

ENROLLED HOUSE
BILL NO. 1807

By: Langmacher, Maddux,
Weese, Roach, Tyler,
Easley, Hamilton and
Mass of the House

and

Wilkerson and Williams
of the Senate

An Act relating to the Oklahoma Tax Commission; amending 47 O.S. 1991, Section 1104, as amended by Section 1, Chapter 305, O.S.L. 1995 (47 O.S. Supp. 1996, Section 1104), which relates to apportionment of fees and taxes; apportioning certain monies to certain funds; deleting obsolete language; amending 47 O.S. 1991, Section 1109, which relates to confidentiality of information; permitting disclosure of certain confidential information to certain services and businesses; deleting authorization of the Oklahoma Tax Commission or motor license agents to furnish certain information; amending 47 O.S. 1991, Sections 1120, as amended by Section 1, Chapter 24, O.S.L. 1995 and 1124.1 (47 O.S. Supp. 1996, Section 1120), which relate to proportional registration; requiring proof of Oklahoma driver license on certain application; modifying issuance of temporary permits or authorization for proportionally registered vehicles; amending 47 O.S. 1991, Section 1133, as last amended by Section 46, Chapter 259, O.S.L. 1993 (47 O.S. Supp. 1996, Section 1133), which relates to registration of commercial vehicles; modifying registration requirements to include rental trailers; amending 47 O.S. 1991, Section 1144, which relates to methods of payment of fees and taxes; modifying procedure for accepting checks by motor license agents; providing for check verification system; amending 63 O.S. 1991, Section 4025, which relates to payment of fees and taxes by check under the Oklahoma Vessel and Motor Registration Act; reducing certain penalty; amending 68 O.S. 1991, Section 113, which relates to the Tax Commission Reimbursement Fund; providing for certain monies to be used for a check verification system; amending 68 O.S. 1991, Section 220, as amended by Section 10, Chapter 146, O.S.L. 1993 (68 O.S. Supp. 1996, Section 220), which relates to waiver or remission of interest or penalties; increasing amount of waiver or remission which may be approved without district court approval; amending 68 O.S. 1991, Section 234, which relates to lien for unpaid taxes, interest, and penalties; providing that certain complaints or pleadings shall include certain information; amending 68 O.S. 1991, Section 255, as amended by Section 2, Chapter 385, O.S.L.

1994 (68 O.S. Supp. 1996, Section 255), which relates to contracting with debt collection agencies to collect delinquent taxes; permitting the collection of certain delinquent taxes to be referred for collection; permitting Oklahoma Tax Commission to enter into certain contracts to identify certain taxpayers; amending 68 O.S. 1991, Section 607.2, as amended by Section 2, Chapter 33, O.S.L. 1994 (68 O.S. Supp. 1996, Section 607.2), which relates to the Oklahoma Motor/Diesel Fuel Importer for Use Indemnity Fund; modifying name of fund; providing for certain claims to be made for tax liability of motor fuel distributor; providing definition; amending 68 O.S. 1991, Section 801, which relates to estate taxes; providing that certain information be contained in certain notice; amending 68 O.S. 1991, Section 1213, which relates to franchise tax; updating statutory reference; amending 68 O.S. 1991, Sections 1356, as last amended by Section 1 of Enrolled Senate Bill No. 344 of the 1st Session of the 46th Oklahoma Legislature, and 1357, as last amended by Section 2 of Enrolled Senate Bill No. 344 of the 1st Session of the 46th Oklahoma Legislature, which relate to exemptions from sales tax; providing sales tax exemption for admission tickets to certain museums; providing sales tax exemption for sales to certain foundations; amending 68 O.S. 1991, Section 1358.1, as last amended by Section 1, Chapter 182, O.S.L. 1995 (68 O.S. Supp. 1996, Section 1358.1), which relates to agricultural exemptions; deleting reference to motor fuel tax exemption permit and the procedure relating thereto; deleting certain proof of eligibility for sales tax exemptions; amending 68 O.S. 1991, Section 1359, as last amended by Section 5, Chapter 289, O.S.L. 1996 (68 O.S. Supp. 1996, Section 1359), which relates to sales tax exemptions; modifying sales tax exemption to include materials used in the treatment of hazardous waste; providing sales tax exemption for certain items used in coal mining; amending 68 O.S. 1991, Section 1364, which relates to sales tax permits; providing for probationary sales tax permit; authorizing Oklahoma Tax Commission to refuse certain permit; providing for notice and hearing; prohibiting probationary permit holders from using permit for obtaining certain license plate; amending Section 1, Chapter 126, O.S.L. 1996 (68 O.S. 1991, Section 1364.1), which relates to direct payment permits; providing limitation for direct payment permits; amending 68 O.S. 1991, Section 2103, which relates to excise vehicle tax; providing that exception from vehicle excise tax shall not apply to certain vehicles; amending 68 O.S. 1991, Section 2357, as amended by Section 8, Chapter 289, O.S.L. 1996 (68 O.S. Supp. 1996, Section 2357), which relates to credits against income tax; providing that certain credit applies to certain nonresidents; amending 68 O.S. 1991, Section 2373, as last amended by Section 9, Chapter

289, O.S.L. 1996 (68 O.S. Supp. 1996, Section 2373), which relates to payments of refunds; providing for payment of interest on certain refunds; amending 68 O.S. 1991, Section 2375, as last amended by Section 28, Chapter 278, O.S.L. 1994 (68 O.S. Supp. 1996, Section 2375), which relates to payment of tax; modifying due date of taxes for tax returns electronically filed; amending 68 O.S. 1991, Sections 2385.7 and 2385.9, which relate to estimated taxes; modifying exceptions to declaration of estimated tax; increasing expected amount of tax liability; amending 68 O.S. 1991, Section 6003, as last amended by Section 3, Chapter 344, O.S.L. 1996 (68 O.S. Supp. 1996, Section 6003), which relates to aircraft excise tax exemptions; modifying certain exemption; amending 74 O.S. 1991, Section 85.4, as amended by Section 13, Chapter 327, O.S.L. 1993 (74 O.S. Supp. 1996, Section 85.4), which relates to state government requisitions and purchasing; permitting State Purchasing Director to enter into contracts for purchase of certain equipment, supplies, or material from federal government; permitting State Purchasing Director to draw state warrant for certain payment; amending Section 1 of Enrolled House Joint Resolution No. 1024 of the 1st Session of the 46th Oklahoma Legislature, which relates to the Citizens' Task Force on Taxation; requiring appointment of Task Force members by certain date; modifying staff support for Task Force; extending report date and termination date of task force; repealing 68 O.S. 1991, Section 2810, which relates to ad valorem taxation and farm tractors; providing for noncodification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 47 O.S. 1991, Section 1104, as amended by Section 1, Chapter 305, O.S.L. 1995 (47 O.S. Supp. 1996, Section 1104), is amended to read as follows:

Section 1104. A. Unless otherwise provided by law, all fees, taxes and penalties collected or received pursuant to the Oklahoma Vehicle License and Registration Act or Section 1-101 et seq. of this title and the unapportioned monies in the Motor Vehicle Escrow Account after the July 1985 apportionment shall be apportioned and distributed monthly by the Oklahoma Tax Commission as follows:

1. For the fiscal year beginning July 1, 1997, and ending June 30, 1998:

- a. the first One Hundred Forty-one Thousand Five Hundred Dollars (\$141,500.00) collected shall be remitted to the State Treasurer to be credited to the Tax Commission Reimbursement Fund created in Section 113 of Title 68 of the Oklahoma Statutes, and
- b. the next One Hundred Eighty-three Thousand Five Hundred Dollars (\$183,500.00) collected shall be remitted to the State Treasurer to be credited to the General Revenue Fund;

2. Thirty-five percent (35%) of said monies shall be apportioned to the various school districts as follows:
- a. except as otherwise provided in this subparagraph, each district shall receive the same amount of funds as such district received from the taxes and fees provided in this title in the corresponding month of the preceding year. Any district eligible for funds pursuant to the provisions of this section that was not eligible the preceding year shall receive an amount equal to the average daily attendance of the applicable year multiplied by the average daily attendance apportionment within such county for each appropriate month. For fiscal year 1995 and thereafter, any district which received less than twenty-five percent (25%) of the average apportionment of said monies made to school districts in this state based on average daily attendance in fiscal year 1995 shall receive an amount equal to the average daily attendance in the 1994-1995 school year multiplied by the average daily attendance apportionment within the county in which the district is located for each appropriate month, and
 - b. any funds remaining unallocated following the allocation provided in subparagraph a of this paragraph shall be apportioned to the various school districts so that each district shall first receive the cumulative total of the monthly apportionments for which it is otherwise eligible under subparagraph a of this paragraph and then an amount based upon the proportion that each district's average daily attendance bears to the total average daily attendance of those districts entitled to receive funds pursuant to this section as certified by the State Department of Education, and
 - c. if, for any month, the funds available are insufficient to provide the total allocation required in subparagraph a of this paragraph, each district shall receive a proportionate share of the funds available based upon the proportion of the total revenues that such district received in the corresponding month of the preceding year.

Each district's allocation of funds shall be remitted to the county treasurer of the county wherein the administrative headquarters of the district are located.

No district shall be eligible for the funds herein provided unless said district makes an ad valorem tax levy of fifteen (15) mills and maintains nine (9) years of instruction and pursuant to the rules of the State Board of Education, are authorized to maintain ten (10) years of instruction; ~~and~~

~~2.~~ 3. Forty-six and sixty-seven one-hundredths percent (46.67%) of said monies shall be remitted to the State Treasurer to be credited to the General Revenue Fund of the State Treasury;

~~3.~~ 4. Three-tenths of one percent (3/10 of 1%) of said monies shall be remitted to the State Treasurer to be credited to the State Transportation Fund;

~~4.~~ 5. Seven percent (7%) of said monies shall be apportioned to the various counties as follows: Forty percent (40%) of such sum shall be distributed to the various counties in that proportion which the county road mileage of each county bears to the entire state road mileage as certified by the Transportation Commission and

the remaining sixty percent (60%) of such sum shall be distributed to the various counties on the basis which the population and area of each county bears to the total population and area of the state. The population shall be as shown by the last Federal Census or the most recent annual estimate provided by the United States Bureau of the Census. Said funds shall be used for the purpose of constructing and maintaining county highways, provided, however, the county treasurer may deposit so much of said funds in the sinking fund as may be necessary for the retirement of interest and annual accrual of indebtedness created by the issuance of county or township bonds for road purposes. Such deposits to the sinking fund shall not exceed forty percent (40%) of the funds allocated to a county pursuant to this paragraph;

~~5.~~ 6. Two and one-half percent (2.5%) of said monies shall be remitted to the county treasurers of the respective counties and by them deposited in a separate special revenue fund to be used by the county commissioners for the primary purpose of matching federal funds for the construction of federal aid projects on county roads, or constructing and maintaining county or township highways and permanent bridges of such counties. The distribution of monies apportioned by this paragraph shall be made upon the basis of the current formula based upon road mileage, area and population as related to county road improvement and maintenance costs. Provided, however, the Department of Transportation may update the formula factors from time to time as necessary to account for changing conditions.

