new and used items, owned and/or possessed for sale or lease by
retailers of farm tractors and other equipment as defined by
subsection C of this section.

B. Items to be taxed in lieu of ad valorem pursuant to the
provisions of this section are those ~~with~~ items of inventory of

whole goods agricultural equipment and whole goods attachments thereto received from suppliers of agricultural equipment, if said items have a retail list price of Five Hundred Dollars (\$500.00) or higher but not including repair or replacement parts. The tax shall be paid by the dealer on such items in lieu of the annual ad valorem tax assessment of dealer's average inventory but shall not relieve any other property of the dealer from ad valorem taxation. Each dealer shall maintain a sales log for applicable items pursuant to this section with a serial number where applicable. The log shall be subject to inspection by county assessors. Equipment sold by consignment or by auctions where the selling agent does not take title to the equipment shall continue to be subject to ad valorem taxation. Sales of covered whole goods items between dealers shall be considered wholesale transactions and shall not be subject to the tax imposed by this section until sold at retail.

C. For purposes of this act, a retailer of farm tractors and other equipment is any person having a franchise or dealer agreement for selling and retailing farm tractors, ~~and farm implements, and the attachments or repair parts thereto.~~ On and after January 1, 1993, those business entities which do not have a franchise or dealer agreement for retailing farm equipment, but which from time to time publicly buy and sell such farm equipment shall also be subject to the provisions of this section, and the tax imposed by this section shall apply to the same items and under the same conditions as apply to franchised dealers.

D. "Whole goods agricultural equipment" shall be defined as any machine, including but not limited to a farm tractor, combine, plow or baler, capable of performing agricultural operations either with power from its own engine, or when drawn or otherwise moved by another whole goods unit. "Whole goods attachments" shall be defined as those complete attachments which, when fitted to, drawn or otherwise moved by other equipment, perform specialized

agricultural operations. Such attachments include, but shall not be limited to, combine headers, mowers, swathers, shredders and cultivation and haying equipment.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 5402, is amended to read as follows:

Section 5402. A. The in-lieu tax imposed in Section ~~4~~ 5401 of this ~~act~~ title shall apply on the date of sale or lease and shall be evidenced by a tax stamp. The tax stamp shall be based on the following net sales totals:

1. Beginning with sales of Five Hundred Dollars (\$500.00) to One Thousand Nine Hundred Ninety-nine Dollars (\$1,999.00): \$6.00;
2. Two Thousand Dollars (\$2,000.00) to Nine Thousand Nine Hundred Ninety-nine Dollars (\$9,999.00): \$12.00;
3. Ten Thousand Dollars (\$10,000.00) to Nineteen Thousand Nine Hundred Ninety-nine Dollars (\$19,999.00): \$18.00;
4. Twenty Thousand Dollars (\$20,000.00) to Twenty-nine Thousand Nine Hundred Ninety-nine Dollars (\$29,999.00): \$24.00;
5. Thirty Thousand Dollars (\$30,000.00) to Thirty-nine Thousand Nine Hundred Ninety-nine Dollars (\$39,999.00): \$36.00;
6. Forty Thousand Dollars (\$40,000.00) to Forty-nine Thousand Nine Hundred Ninety-nine Dollars (\$49,999.00): \$48.00;
7. Fifty Thousand Dollars (\$50,000.00) to Fifty-nine Thousand Nine Hundred Ninety-nine Dollars (\$59,999.00): \$60.00;
8. Sixty Thousand Dollars (\$60,000.00) to Sixty-nine Thousand Nine Hundred Ninety-nine Dollars (\$69,999.00): \$72.00;
9. Seventy Thousand Dollars (\$70,000.00) to Seventy-nine Thousand Nine Hundred Ninety-nine Dollars (\$79,999.00): \$84.00;
10. Eighty Thousand Dollars (\$80,000.00) to Eighty-nine Thousand Nine Hundred Ninety-nine Dollars (\$89,999.00): \$96.00; and
11. Ninety Thousand Dollars (\$90,000.00) and above: \$108.00.

B. The appropriate tax stamp or stamps shall be affixed by the dealer to the dealer's copy of the sales invoice covering new or

used ~~farm implements~~ whole goods agricultural equipment and whole goods attachments thereto sold before transferring ownership to any new or used farm implement.

SECTION 3. AMENDATORY 68 O.S. 1991, Section 5403, is amended to read as follows:

Section 5403. A. The tax stamp or stamps required by Section 2 5402 of this ~~act~~ title to be affixed upon the dealer's copy of the sales invoice covering each new or used ~~farm implement~~ whole goods agricultural equipment or whole goods attachment thereto sold shall be manufactured or purchased by the Oklahoma Tax Commission in the required amounts. Said tax stamps shall be of such design, color combination and material and value in multiples of Six Dollars (\$6.00) as the Tax Commission shall deem necessary for the administration of this tax and to afford the best security to the tax revenue involved. Said stamps shall be purchased by dealers in the county where the business is located.

B. The Commission may require any manufacturer of such tax stamps to furnish a bond in such amount as it deems necessary to protect the state and local taxing entities against loss.

C. The Tax Commission shall distribute such tax stamps to the county treasurer of each county, taking such receipt therefor as may be necessary. The county treasurer shall have the responsibility of the custody and the sale of the stamps to the person required by Section 2 5402 of this ~~act~~ title to obtain such stamps. In addition, the county treasurer shall have the duty of accounting for said stamps to their respective counties, and to the Oklahoma Tax Commission as it may require.

SECTION 4. 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 Senate the 24th day of February, 1992.

President of the Senate

Passed the House of Representatives the ____ day of
_____, 1992.

Speaker of the House of
Representatives