Any unencumbered monies remaining in the County Road Fund on the effective date of this act shall be distributed to the various counties within thirty (30) days thereafter; provided, that the Department of Transportation is authorized to withhold from such distribution an amount not to exceed ten percent (10%) of the counties' share of the estimated construction cost of any uncompleted federally aided project utilizing county road funds for the local match. Such funds shall be used to cover any approved overruns on such projects which remain uncompleted on the effective date of this act. Upon completion and acceptance of said projects, any monies due the counties will be returned to them by the Department of Transportation within thirty (30) days of completion of final audit. In the event additional county monies are required to complete such projects, the Department of Transportation shall submit an invoice for payment to the counties and the affected counties shall pay such additional amount to the Department of Transportation. All claims against nonfederally aided project resolutions accepted by the Department of Transportation prior to July 1, 1989, must be presented to the Department of Transportation for payment prior to September 1, 1989. Any County Road Fund monies encumbered for nonfederally aided projects which remain under control of the Department of Transportation on September 30, 1989, shall be returned to the county which encumbered said funds;

~~6.~~ 7. Three and one-half percent (3.5%) of said monies shall be transmitted by the Tax Commission to the various counties on the basis of a formula to be developed by the Department of Transportation. Such formula shall be similar to that currently used for the distribution of County Bridge Program Funds, but also taking into consideration the effect of terrain and traffic volume as related to county road improvement and maintenance costs. Provided, however, the Department of Transportation may update the formula factors from time to time as necessary to account for changing conditions. Said funds shall be transmitted to the various

county treasurers to be deposited in the county highway fund of their respective counties;

~~7.~~ 8. Eight-tenths of one percent (8/10 of 1%) of said monies shall be apportioned to the various counties as follows:

- a. each county shall receive the same amount of funds as such county received from the taxes and fees provided for in the 1985 fiscal year,
- b. any funds remaining unallocated following the allocation provided in subparagraph a of this paragraph shall be apportioned to the various counties based upon the proportion that each county's population bears to the total state population, and
- c. if the funds available are insufficient to provide the total allocation required in subparagraph a of this paragraph, each county shall receive a proportionate share of the funds available based upon the proportion of the total revenues that each such county received in the 1985 fiscal year.

Each county's allocation of funds shall be remitted to the various county treasurers to be deposited in the general fund of the county and used for the support of county government;

~~8.~~ 9. Three percent (3%) of said monies shall be apportioned to the various cities and incorporated towns based upon the proportion that each city or incorporated town's population bears to the total population of all cities and incorporated towns in the state. Such funds shall be remitted to the various county treasurers for allocation to the various cities and incorporated towns. All such funds shall be used for the construction, maintenance, repair, improvement and lighting of streets and alleys. Provided, however, the governing board of any city or town may, with the approval of the county excise board, transfer any surplus funds to the general revenue fund of such city or town whenever an emergency requires such a transfer;

~~9.~~ 10. One and two-tenths percent (1.2%) of said monies shall be remitted to the State Treasurer to be credited to the Oklahoma Law Enforcement Retirement Fund; and

~~10.~~ 11. Three one-hundredths of one percent (3/100 of 1%) of said monies shall be remitted to the State Treasurer to be credited to the Wildlife Conservation Fund. Seventy-five percent (75%) of said funds shall be used for fish habitat restoration and twenty-five percent (25%) of said funds shall be used in the fish hatchery system for fish production.

~~B. Until July 1, 1991, if the amendment to Section 12a of Article X of the Constitution of the State of Oklahoma contained in Enrolled House Joint Resolution No. 1005 of the 1st Extraordinary Session of the 42nd Oklahoma Legislature is approved by the people, school districts, in estimating the income for the succeeding fiscal year from funds provided by this section, may use as a basis for arriving at the amount to be estimated the actual income received from the same source the previous fiscal year plus ninety percent (90%) of any increase estimated by the Commission.~~

~~C. Monies allocated to counties by this section may be estimated by the county excise board in the budget for the county as anticipated revenue to the extent of ninety percent (90%) of the previous year's income from such source, provided, not more than fifteen percent (15%) can be encumbered during any month.~~

SECTION 2. AMENDATORY 47 O.S. 1991, Section 1109, is amended to read as follows:

Section 1109. A. All information contained in certificates of title, applications therefor, or registration certificates is hereby

declared to be confidential information and shall not be copied by anyone or disclosed to anyone other than employees of the Oklahoma Tax Commission in the regular course of their employment, except as follows:

1. To law enforcement officers in the regular course of their duties;

2. To other governmental agencies when required in their governmental functions;

3. To any motor vehicle manufacturer or his authorized representative for the purpose of meeting the requirements of the recall provisions of Title 15 U.S.C. 1974; provided that said manufacturer or his representative shall, when requesting information pertaining to motor vehicles, furnish the Commission with an affidavit stating the purpose for which the information is to be used, and that the confidentiality of the information shall be protected, as set out above, and used only for the purpose stated; provided, further, that the Commission shall be authorized to review the use of and the measures employed to safeguard said information; and provided, further, that the manufacturer or his representative shall bear the cost incurred by the Commission in the production of the information requested. If the confidentiality provisions, as set out above, are violated, the provisions of subsection (d) of Section 205 of Title 68 of the Oklahoma Statutes, shall apply and the privilege of obtaining information shall be terminated. Any manufacturer or his representative violating the provisions of this subsection, upon conviction, shall be punishable by a fine not to exceed Fifty Thousand Dollars (\$50,000.00); and

4. To any person compiling and publishing motor vehicle statistics, provided that such statistics do not disclose the names and addresses of individuals. Such information shall be provided upon payment of a fee as determined by the Oklahoma Tax Commission;

5. To a wrecker or towing service licensed pursuant to Section 951 et seq. of this title for use in providing notice to the owners and secured parties of towed or impounded vehicles upon payment of One Dollar (\$1.00) per vehicle; and

6. To a legitimate business or its agents, employees, or contractors for use in the normal course of business upon payment of One Dollar (\$1.00) per vehicle, but only:

a. to verify the accuracy of personal information submitted by the individual to the business or its agents, employees, or contractors, and

b. to obtain the correct information, if such information submitted by the individual to the business is not correct, or is no longer correct, but only for the purposes of preventing fraud by, pursuing legal remedies against, or recovering on a debt or security interest against the individual.

~~B. Notwithstanding the foregoing, the Commission may, when requested for a particular vehicle, furnish desired information for the sum of One Dollar (\$1.00) per vehicle or make copies of certificates of title, applications therefor and registration certificates and sell the same for the fee hereinafter prescribed. Certified copies of any and all records held by the Commission relative to certificates of title and registration certificates issued under the laws of this state, duly certified by the Commission, may be received in evidence with the same effect as the original, when such original is not in the possession or under the control of the party desiring to use the same. For each certified copy furnished under this section, a fee of Two Dollars (\$2.00) per instrument shall be charged and collected by the Commission. All~~

~~such funds shall be deposited in the Oklahoma Tax Commission Revolving Fund.~~

~~C.~~ Notwithstanding the foregoing, the Commission may allow the release of information from its motor vehicle records upon magnetic tape consisting only of the following information:

1. The date of the certificate of title;
2. The certificate of title number;
3. The type of title issued for the vehicle;
4. The odometer reading from the certificate of title;
5. The year in which the vehicle was manufactured;
6. The vehicle identification number for the vehicle;
7. The make of the vehicle; and
8. The location in which the vehicle is registered.

The Commission shall allow the release of such information upon payment of a fee to be determined by the Commission. The information released as authorized by this subsection may only be used for purposes of detecting odometer rollback or odometer tampering, for determining the issuance in this state or any other state of salvage or rebuilt titles for vehicles or for determining whether a vehicle has been reported stolen in this state or any other state.

~~D.~~ Notwithstanding the foregoing, any motor license agent, upon written request from a secured party for information contained in the certificate of title or registration certificate of a vehicle in which the secured party has an interest or upon written request from a vehicle owner for information contained in the certificate of title or registration certificate of such vehicle, may furnish such desired information for the sum of One Dollar (\$1.00) per vehicle.

~~E.~~ C. Notwithstanding the provisions of this section or of Section 205 of Title 68 of the Oklahoma Statutes, the Commission may inform a secured party that taxes and fees are delinquent with respect to a vehicle upon which the secured party has a perfected lien.

~~F.~~ D. The provisions of ~~subsections~~ subsection ~~A and B~~ of this section shall not apply to vehicles in excess of twenty-six thousand (26,000) pounds, or to trailers or semitrailers which may be used in combination with such vehicles. The Oklahoma Tax Commission shall establish an appropriate fee to cover the cost of furnishing the requested data and shall issue specific rules and regulations for the dissemination of information that shall apply only to vehicles registered in Oklahoma with a gross vehicle weight in excess of twenty-six thousand (26,000) pounds, or the applicable trailers or semitrailers.

The release of such information shall be limited to Oklahoma incorporated and domiciled, nonprofit, tax exempt industry trade groups and organizations for the express purpose of making such data directly available to the heavy duty motor transportation industry.

SECTION 3. AMENDATORY 47 O.S. 1991, Section 1120, as amended by Section 1, Chapter 24, O.S.L. 1995 (47 O.S. Supp. 1996, Section 1120), is amended to read as follows:

Section 1120. A. The Oklahoma Tax Commission may, when in the interest of the State of Oklahoma and its residents, enter into the International Registration Plan or other compacts or agreements with other states to permit motor vehicle registration and license taxes on any truck, bus, or truck-tractor on a proportional basis commensurate with the use of Oklahoma highways. Proportional registration under such plans may be permitted for vehicles engaged in interstate commerce or combined interstate and intrastate commerce.

All applications for proportional registration by an owner-operator shall include proof of a current Oklahoma driver license issued to the owner-operator. The Commission shall not accept any application from an owner-operator who does not possess a current Oklahoma driver license. "Owner-operator" as used in this subsection shall have the same meaning as set forth in the International Registration Plan.

B. The Commission shall require that such proportional registration be based on the percentage of miles actually operated by such vehicles or fleets of vehicles in the State of Oklahoma in the preceding year in proportion to the total fleet miles operated both within and without Oklahoma. If mileage data is not available for the preceding calendar year, the Commission may accept the latest twelve-month period available. Such percentage figure, so determined by the Commission, shall be the Oklahoma mileage factor. In computing the taxes under the foregoing formula, the Commission shall first compute the license fees for the entire fleet and then multiply the amount by the Oklahoma mileage factor on a dollar basis.

C. Upon receipt of the Oklahoma license and registration tax, which shall be paid by cash and/or certified funds, as computed under the provisions of this act, the Commission shall register all such fleet vehicles, and shall issue a license plate or decal for each of such vehicles identifying it as part of an interstate fleet. The Commission may, upon satisfactory review of the payment history of an applicant, waive the requirement for payment in cash or certified funds.

D. Vehicles so registered on a prorated basis shall be considered fully licensed in Oklahoma and shall be exempt from all further registration or license fees under the provisions of this act; provided that such fleet vehicles are proportionally licensed in some other state, territory or possession of the United States or some foreign province, state or country with which said Commission has entered into a prorationing compact or agreement.

If a vehicle is permanently withdrawn from a proportionally registered fleet and a replacement vehicle is added to the fleet in the same calendar quarter, said replacement vehicle shall be considered fully registered as provided in Section 1133 of this title and Section 14-109 of this title, provided that said replacement vehicle is registered for a weight equal to or less than the vehicle permanently withdrawn, or if additional registration fees are paid when the replacement vehicle is registered for a weight greater than the vehicle withdrawn. If a vehicle is permanently withdrawn from a proportionally registered fleet and is not replaced by another vehicle in the same calendar quarter, credit shall be allowed as otherwise provided in this section.

E. Vehicles subsequently added to a proportionally registered fleet after commencement of the registration year shall be proportionally registered by applying the mileage percentage used in the original application for such fleet for such registration period to the regular registration fees due with respect to such vehicle for the remainder of the registration year.

F. If a vehicle is permanently withdrawn from a proportionally registered fleet because it has been destroyed, sold or otherwise completely removed from service, credit shall be allowed. Such credit shall be a sum equal to the amount paid with respect to such vehicle when it was first proportionally registered in the registration year, reduced by one-fourth (1/4) for each calendar quarter or fraction thereof elapsing since the beginning of the registration year. The credit may be applied against subsequent

additions to the fleet to be prorated or for other additional registration fees assessed. In no event shall credit be allowed for fees beyond such registration year, nor shall any such amount be subject to refund. Provided, further, that vehicles removed from a prorated fleet or sold to a nonprorated fleet for operation in Oklahoma shall be registered in Oklahoma for the remaining portion of the year.

G. Mileage proportions for interstate fleets not operated in this state during the preceding year will be determined by the Commission on the basis of the operations of the fleet the preceding year in other states plus the estimated operation in Oklahoma, or, if no operations were conducted the previous year in this state, a full statement of the proposed method of operation.

H. The records of total mileage operated in all states upon which the application is made for a period of three (3) years following the year upon which said application is based shall be preserved. Upon request of the Commission, such records shall be made available for audit as to accuracy of computation and payments. The Commission may enter into agreements with agencies of other states administering motor vehicle registration laws for joint audits of any such records.

I. The Commission may enter into compacts or agreements with other states or other countries or subdivisions of such countries allowing reciprocal privileges to vehicles based in such other states and operating in interstate commerce provided said vehicles are properly registered therein.

J. Interchanged vehicles properly registered in another state may be granted reciprocal privileges when engaged in a continuous movement in interstate commerce, but must register in this state if used in intrastate commerce.

K. In addition to those taxes or fees imposed by this act, the same or substantially the same type or category of tax or fee may be imposed upon an out-of-state resident as is imposed upon residents of Oklahoma for the same or substantially similar use of a vehicle in such other state in the amount, or approximate total amount, of any fee or tax, including property, motor fuel, excise, sales, use or mileage tax required by the laws of such other state to be paid by a resident of this state making the same or similar use of a like vehicle in such state.

The Commission shall have the authority to adopt rules and regulations which provide procedures for implementation of comparable regulatory fees and taxes for vehicles used in this state by residents of other states.

Any revenue derived from this subsection shall be apportioned in the same manner as provided in Section 1104 of this title.

It is the intention of the Legislature that the motor vehicle registration and licensing fees assessed against residents of other states operating similar vehicles in Oklahoma be comparably the same as the motor vehicle registration and licensing fees assessed against residents of Oklahoma operating a similar vehicle for a similar purpose in such other state; and that the Commission diligently monitor the motor vehicle registration and licensing fees assessed against residents of Oklahoma by other states and to provide for uniform treatment of Oklahoma residents operating vehicles in other states and for residents of other states operating vehicles in Oklahoma.

L. The provisions of this section shall not apply to tour bus operations issued permits pursuant to Section 1171 of this title.

M. The Oklahoma Tax Commission may allow carrier fleets to register such vehicles on a staggered system, on a quarterly basis, if the carrier submits its application through electronic means.

SECTION 4. AMENDATORY 47 O.S. 1991, Section 1124.1, is amended to read as follows:

Section 1124.1 The Oklahoma Tax Commission is authorized to issue temporary permits or authorization for any vehicle to be proportionally registered in this state or which is currently proportionally registered in this state under the provisions of the International Registration Plan. Such temporary permit or authorization shall authorize a vehicle to be driven on the public roads of this state pending completion by the Commission of an application for proportional registration of such vehicle. The temporary permit or authorization shall be recognized in lieu of registration in this state. The temporary permit or authorization shall clearly indicate the time and date of issuance, the reason for the issuance, and the date of expiration, which shall not exceed forty-five (45) days, including the day of issuance. The Commission may enter into reciprocal agreements with other states for recognition of temporary permits or authorizations.

The Commission may assign the temporary permits or authorization to owners or operators of vehicles subject to proportional registration and such owners or operators may issue the temporary permits or authorization as needed for the operation of vehicles that will be ~~added to~~ operated as a fleet of proportionally registered vehicles. Owners or operators shall be accountable for all temporary permits or authorization assigned to them by the Commission and shall be subject to audit by the Commission.

An application shall be filed with the Motor Vehicle Division within fifteen (15) days to proportionally register any vehicle for which a temporary permit or authorization has been issued.

Any owner or operator that is unable to produce, or refuses to produce, upon request by the Commission, any unissued temporary permit or authorization assigned to such owner or operator, shall be subject to the following penalty:

A fee of One Hundred Eighty Dollars (\$180.00) which is an amount equal to the fee for the number of seventy-two-hour temporary permits, provided for in Section 1124 of this title, that would be required for the operation of a vehicle for a forty-five-day period.

If, as the result of an audit, it is determined that any owner or operator has used temporary permits or authorizations to avoid payment of proportional registration fees, all remaining unissued temporary permits or authorizations in the possession of such owner or operator shall be returned to the Commission, and ~~7~~ the Commission may deny further use of temporary permits or authorizations by such owner or operator for a minimum period of six (6) months.

SECTION 5. AMENDATORY 47 O.S. 1991, Section 1133, as last amended by Section 46, Chapter 259, O.S.L. 1993 (47 O.S. Supp. 1996, Section 1133), is amended to read as follows:

Section 1133. A. The following license fees shall be paid annually to the Oklahoma Tax Commission upon the registration of the following vehicles:

For each commercial vehicle over eight thousand (8,000) pounds as defined in Section 1102 of this title, the license fee shall be based on the combined laden weight of the vehicle or combination of vehicles. The license fees shall be computed and assessed at the following rates:

- | | |
|--|----------|
| 1. From 8,001 pounds to 15,000 pounds | \$ 95.00 |
| 2. From 15,001 pounds to 18,000 pounds | 120.00 |
| 3. From 18,001 pounds to 21,000 pounds | 155.00 |

4.	From 21,001 pounds to 24,000 pounds	190.00
5.	From 24,001 pounds to 27,000 pounds	225.00
6.	From 27,001 pounds to 30,000 pounds	260.00
7.	From 30,001 pounds to 33,000 pounds	295.00
8.	From 33,001 pounds to 36,000 pounds	325.00
9.	From 36,001 pounds to 39,000 pounds	350.00
10.	From 39,001 pounds to 42,000 pounds	375.00
11.	From 42,001 pounds to 45,000 pounds	400.00
12.	From 45,001 pounds to 48,000 pounds	425.00
13.	From 48,001 pounds to 51,000 pounds	450.00
14.	From 51,001 pounds to 54,000 pounds	475.00
15.	From 54,001 pounds to 57,000 pounds	648.00
16.	From 57,001 pounds to 60,000 pounds	681.00
17.	From 60,001 pounds to 63,000 pounds	713.00
18.	From 63,001 pounds to 66,000 pounds	746.00
19.	From 66,001 pounds to 69,000 pounds	778.00
20.	From 69,001 pounds to 72,000 pounds	817.00
21.	From 72,001 pounds to 73,280 pounds	857.00
22.	From 73,281 pounds to 74,000 pounds	870.00
23.	From 74,001 pounds to 75,000 pounds	883.00
24.	From 75,001 pounds to 76,000 pounds	896.00
25.	From 76,001 pounds to 77,000 pounds	909.00
26.	From 77,001 pounds to 78,000 pounds	922.00
27.	From 78,001 pounds to 79,000 pounds	935.00
28.	From 79,001 pounds to 80,000 pounds	948.00
29.	From 80,001 pounds to 81,000 pounds	961.00
30.	From 81,001 pounds to 82,000 pounds	974.00
31.	From 82,001 pounds to 83,000 pounds	987.00
32.	From 83,001 pounds to 84,000 pounds	1000.00
33.	From 84,001 pounds to 85,000 pounds	1013.00
34.	From 85,001 pounds to 86,000 pounds	1026.00
35.	From 86,001 pounds to 87,000 pounds	1039.00
36.	From 87,001 pounds to 88,000 pounds	1052.00
37.	From 88,001 pounds to 89,000 pounds	1065.00
38.	From 89,001 pounds to 90,000 pounds	1078.00

B. After the fifth year's registration in this or any other state, the license fee upon any truck registered on a basis of the combined laden weight not in excess of fifteen thousand (15,000) pounds shall be assessed at fifty percent (50%) of the fee computed and assessed for each of the first five (5) years. On the seventh and all subsequent years of registration in this or any other state, on such truck, such license fees shall be assessed and computed at fifty percent (50%) of the amount due on the sixth year's registration. In no event shall such annual license fee on any truck be less than Ten Dollars (\$10.00) nor shall the annual license fee of any truck-tractor be less than Ninety-five Dollars (\$95.00).

C. In addition to the fees required by subsection A of this section, there shall be paid a registration fee of Forty Dollars (\$40.00) upon the first registration in this state after ~~the effective date of this act~~ July 1, 1985, and upon the transfer of ownership of any rental trailer, commercial trailer or semitrailer designed to be pulled and usually pulled by a truck or truck-tractor.

Thereafter, a fee of Four Dollars (\$4.00) shall be paid annually for each rental trailer, commercial trailer or semitrailer. The fee of Four Dollars (\$4.00) shall be due and payable on January 1 of each year and shall be the only fee due on any rental trailer, commercial trailer or semitrailer registered under this section.

Upon the payment of the registration fee of Forty Dollars (\$40.00), a nonexpiring registration certificate and identification

plate shall be issued for each rental trailer, commercial trailer or semitrailer. The nonexpiring identification plate shall remain displayed on the rental trailer, commercial trailer or semitrailer for which the identification plate is issued until such trailer or semitrailer is sold or removed from service.

A receipt shall be issued upon the payment of the annual fee. The receipt shall show the total fee paid for one or more rental trailers, commercial trailers or semitrailers. The receipt shall be retained by the owner of any rental trailer, commercial trailer or semitrailer for a period of three (3) years and shall be subject to audit by the Oklahoma Tax Commission.

Any commercial trailer or semitrailer licensed pursuant to this section shall not be permitted to be operated on the highways of this state when such commercial trailer or semitrailer is being operated by a resident of this state, or is being operated by a person operating a vehicle or vehicles domiciled in this state and required by law to be licensed in Oklahoma, unless the pulling truck or truck-tractor has been licensed pursuant to this section. In no event shall any truck, truck-tractor, trailer, or semitrailer used in the furtherance of any commercial enterprise be permitted to operate on the highways of this state or register at a smaller license fee than that prescribed in this section except as provided in this section.

D. For the fiscal year beginning July 1, 1994, and for each fiscal year thereafter, notwithstanding the provisions of Section 1104 of this title, the first Four Hundred Thousand Dollars (\$400,000.00) of all monies collected pursuant to subsections A, B and C of this section shall be paid by the Oklahoma Tax Commission to the State Treasurer of the State of Oklahoma who shall deposit same each fiscal year, or such lesser amount as may accrue each fiscal year, under the provisions of this section to the credit of the General Revenue Fund of the State Treasury. All monies collected in excess of Four Hundred Thousand Dollars (\$400,000.00) each fiscal year shall be apportioned as provided in Section 1104 of this title.

E. If any vehicle is used for a purpose other than that for which it has been registered, the owner of the vehicle shall be required to immediately reregister the vehicle at the appropriate rate. If any vehicle is placed or operated upon any street, road or highway of this state with a laden weight in excess of that for which it is licensed, the license fee for such increased laden weight shall become due, and the owner of the vehicle shall be required to immediately reregister the vehicle at the increased rate. Provided that, in either event there shall be credited upon the increased license fee for such reregistration for any portion of the year or period remaining after the change in use or increase in laden weight shall have occurred a proportionate part of the license fees previously paid. If this reregistration is made voluntarily by the owner, the ratable proportion of the credit allowed shall be determined as of the date the reregistration is voluntarily made. If the reregistration is not voluntarily made but occurs as a result of the discovery by any enforcement officer of an improper operation of the vehicle, that shall be considered prima facie evidence that it has been improperly registered for the entire portion of the year covered by the improper registration. Provided further that the ratable credit shall be allowed only on the first reregistration of any vehicle during any calendar year. If, during the calendar year, subsequent changes of license plate are desired, the ratable credit shall not be allowed but the owner of the vehicle shall be required to pay the license fee due for that portion of the calendar year

remaining without benefit of any additional credits. No owner of a motor vehicle ~~owner~~ shall ~~have in his possession~~ possess at any time more than one license plate for any vehicle owned by ~~him~~ such person. No reregistration shall be made until the current license plate previously issued has been surrendered.

Any person who has paid a fee under the terms and provisions of this subsection may at any time within one (1) year after the payment of such fee file with the Commission a claim under oath for refund stating the grounds therefor; ~~provided.~~ However, the Commission shall allow refunds only where the amount of tax paid has been erroneously computed or determined through clerical errors or miscalculations. No refund shall be allowed by the Commission of a tax paid by the person where such payment is made through a mistake as to the legal misinterpretation or construction of the provisions of this section. Any refunds made by the Commission pursuant to this subsection shall be made out of any monies collected pursuant to this subsection and which have not been apportioned.

F. The annual license fee required by this section is intended to cover only the motor vehicle for which it is issued. The Commission upon application, when a licensed truck-tractor has been destroyed by fire or accident, shall credit the unused portion of the annual license fee of said vehicle toward the license fee of a replacement vehicle of equal registered weight. The amount of credit shall not exceed the license fee due on the replacement vehicle. The Commission shall not be required to make a refund. If the replacement vehicle is to be registered at a greater weight, the applicant shall pay an additional sum equivalent to the difference between the unused portion of the annual license fee for the original motor vehicle and the license fee due for the replacement motor vehicle.

G. The license fees provided for in this section shall be paid each year whether or not the vehicle is operated on the public highway.

H. Notwithstanding the provision of any other statute in respect to the time for payment of license fees on motor vehicles, if the total amount of the annual license fees due from any resident owner, either individual, partnership, or Oklahoma corporation, upon the registration, on or before January 15 of any year, of commercial trucks, truck-tractors, trailers or semitrailers exceeds the sum of One Thousand Dollars (\$1,000.00), ~~said~~ the license fees may be paid in equal semiannual installments. The first installment shall be paid at the time of the application for registration of ~~said~~ the vehicles and not later than January 15 of each year, and the second installment shall be paid on or before the first day of July of ~~said~~ such year.

This subsection shall not operate to reduce the amount of the license fees due. If any installment is not paid on or before the date due, all unpaid installments of license fees for such year on each vehicle shall be deemed delinquent and immediately due and payable, and there shall be added a penalty of twenty-five cents (\$0.25) per day to the balance of the license fee due on each vehicle for each day the balance remains unpaid up to thirty (30) days, after which the penalty due on each vehicle shall be Twenty-five Dollars (\$25.00). The penalty for vehicles registered by weight in excess of eight thousand (8,000) pounds shall be an amount equal to the license fee. On and after the 30th day each such vehicle involved shall be considered as improperly licensed and as not currently registered, and all of the provisions of the Oklahoma Vehicle License and Registration Act relating to enforcement, including the provisions for the seizure and sale of

vehicles not registered and not displaying current license plates, shall apply to ~~said~~ the vehicles.

All fees and taxes levied by this act shall become and remain a first lien upon the vehicle upon which ~~said~~ the fees or taxes are due until paid. ~~Said~~ The lien shall have priority to all other liens. ~~Provided further, that no~~ No title to any vehicle may be transferred until the unpaid balance on the vehicle has been paid in full. Provided that any unpaid balance of ~~said~~ the license fees shall remain and become a lien against any and all property of the owner, both real and personal, for so long as any license tag fee balance shall remain unpaid. ~~Provided further, that any~~ Any unpaid balance under these provisions shall be immediately due and payable by the owner if any vehicle is sold, wrecked, or otherwise retired from service.

Any person electing to pay license fees on a semiannual installment basis, as herein authorized, shall be required to purchase a new license tag for the last half and shall pay the sum of Four Dollars (\$4.00) for each tag to cover the costs of ~~said~~ the license tags; ~~said~~. The license tags for each half shall be plainly marked in designating the half for which they were issued. A validation sticker may be used in lieu of a metal tag where appropriate. Such license tag fee shall be, in addition to the license fees or any other fees, collected on each application as provided by statute and shall be apportioned according to the provisions of Section 1104 of this title.

I. Any person pulling or towing any vehicle intended to be resold, into or through this state, shall pay a fee of Three Dollars (\$3.00) for the vehicle towing and Three Dollars (\$3.00) for the one being towed. It shall be unlawful to operate any series of such units on the public highways of this state at a distance closer than five hundred (500) feet from each other. All fees and taxes levied by the terms and provisions of this section shall become and remain a first lien upon the vehicle upon which ~~said~~ the fees or taxes are due until paid. ~~Said~~ The lien shall be prior, superior, and paramount to all other liens of whatsoever kind or character.

J. In addition to any other penalties prescribed by law, the following penalty shall be imposed upon any owner or operator of a commercial vehicle registered under the provisions of this section when the laden weight or combined laden weight of such vehicle is found to be in excess of that for which registered. The penalty shall be imposed each and every time a vehicle is found to be in violation of the registered laden weight or combined laden weight.

The penalty shall be Twenty Dollars (\$20.00) when such vehicle exceeds the laden weight or combined laden weight by 2,001 pounds; thereafter, an additional Twenty Dollars (\$20.00) shall be imposed for each additional one thousand pounds or fraction thereof of weight in excess of the registered laden weight or combined laden weight.

SECTION 6. AMENDATORY 47 O.S. 1991, Section 1144, is amended to read as follows:

Section 1144. A. Payments for any required registration fees, license plates or decals or excise taxes except as otherwise provided by law, may be made as follows:

1. By the applicant's personal or company check if presented within the period of time required for purchase or renewal of the registration and license plates or decals. ~~The motor license agent may delay delivery of the license plate or decal until after such check clears the bank upon which it is written, but said agent is required to accept a check at least one time. Provided that no~~ At the time of presentment, the motor license agent shall utilize a

check verification system provided by the Tax Commission to confirm that there are sufficient funds to pay the check. Upon notification that there are insufficient funds, the agent shall refuse to accept the check or deliver the license plate or decal. If an agent fails to utilize the check verification system and the check is returned for nonpayment, the agent shall not receive any fees for the transaction. No motor license agent shall be required to accept any check from any person during any penalty period relating to that person's registration; or

2. By a nationally recognized credit card issued to the applicant. The Oklahoma Tax Commission may add an amount equal to the amount of the service charge incurred, not to exceed four percent (4%) of the amount of such payment as a service charge for the acceptance of such credit card. For purposes of this paragraph, "nationally recognized credit card" means any instrument or device, whether known as a credit card, credit plate, charge plate or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining goods, services or anything else of value on credit which is accepted by over one thousand merchants in this state. The Oklahoma Tax Commission shall determine which nationally recognized credit cards will be accepted by a motor license agent as payment for any required motor vehicle registration fees, license plates or decals or excise taxes. Provided however the Oklahoma Tax Commission must ensure that no loss of state revenue will occur by the use of such card.

B. Each motor license agent's office shall be open a minimum of forty (40) hours per week, of which four (4) such hours per week shall be in the evening hours or on Saturday, subject to the approval of the Commission, except during such weeks that contain a legal holiday prescribed by the statutes of this state. Provided that the Commission may authorize a motor license agent to stay open a lesser period of time if the Commission is satisfied that the public is being properly served. Provided further, that there shall be at least one motor license agent in each county open the hours designated in this section. All motor license agents shall post their hours in a conspicuous place for the public's information.

SECTION 7. AMENDATORY 63 O.S. 1991, Section 4025, is amended to read as follows:

Section 4025. A. When, at the time of titling and registration of any vessel or motor payment is made by check for fees and taxes and the check is not paid by the bank on which drawn for any reason, such certificate of title or registration and other such instruments issued at the time of titling or registration of such vessel or motor shall be canceled immediately, without notice, by the Commission or motor license agent who issued such title or registration certificate. In all such cases the title or registration certificate, number, receipt, and any other official document issued at the time of the acceptance of such check shall be null and void and returned to the issuer.

B. The motor license agent shall transmit all documents and the dishonored check to the Oklahoma Tax Commission for credit to the motor license agent's account. The Commission may enter into a contract for the collection of dishonored checks and canceled instruments.

C. In all such cases, such vessels or motors shall be subject to the fees and penalties provided in the Oklahoma Vessel and Motor Registration Act as though no attempt to register the vehicle had been made and a further penalty of ~~Fifty Dollars (\$50.00)~~ Twenty-five Dollars (\$25.00) shall be assessed.

SECTION 8. AMENDATORY 68 O.S. 1991, Section 113, is amended to read as follows:

Section 113. There is hereby created in the State Treasury, a revolving fund for the Oklahoma Tax Commission to be known as the "Tax Commission Reimbursement Fund". Said revolving fund shall consist of any funds received by the Commission for data processing services or equipment rental and any funds received by the Commission from any incorporated city, town, or county pursuant to a contractual agreement for the augmentation of the enforcement and collection of municipal or county taxes entered into pursuant to the provisions of Sections 1371 or 2702 of this title. The Oklahoma Tax Commission is authorized to hire full-time-equivalent employees as necessary to perform such duties as to fulfill contractual agreements authorized pursuant to Sections 1371 and 2702 of this title, however, such employees hired to perform such contractual duties shall be supported solely by funds in the Tax Commission Reimbursement Fund which are collected by the Tax Commission from incorporated cities, towns, and counties pursuant to such contractual agreements and such employees shall be terminated upon the discontinuation of such funds or inadequate funds to support such positions. Such full-time-equivalent employees shall be in the unclassified service and shall not be subject to any provisions of the Oklahoma Personnel Act or to any of the rules or regulations promulgated by the Office of Personnel Management except leave regulations. All fees collected and apportioned to this fund under the Oklahoma Vehicle License and Registration Act, Section 1101 et seq. of Title 47 of the Oklahoma Statutes, may be used by the Motor Vehicle Division of the Oklahoma Tax Commission to pay all costs incurred in the issuance of certificates of title and inspection of vehicles, including, but not limited to, additional computer costs for the Commission and motor license agents and the check verification system authorized pursuant to the provisions of paragraph 1 of subsection A of Section 1144 of Title 47 of the Oklahoma Statutes or be used for capital expenditures as authorized by the Oklahoma State Legislature.

SECTION 9. AMENDATORY 68 O.S. 1991, Section 220, as amended by Section 10, Chapter 146, O.S.L. 1993 (68 O.S. Supp. 1996, Section 220), is amended to read as follows:

Section 220. ~~(a)~~ A. The interest or penalty or any portion thereof ordinarily accruing by reason of a taxpayer's failure to file a report or return or failure to file a report or return in the correct form as required by any state tax law or by this Code or to pay a state tax within the statutory period allowed for its payment may be waived or remitted by the Tax Commission or its designee provided the taxpayer's failure to file a report or return or to pay the tax is satisfactorily explained to the Tax Commission or such designee, or provided such failure has resulted from a mistake by the taxpayer of either the law or the facts subjecting him to such tax, or inability to pay such interest or penalty resulting from insolvency.

~~(b)~~ B. The waiver or remission of all or any part of any such interest or penalties in excess of ~~One Thousand Five Hundred Dollars (\$1,500.00)~~ Five Thousand Dollars (\$5,000.00) shall not become effective unless approved by one of the judges of the district court of Oklahoma County after a full hearing thereon.

The application for the approval of such waiver or remission shall be filed in the office of the court clerk of ~~said~~ the court at least twenty (20) days prior to the entry of the order of the judge finally approving or disapproving the waiver or remission. The

order so entered shall be a final order of the district court of ~~said~~ the county.

SECTION 10. AMENDATORY 68 O.S. 1991, Section 234, is amended to read as follows:

Section 234. ~~(a)~~ A. All taxes, interest and penalties imposed by the provisions of this article, or any state tax law, are hereby declared to constitute a lien in favor of the state upon all franchises, property, and rights to property, whether real or personal, then belonging to or thereafter acquired by the person owing the tax, whether such property is employed by such person in the prosecution of business, or is in the hands of an assignee, trustee or receiver for the benefit of creditors, from the date said taxes are due and payable under the provisions of the state tax laws levying such taxes. ~~Said~~ The lien shall be in addition to any lien accrued by the filing of a tax warrant or tax certificate as provided by Sections 230 and 231 of this ~~Code~~ title. ~~Said~~ The lien shall be prior, superior and paramount to all other liens, claims, or encumbrances on ~~said~~ the property of whatsoever kind or character, except those of any bona fide mortgagee, pledgee, judgment creditor, or purchaser, whose right shall have attached prior to the date of the filing and indexing in the office of the county clerk in the county in which the property is located, of the notice of the lien of the state under a tax certificate, as provided by Section 230 of this ~~Code~~ title, or under a tax warrant as provided by Section 231 of this ~~Code~~ title, and who have filed or recorded said mortgages and conveyances in the office of the county clerk of the county in which the property is located. Such taxes, penalties and interest shall at all times, constitute a prior, superior and paramount claim as against the claims of unsecured creditors. The ~~said~~ lien of the state shall continue until the amount of the tax and penalty due and owing, and interest subsequently accruing thereon, is paid.

~~(b)~~ B. In any action affecting the title to real estate or the ownership or right to possession of personal property, the State of Oklahoma may be made a party defendant, for the purpose of determining its lien upon the property involved therein only in cases where notice of the lien of the state has been filed and indexed as provided in Sections 230 and 231 of this ~~Code~~; ~~and, in~~ title. In any such action, service of summons upon the Oklahoma Tax Commission, by serving any member thereof, shall be sufficient service and binding upon the State of Oklahoma. In all such actions or suits, the complaint or pleading shall include the name and address of the taxpayer whose liability created the lien and the identifying number evidencing the lien.

SECTION 11. AMENDATORY 68 O.S. 1991, Section 255, as amended by Section 2, Chapter 385, O.S.L. 1994 (68 O.S. Supp. 1996, Section 255), is amended to read as follows:

Section 255. A. In order to facilitate and expedite the collection of taxes more than six (6) months overdue from any taxpayer, the Oklahoma Tax Commission may enter into a contract with a debt collection agency doing business in the State of Oklahoma or in any other state for the collection of such delinquent taxes in addition to all other taxes accrued or accruing, including penalties and interest thereon, from such nonresident the taxpayer or. The Tax Commission may also enter into a contract with a person doing business in the State of Oklahoma or in any other state for the purpose of identifying and locating the assets of such delinquent taxpayer. Such contracts authorized by this section shall be subject to the provisions of the Oklahoma Central Purchasing Act.

B. In addition to the authority provided in subsection A of this section, the Tax Commission may enter into a contract for the purpose of identifying nonresident businesses and individuals who are required by law to file and pay Oklahoma state taxes and who are presently unknown to the Tax Commission.

C. Prior to entering into such a contract with a debt collection agency, the Tax Commission shall require that the debt collection agency file a bond in the amount of One Hundred Thousand Dollars (\$100,000.00). ~~Said~~ The bond shall be a bond from a surety company chartered or authorized to do business in this state, cash bond, certificates of deposits, certificates of savings or U.S. Treasury bonds, as the Tax Commission may deem necessary to guarantee compliance with the terms of the contract.

~~C.~~ D. Each contract entered into by the Tax Commission with a debt collection agency, pursuant to the provisions of this section, shall specify that fees for services rendered, reimbursements or other remuneration shall be based on the total amount of delinquent taxes, including accrued penalties and interest, which is actually collected. No costs shall be reimbursed unless authorized in ~~said~~ the contract. Each contract entered into between the Tax Commission and a debt collection agency shall provide for the payment of fees for such services, reimbursements or other remuneration not in excess of twenty percent (20%) of the total amount of delinquent taxes, penalty and interest actually collected.

~~D.~~ E. Each contract entered into by the Tax Commission with a person for the purpose of identifying and locating assets of delinquent taxpayers shall specify the amount of money to be paid for the performance of such services. No costs shall be reimbursed unless authorized in ~~said~~ the contract.

~~E.~~ F. All such funds collected by a debt collection agency, including the fees for collection services as provided for in such contract, shall be remitted to the Tax Commission within five (5) days from the date of collection from a taxpayer. The Tax Commission shall pay from such remitted fees the amount of fees such debt collecting agency is entitled to for services performed pursuant to the provisions of such contract. All assets of such delinquent taxpayers which are identified and located shall be reported to the Tax Commission within five (5) days from the date of identification and location. Forms to be used for such remittances and reports shall be prescribed by the Tax Commission.

~~F.~~ G. A debt collection agency entering into a contract with the Tax Commission or a person entering into a contract with the Tax Commission for asset location purposes pursuant to this section shall agree that it is receiving income from sources within this state or doing business in this state for purposes of the Oklahoma tax laws.

SECTION 12. AMENDATORY 68 O.S. 1991, Section 607.2, as amended by Section 2, Chapter 33, O.S.L. 1994 (68 O.S. Supp. 1996, Section 607.2), is amended to read as follows:

Section 607.2 A. There is hereby created the Oklahoma Motor/Diesel Fuel ~~Importer for Use~~ Indemnity Fund. The fund shall be established to ensure that the ~~Oklahoma~~ Tax Commission recovers tax revenue not remitted to the ~~Oklahoma~~ Tax Commission because of negligence, malfeasance or fraud by a motor fuel/diesel fuel importer or a motor fuel distributor.

B. The fund shall be administered by the three (3) members of the ~~Oklahoma~~ Tax Commission or their designees. The Commission shall invest all monies deposited in the fund in insured accounts and all interest shall be deposited in the fund.

C. Beginning March 15, 1988, the nonrefundable assessment of Twenty-five Dollars (\$25.00) for each motor fuel/diesel fuel importer shall be collected by the Motor Vehicle Division of the ~~Oklahoma~~ Tax Commission and remitted to the Commission for deposit into the fund. The Commission shall have the power to make annual assessments for contribution to the fund in an amount not to exceed Twenty-five Dollars (\$25.00) per year for each motor fuel/diesel fuel importer. Nothing herein shall be construed as prohibiting the Motor Vehicle Division of the ~~Oklahoma~~ Tax Commission from requiring a motor fuel/diesel fuel importer to file a bond payable to the ~~Oklahoma~~ Tax Commission as provided in this act.

D. Upon final determination by the Motor Vehicle Division of the ~~Oklahoma~~ Tax Commission of the tax liability of the motor fuel/diesel fuel importer or a motor fuel distributor, a claim in the amount of said liability may be made by the Motor Vehicle Division of the ~~Oklahoma~~ Tax Commission against the fund. ~~Said~~ The claim shall be paid by the fund unless the Commission finds that there has not been a final determination of the tax liability by the Motor Vehicle Division of the ~~Oklahoma~~ Tax Commission. No claim shall be paid until sixty (60) days' written notice is given to the delinquent importer or motor fuel distributor.

E. The payment of a claim shall subrogate the Commission's right to recover the tax liability to the fund. The Commission, on behalf of the fund, shall have the same rights and remedies to recover the amounts paid by the fund as afforded the Commission to recover delinquent tax, penalty and interest. Any tax warrant shall remain in effect until the fund has recovered the amount paid.

F. The State Auditor and Inspector shall conduct an annual audit of the activity for the Oklahoma Motor/Diesel Fuel ~~Importer~~ ~~for Use~~ Indemnity Fund each fiscal year. The audit shall be made in accordance with standards established by the American Institute of Certified Public Accountants by a licensed public accountant or a certified public accountant holding a permit to practice in this state. A copy of the review examination shall be forwarded to the ~~Oklahoma~~ Tax Commission. The State Auditor and Inspector and the Tax Commission shall review the examination and may conduct any further examinations as deemed necessary.

G. For purposes of this section, "motor fuel distributor" means a distributor as defined and licensed pursuant to the Motor Fuel Tax Code prior to October 1, 1996.

SECTION 13. AMENDATORY 68 O.S. 1991, Section 801, is amended to read as follows:

Section 801. In any action to determine heirs, partition real estate, quiet title thereto, foreclose a lien thereon, or any combination thereof, where such title has been derived wholly or in part, directly or remotely, by inheritance, devise or gift made in contemplation of death, from any deceased person, the State of Oklahoma may be made a party defendant for the purpose of determining its claim against the estate of such deceased person for inheritance or transfer taxes. The court shall not acquire jurisdiction to enter any judgment against the State of Oklahoma or the Oklahoma Tax Commission in any such action until there shall have been served on the Oklahoma Tax Commission, in the manner hereinafter provided, a notice of the pendency of ~~said~~ the suit containing the ~~following details, viz.,~~ the title and number under which ~~said~~ the action is filed, the court in which filed, the name, date and place of death of the deceased person, the name, relationship and address, if known, of each heir, executor, administrator, devisee, trustee, and assign, of such deceased person, the identifying number of any tax liens which may have been

filed against the decedent, and a description of the real estate covered by such action in which it is claimed the decedent owned or held any right, title or interest, which notice shall be signed by the plaintiff or his attorney of record. ~~Said~~ The notice, with a copy of the petition in ~~said~~ the cause thereto attached, shall be served on the Oklahoma Tax Commission in the same manner as for the service of summons; ~~provided, however, that the~~. The Oklahoma Tax Commission or its General Counsel may, in lieu of service, accept service by indorsement of such acceptance on one copy of ~~said~~ the notice; and ~~said~~ the service or acceptance of service shall operate to make the State of Oklahoma a party to such action; ~~and provided, further, that the~~. The Oklahoma Tax Commission may in its discretion, without service of any notice on ~~said~~ the Commission, disclaim or plead in any ~~said~~ such cause. The Oklahoma Tax Commission shall have forty (40) days after the date of service or acceptance of service within which to plead in ~~said~~ the cause, and the Oklahoma Tax Commission shall set up any interest the State of Oklahoma may have in the subject matter of ~~said~~ the action. If the Oklahoma Tax Commission fails to answer such petition within the time allowed, judgment may be rendered foreclosing the State of Oklahoma from any interest, lien or claim for state taxes, interest or penalty on or against the property described in the ~~said~~ notice. Provided, that in all cases where the person, or persons, owning the real property involved in ~~said~~ the action at the time of death has been dead for more than ten (10) years, prior to the institution of ~~said~~ the action and such facts are set forth in the petition, it shall not be necessary to make the State of Oklahoma a party to such action.

SECTION 14. AMENDATORY 68 O.S. 1991, Section 1213, is amended to read as follows:

Section 1213. The provisions of ~~68 O.S. 1961~~, Section 454 205 of this title shall not be construed to prevent the Tax Commission from furnishing the names of officers, or registered agents, and it may furnish certificates to show the compliance or noncompliance with the provisions of this article by any particular corporation, association or organization, under such rules as the Tax Commission may adopt, and shall collect a fee of One Dollar (\$1.00) ~~7~~ for each certificate so furnished.

SECTION 15. AMENDATORY 68 O.S. 1991, Section 1356, as last amended by Section 1 of Enrolled Senate Bill No. 344 of the 1st Session of the 46th Oklahoma Legislature, is amended to read as follows:

Section 1356. Exemptions - Governmental and nonprofit entities.

There are hereby specifically exempted from the tax levied by this article:

1. Sale of tangible personal property or services to the United States government or to the State of Oklahoma, 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 or any of its political subdivisions shall not be exempted from the tax levied by this article, except as hereinafter provided;

2. Sales of property to agents appointed by or under contract with agencies or instrumentalities of the United States government if ownership and possession of such property transfers immediately to the United States government;

3. Sales of property to agents appointed by or under contract with a political subdivision of this state if the sale of such property is associated with the development of a qualified federal

facility, as provided in the Oklahoma Federal Facilities Development Act, and if ownership and possession of such property transfers immediately to the political subdivision or the state;

4. Sales made directly by county, district or state fair authorities of this state, upon the premises of the fair authority, for the sole benefit of the fair authority;

5. Sale of food in cafeterias or lunch rooms of elementary schools, high schools, colleges or universities which are operated primarily for teachers and pupils and are not operated primarily for the public or for profit;

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

7. Sale of tangible personal property or services to or by churches, except sales made in the course of business for profit or savings, competing with other persons engaged in the same or a similar business;

8. The amount of proceeds received from the sale of admission tickets which is separately stated on the ticket of admission for the repayment of money borrowed by any accredited state-supported college or university for the purpose of constructing or enlarging any facility to be used for the staging of an athletic event, a theatrical production, or any other form of entertainment, edification or cultural cultivation to which entry is gained with a paid admission ticket. Such facilities include, but are not limited to, athletic fields, athletic stadiums, field houses, amphitheaters and theaters. To be eligible for this sales tax exemption, the amount separately stated on the admission ticket shall be a surcharge which is imposed, collected and used for the sole purpose of servicing or aiding in the servicing of debt incurred by the college or university to effect the capital improvements hereinbefore described;

9. Sales of tangible personal property or services to the council organizations or similar state supervisory organizations of the Boy Scouts of America, Girl Scouts of U.S.A. and the Campfire Boys and Girls shall be exempt from sales tax;

10. Sale of tangible personal property or services to any county, municipality, rural water district, public school district, the institutions of The Oklahoma State System of Higher Education, the Grand River Dam Authority and the Oklahoma Municipal Power Authority, or to any person with whom any of the above-named subdivisions or agencies of this state has duly entered into a public contract pursuant to law, necessary for carrying out such public contract or to any subcontractor to such a public contract. Any person making purchases on behalf of such subdivision or agency of this state shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such subdivision or agency of this state and set out the name of such public subdivision or agency. Any person who wrongfully or erroneously certifies that purchases are for any of the above-named subdivisions or agencies of this state or who otherwise violates this section 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;

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

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

12. Tuition and educational fees paid to private institutions of higher education and private elementary and secondary institutions of education accredited by the State Department of Education or registered by the State Board of Education for purposes of participating in federal programs or accredited as defined by the Oklahoma State Regents for Higher Education which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c) (3);

13. Sales of tangible personal property made by:
- a. a public school,
 - b. a private school offering instruction for grade levels kindergarten through twelfth grade,
 - c. a public school district,
 - d. a public or private school board,
 - e. a public or private school student group or organization,
 - f. a parent-teacher association or organization, or
 - g. public or private school personnel for purposes of raising funds for the benefit of a public or private school, public school district, public or private school board or public or private school student group or organization.

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

14. Sales of tangible personal property by:
- a. local 4-H clubs,
 - b. county, regional or state 4-H councils,
 - c. county, regional or state 4-H committees,
 - d. 4-H leader associations,
 - e. county, regional or state 4-H foundations, and
 - f. authorized 4-H camps and training centers.

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

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

16. Items or services which are subsequently given away by the Oklahoma Department of Tourism and Recreation as promotional items pursuant to Section 1834 of Title 74 of the Oklahoma Statutes;

17. Sales of tangible personal property or services to fire departments organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes which items are to be used for the purposes of the fire department. Any person making purchases on behalf of any such fire department shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such fire department and set out the name of such fire department. Any person who wrongfully or erroneously certifies that the purchases are for any such fire department or who otherwise violates the provisions of this section shall be deemed 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;

18. Complimentary or free tickets for admission to places of amusement, sports, entertainment, exhibition, display or other recreational events or activities which are issued through a box office or other entity which is operated by a state institution of higher education with institutional employees or by a municipality with municipal employees;

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

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

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

22. Sales of tangible personal property or services to:

- a. any federally qualified community health center as defined in Section 254c of Title 42 of the United States Code,
- b. any migrant health center as defined in Section 254b of Title 42 of the United States Code,
- c. any clinic receiving disbursements of state monies from the Indigent Health Care Revolving Fund pursuant to the provisions of Section 66 of Title 56 of the Oklahoma Statutes, and
- d. any community based health center which meets all of the following criteria:

- (1) provides primary care services at no cost to the recipient, and
- (2) is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

23. Dues or fees, including free or complimentary dues or fees which have a value equivalent to the charge that could have otherwise been made, to YMCAs or YWCAs for the use of facilities and programs;

24. The first Fifteen Thousand Dollars (\$15,000.00) each year from sales of tangible personal property or services to or by a cultural organization established to sponsor and promote educational, charitable and cultural events for disadvantaged children, and which organization is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

25. Sales of tangible personal property or services to museums or other entities which have been accredited by the American Association of Museums. Any person making purchases on behalf of any such museum or other entity shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such museum or other entity and set out the name of such museum or other entity. Any person who wrongfully or erroneously certifies that the purchases are for any such museum or other entity or who otherwise violates the provisions of this paragraph shall be deemed 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 by both such fine and incarceration;

26. Sales of tickets for admission by any museum accredited by the American Association of Museums. In order to be eligible for the exemption provided by this paragraph, an amount equivalent to the amount of the tax which would otherwise be required to be collected pursuant to the provisions of Section 1350 et seq. of this title shall be separately stated on the admission ticket and shall be collected and used for the sole purpose of servicing or aiding in the servicing of debt incurred by the museum to effect the construction, enlarging or renovation of any facility to be used for entertainment, edification or cultural cultivation to which entry is gained with a paid admission ticket;

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

~~27.~~ 28. Sales of tangible personal property or services to the organization known as the Disabled American Veterans, Department of Oklahoma, Inc., and subordinate chapters thereof; and

~~28.~~ 29. Sales of tangible personal property or services to an organization exempt from tax pursuant to Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), which is supported or sponsored by one or more churches, members of which serve as trustees of the organization.

SECTION 16. AMENDATORY 68 O.S. 1991, Section 1357, as last amended by Section 2 of Enrolled Senate Bill No. 344 of the 1st Session of the 46th Oklahoma Legislature, is amended to read as follows:

Section 1357. Exemption - General.

There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Transportation of school pupils to and from elementary schools or high schools in motor or other vehicles;

2. Transportation of persons where the fare of each person does not exceed One Dollar (\$1.00), or local transportation of persons within the corporate limits of a municipality except by taxicabs;

3. Sales for resale to persons engaged in the business of reselling the articles purchased, whether within or without the state, provided that such sales to residents of this state are made to persons to whom sales tax permits have been issued as provided in this article. This exemption shall not apply to the sales of articles made to persons holding permits when such persons purchase items for their use and which they are not regularly engaged in the business of reselling; neither shall this exemption apply to sales of tangible personal property to peddlers, solicitors and other salesmen who do not have an established place of business and a sales tax permit. The exemption provided by this paragraph shall apply to sales of motor fuel or diesel fuel to a Group Five vendor, but the use of such motor fuel or diesel fuel by the Group Five vendor shall not be exempt from the tax levied by Section 1350 et seq. of this title. The purchase of motor fuel or diesel fuel is exempt from sales tax when the motor fuel is for shipment outside this state and consumed by a common carrier by rail in the conduct of its business. The sales tax shall apply to the purchase of motor fuel or diesel fuel in Oklahoma by a common carrier by rail when such motor fuel is purchased for fueling, within this state, of any locomotive or other motorized flanged wheel equipment;

4. Sales of advertising space in newspapers and periodicals and billboard advertising service, and any advertising through the electronic media, including radio, television and cable television;

5. Eggs, feed, supplies, machinery and equipment purchased by persons regularly engaged in the business of raising worms, fish, any insect or any other form of terrestrial or aquatic animal life and used for the purpose of raising same for marketing. This exemption shall only be granted and extended to the purchaser when the items are to be used and in fact are used in the raising of animal life as set out above. Each purchaser shall certify, in writing, on the invoice or sales ticket retained by the vendor that the purchaser is regularly engaged in the business of raising such animal life and that the items purchased will be used only in such business. The vendor shall certify to the Oklahoma Tax Commission that the price of the items has been reduced to grant the full benefit of the exemption. Violation hereof by the purchaser or vendor shall be a misdemeanor;

6. Sale of natural or artificial gas and electricity when sold exclusively for residential use after December 31, 1980. Provided, nothing herein shall be construed as limiting or prohibiting cities and towns, and counties levying a tax pursuant to the provisions of Section 1370.2 of this title, from levying and collecting taxes on the sale of natural or artificial gas and electricity. Provided further, any sales tax levied by a city or town, or a county levying a tax pursuant to the provisions of Section 1370.2 of this title, on natural or artificial gas and electricity shall be in effect regardless of ordinance or contractual provisions referring to previously imposed state sales tax on such items;

7. In addition to the exemptions authorized by Section 1357.6 of this title, sales of medicines or drugs prescribed for the treatment of human beings by a person licensed to prescribe the medicines or drugs. Provided, this exemption shall not apply to proprietary or patent medicines as defined by Section 353.1 of Title 59 of the Oklahoma Statutes;

8. Transfers of title or possession of empty, partially filled, or filled returnable oil and chemical drums to any person who is not regularly engaged in the business of selling, reselling or otherwise transferring empty, partially filled, or filled returnable oil drums;

9. Sales of one-way utensils, paper napkins, paper cups, disposable hot containers and other one-way carry out materials to a vendor of meals or beverages;

10. Sales of food or food products for home consumption which are purchased in whole or in part with coupons issued pursuant to the federal food stamp program as authorized by Sections 2011 through 2029 of Title 7 of the United States Code, as to that portion purchased with such coupons. The exemption provided for such sales shall be inapplicable to such sales upon the effective date of any federal law that removes the requirement of the exemption as a condition for participation by the state in the federal food stamp program;

11. Sales of food or food products to or by an organization which:

- a. is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which provides and delivers prepared meals for home consumption to elderly or homebound persons as part of a program commonly known as "Meals on Wheels" or "Mobile Meals", or
- b. is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which receives federal funding pursuant to the Older Americans Act of 1965, as amended, for the purpose of providing nutrition programs for the care and benefit of elderly persons;

12. Sales of tangible personal property or services to or by organizations which are exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which are primarily involved in the collection and distribution of food and other household products to other organizations which are exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), which facilitate the distribution of such products to the needy, except sales made in the course of business for profit or savings, competing with other persons engaged in the same or similar business;

13. Sales of food, food products, or clothing to children's homes which are located on church-owned property and are operated by organizations exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

14. Sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment for use in a qualified aircraft maintenance or manufacturing facility. For purposes of this paragraph, "qualified aircraft maintenance or manufacturing facility" means a new or expanding facility primarily engaged in aircraft repair, building or rebuilding whether or not on a factory basis, whose total cost of construction exceeds the sum of Five Million Dollars (\$5,000,000.00) and which employs at least two hundred fifty (250) new full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission, upon completion of the facility. In order to qualify for the exemption provided for by this paragraph, the cost of the items purchased by the qualified aircraft maintenance or

manufacturing facility shall equal or exceed the sum of Two Million Dollars (\$2,000,000.00);

15. Sales of tangible personal property consumed or incorporated in the construction or expansion of a qualified aircraft maintenance or manufacturing facility as defined in paragraph 14 of this section. For purposes of this paragraph, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified aircraft maintenance or manufacturing facility for construction or expansion of such a facility shall be considered sales made to a qualified aircraft maintenance or manufacturing facility;

16. Sales of any interstate telecommunications services which:

- a. entitle the subscriber to inward or outward calling respectively between a station associated with an access line in the local telephone system area or a station directly connected to any interexchange carrier's facilities and telephone or radiotelephone stations in diverse geographical locations specified by the subscriber, or
- b. entitle the subscriber to private communications services which allow exclusive or priority use of a communications channel or group of channels between exchanges;

17. Sales of railroad track spikes manufactured and sold for use in this state in the construction or repair of railroad tracks, switches, sidings and turnouts;

18. Sales of aircraft and aircraft parts provided such sales occur at a qualified aircraft maintenance facility. As used in this paragraph, "qualified aircraft maintenance facility" means a facility operated by an air common carrier at which there were employed at least two thousand (2,000) full-time-equivalent employees in the preceding year as certified by the Oklahoma Employment Security Commission and which is primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, building or rebuilding of commercial aircraft or aircraft parts used in air common carriage. For purposes of this paragraph, "air common carrier" shall also include members of an affiliated group as defined by Section 1504 of the Internal Revenue Code, 26 U.S.C., Section 1504;

19. Sales of machinery and equipment purchased and used by persons and establishments primarily engaged in computer services and data processing:

- a. as defined under Industrial Group Numbers 7372 and 7373 of the Standard Industrial Classification (SIC) Manual, latest version, which derive at least fifty percent (50%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer, and
- b. as defined under Industrial Group Number 7374 of the SIC Manual, latest version, which derive at least eighty percent (80%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer.

Eligibility for the exemption set out in this paragraph shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and such information as required by the Tax Commission. For purposes of determining whether annual gross revenues are derived from sales to out-of-state buyers or consumers,

all sales to the federal government shall be considered to be to an out-of-state buyer or consumer;

20. Sales of prosthetic devices to an individual for use by such individual. For purposes of this paragraph, "prosthetic device" means a device which replaces a missing part of the human body and shall include any supplies physically connected to the device;

21. Sales of tangible personal property or services to a motion picture or television production company to be used or consumed in connection with an eligible production. For purposes of this paragraph, "eligible production" means a television program that will serve as a pilot for or be a segment of an ongoing dramatic or situation comedy series televised on a network or through national syndication or a feature-length motion picture intended for theatrical release or for exhibition on national television by a network or through national syndication; ~~and~~

22. Sales of diesel fuel sold for consumption by commercial vessels, barges and other commercial watercraft; and

23. Beginning July 1, 1998, sales of tangible personal property or services to tax-exempt independent nonprofit biomedical research foundations that provide educational programs for Oklahoma science students and teachers and to tax-exempt independent nonprofit community blood banks headquartered in this state.

SECTION 17. AMENDATORY 68 O.S. 1991, Section 1358.1, as last amended by Section 1, Chapter 182, O.S.L. 1995 (68 O.S. Supp. 1996, Section 1358.1), is amended to read as follows:

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

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

~~C. For persons holding a valid motor fuel tax exemption permit issued pursuant to Section 509 of this title, the permit shall constitute proof of eligibility for a sales tax exemption as provided by Section 1358 of this title. Upon the expiration of the permit or if an original application for the exemption is made, the holder may apply for the motor fuel tax exemption and, if the application is approved, a new permit shall be issued indicating the nature of the motor fuel tax exemption and the permit shall contain a statement that the holder of the permit is eligible for sales tax exemptions authorized by Section 1358 of this title.~~

~~D. For persons who do not hold a motor fuel tax exemption permit as provided by this section, the person shall obtain an~~ The agricultural exemption permit, the size and design of which shall be prescribed by the Oklahoma Tax Commission, ~~which~~ shall constitute proof of eligibility for sales tax exemptions authorized by Section 1358 of this title. The permit shall be obtained by listing personal property used in farming or ranching by the person with the county assessor each year as provided by law. If the assessor determines that the personal property is correctly listed and assessed for ad valorem taxation and the county treasurer certifies whether the person has delinquent accounts appearing on the personal property tax lien docket in the county treasurer's office, the assessor shall certify the assessment upon a form prescribed by the Oklahoma Tax Commission. One ~~(1)~~ copy shall be retained by the assessor, one ~~(1)~~ copy shall be forwarded to the Oklahoma Tax

Commission and one ~~(1)~~ copy shall be given to the person listing the personal property. Upon verification that the applicant qualifies for the exemptions authorized by Section 1358 of this title and that the applicant has no delinquent accounts appearing on the personal property tax lien docket in the office of the county treasurer, ~~the Commission shall issue a permit~~ shall be issued as prescribed by this section. ~~The permit shall constitute proof of eligibility for sales tax exemptions as authorized by Section 1358 of this title.~~ The permit shall be renewable annually in the manner provided by this section.

~~E.~~ D. A person who does not otherwise qualify for a permit pursuant to subsection ~~D~~ C of this section, except as provided in subsection ~~F~~ E of this section, shall file with the Oklahoma Tax Commission an application for an agricultural exemption permit constituting proof of eligibility for the sales tax exemptions authorized by Section 1358 of this title, setting forth such information as the Tax Commission may require. The application shall be certified by the applicant that the applicant is engaged in custom farming operations or in the business of farming or ranching. If the applicant is a corporation, the application shall be certified by a legally constituted officer thereof.

~~F.~~ E. For a person who is a resident of another state and who is engaged in custom farming operations in this state, the person shall provide the vendor proof of residency, the name, address and telephone number of the person engaging the custom farmer and certification on the face of the invoice, under the penalty of perjury, that the property purchased shall be used in agricultural production as proof of eligibility for the sales tax exemption authorized by Section 1358 of this title.

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

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

SECTION 18. AMENDATORY 68 O.S. 1991, Section 1359, as last amended by Section 5, Chapter 289, O.S.L. 1996 (68 O.S. Supp. 1996, Section 1359), is amended to read as follows:

Section 1359. Exemptions - Manufacturers.

There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this article title:

1. Goods, wares, merchandise, and property purchased for the purpose of being used or consumed in the process of manufacturing, compounding, processing, assembling, or preparing for sale a finished article and such goods, wares, merchandise, or property become integral parts of the manufactured, compounded, processed, assembled, or prepared products or are consumed in the process of

manufacturing, compounding, processing, assembling, or preparing products for resale. The term "manufacturing plants" shall mean those establishments primarily engaged in manufacturing or processing operations, and generally recognized as such;

2. Ethyl alcohol when sold and used for the purpose of blending same with motor fuel on which motor fuel tax is levied by Section 529 of this title;

3. Sale of machinery and equipment purchased and used by persons establishing new manufacturing plants in Oklahoma, and machinery and equipment purchased or equipment built on site and used by persons in the operation of manufacturing plants already established in Oklahoma. This exemption shall not apply unless such machinery and equipment is incorporated into, and is directly used in, the process of manufacturing property for sale or resale. The term "manufacturing plants" shall mean those establishments primarily engaged in manufacturing or processing operations, and generally recognized as such. For the purposes of this paragraph, sales made to a contractor or subcontractor of persons who are determined to be qualified for incentive benefits pursuant to the Oklahoma Quality Jobs Program Act shall be considered sales made to such persons; provided, the sales were made after July 1, 1993, and before December 31, 1995, but not more than twelve (12) months before such person was determined to be qualified for incentive benefits and that the sales are otherwise qualified for the exemption provided by this paragraph and that the property which is the subject of the sales is utilized for the purpose of the contract by which the person obtained the services of the contractor or subcontractor;

4. Sales of containers when sold to a person regularly engaged in the business of reselling empty or filled containers or when purchased for the purpose of packaging raw products of farm, garden, or orchard for resale to the consumer or processor. This exemption shall not apply to the sale of any containers used more than once and which are ordinarily known as returnable containers, except returnable soft drink bottles and the cartons, crates, pallets, and containers used to transport returnable soft drink bottles. Each and every transfer of title or possession of such returnable containers in this state to any person who is not regularly engaged in the business of selling, reselling or otherwise transferring empty or filled containers shall be taxable under this Code. Additionally, this exemption shall not apply to the sale of labels or other materials delivered along with items sold but which are not necessary or absolutely essential to the sale of the sold merchandise;

5. Sales of or transfers of title to or possession of any containers, after June 30, 1987, used or to be used more than once and which are ordinarily known as returnable containers and which do or will contain beverages defined by paragraphs 4 and 14 of Section 506 of Title 37 of the Oklahoma Statutes, or water for human consumption and the cartons, crates, pallets, and containers used to transport such returnable containers;

6. Sale of tangible personal property when sold by the manufacturer to a person who transports it to a state other than Oklahoma for immediate and exclusive use in a state other than Oklahoma. Provided, no sales at a retail outlet shall qualify for the exemption under this paragraph;

7. Machinery, equipment, fuels and chemicals or other materials incorporated into and directly used or consumed in the process of treatment to substantially reduce the volume or harmful properties of hazardous waste at treatment facilities specifically permitted

pursuant to the Hazardous Waste Management Act and operated at the place of waste generation, or facilities approved by the Department of Environmental Quality for the cleanup of a site of contamination. The term "hazardous" waste may include low-level radioactive waste for the purpose of this subsection;

8. Sales of tangible personal property to a qualified manufacturer to be consumed or incorporated in a new manufacturing facility or to expand an existing manufacturing facility. For purposes of this subsection, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified manufacturer for construction or expansion of a manufacturing facility shall be considered sales made to a qualified manufacturer. For the purposes of this subsection, "qualified manufacturer" means any enterprise whose total cost of construction of a new or expanded facility exceeds the sum of Five Million Dollars (\$5,000,000.00) and in which at least one hundred (100) new full-time-equivalent employees, as certified by the Employment Security Commission, are added and maintained for a period of at least thirty-six (36) months as a direct result of the new or expanded facility. For purposes of this paragraph, the total cost of construction shall include building and construction material and engineering and architectural fees or charges directly associated with the construction of a new or expanded facility. The total cost of construction shall not include attorney fees. Provided, however, where the total cost of construction of a new or expanded facility exceeds Ten Million Dollars (\$10,000,000.00) and the combined cost of construction material, machinery, equipment and other tangible personal property exempt from sales tax under the provisions of this subsection exceeds the sum of Fifty Million Dollars (\$50,000,000.00) the required number of new full-time-equivalent employees under this subsection shall be reduced to seventy-five (75) new employees. The employment requirement of this subsection can be satisfied by the employment of a portion of the required number of new full-time-equivalent employees at a manufacturing facility that is related to or supported by the new or expanded manufacturing facility so long as both facilities are owned by one person or business entity. For purposes of this section, "manufacturing facility" shall mean building and land improvements used in manufacturing as defined by the Standard Industrial Classification Code and shall also mean building and land improvements used for the purpose of packing, repackaging, labeling or assembling for distribution to market, products at least seventy percent (70%) of which are made in Oklahoma by the same company but at an off-site in-state manufacturing facility or facilities. It shall not include a retail outlet unless the retail outlet is operated in conjunction with and on the same site or premises as the manufacturing facility. Up to ten percent (10%) of the square feet of a manufacturing facility building may be devoted to office space used to provide clerical support for the manufacturing operation. Such ten percent (10%) may be in a separate building as long as it is part of the same contiguous tract of property on which the manufacturing facility is located. Only sales of tangible personal property made after June 1, 1988, shall be eligible for the exemption provided by this subsection;

9. Sales of tangible personal property purchased and used by a licensed radio or television station in broadcasting. This exemption shall not apply unless such machinery and equipment is used directly in the manufacturing process, is necessary for the proper production of a broadcast signal or is such that the failure of the machinery or equipment to operate would cause broadcasting to

cease. This exemption begins with the equipment used in producing live programming or the electronic equipment directly behind the satellite receiving dish or antenna, and ends with the transmission of the broadcast signal from the broadcast antenna system. For purposes of this subsection, "proper production" shall include, but not be limited to, machinery or equipment required by Federal Communications Commission rules and regulations;

10. Sales of tangible personal property purchased or used by a licensed cable television operator in cablecasting. This exemption shall not apply unless such machinery and equipment is used directly in the manufacturing process, is necessary for the proper production of a cablecast signal or is such that the failure of the machinery or equipment to operate would cause cablecasting to cease. This exemption begins with the equipment used in producing local programming or the electronic equipment behind the satellite receiving dish, microwave tower or antenna, and ends with the transmission of the signal from the cablecast head-end system. For purposes of this subsection, "proper production" shall include, but not be limited to, machinery or equipment required by Federal Communications Commission rules and regulations;

11. Sales of packaging materials for use in packing, shipping or delivering tangible personal property for sale when sold to a manufacturer of tangible personal property or producer of agricultural products. This exemption shall not apply to the sale of any packaging material which is ordinarily known as a returnable container;

12. Sales of any pattern used in the process of manufacturing iron, steel or other metal castings. The exemption provided by this subsection shall be applicable irrespective of ownership of the pattern provided that such pattern is used in the commercial production of metal castings; ~~and~~

13. Deposits or other charges made and which are subsequently refunded for returnable cartons, crates, pallets, and containers used to transport cement and cement products; and

14. Beginning July 1, 1998, machinery, electricity, fuels, explosives and materials, excluding chemicals, used in the mining of coal in this state.

SECTION 19. AMENDATORY 68 O.S. 1991, Section 1364, is amended to read as follows:

Section 1364. Permits to do business.

~~(A)~~ A. Every person desiring to engage in a business within this state who would be designated as a Group One or Group Three vendor, pursuant to Section 1363 of this title, shall be required to secure from the Oklahoma Tax Commission every three (3) years a written permit for a fee of Twenty Dollars (\$20.00) prior to engaging in such business in this state. Each such person shall file with the Tax Commission an application for a permit to engage in or transact business in this state, setting forth such information as the Tax Commission may require. The application shall be signed by the owner of the business or representative of the business entity and as a natural person, and, in the case of a corporation, as a legally constituted officer thereof.

~~(B)~~ Upon verification that the applicant is a Group One vendor, the Tax Commission shall issue a permit for the place of business set forth in the application for permit. B. Upon receipt of an initial application, the Tax Commission may issue a probationary permit effective for six (6) months which will automatically renew for an additional thirty (30) months unless the applicant receives written notification of the refusal of the Commission to renew the permit. If the applicant receives a notice of refusal, the

applicant may request a hearing to show cause why the permit should be renewed. Upon receipt of a request for a hearing, the Tax Commission shall set the matter for hearing and give ten (10) days' notice in writing of the time and place of the hearing. At the hearing, the applicant shall set forth the qualifications of the applicant for a permit and proof of compliance with all state tax laws.

C. Holders of a probationary permit as provided in subsection B of this section shall not be permitted to present the permit to obtain a commercial license plate for their motor vehicle as provided in Section 1133.1 of Title 47 of the Oklahoma Statutes.

D. Upon verification that the applicant is a Group Three vendor, the Tax Commission may require such applicant to furnish a surety bond or other security as the Commission may deem necessary to secure payment of taxes under this article, prior to issuance of a permit for the place of business set forth in the application for permit. Provided, the Tax Commission is hereby authorized to set guidelines, by adoption of regulations, for the issuance of sales tax permits. Pursuant to said guidelines the Tax Commission may refuse to issue permits to any Group Three vendors, or any class of vendors included in the whole classification of Group Three vendors, if the Commission determines that it is likely this state will lose tax revenue due to the difficulty of enforcing this article for any reasons stated in subsection (T) of Section 1354 of this title.

~~(C)~~ E. A separate permit for each additional place of business to be operated must be obtained from the Tax Commission for a fee of Ten Dollars (\$10.00). Such permit shall be good for a period of three (3) years. The Tax Commission shall grant and issue to each applicant a separate permit for each place of business in this state, upon proper application therefor and verification thereof by the Tax Commission.

~~(D)~~ F. A permit is not assignable and shall be valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. The permit shall at all times be conspicuously displayed at the place of business for which issued in a position where it can be easily seen. ~~Said The~~ permit shall be in addition to all other permits required by the ~~Statutes of Oklahoma~~ laws of this state. Provided, if the location of the business is changed, such person shall file with the Tax Commission an application for a permit to engage in or transact business at the new location. Upon issuance of the permit to the new location of such business, no additional permit fee shall be due until the expiration of the permit issued to the previous location of such business.

~~(E)~~ G. It shall be unlawful for any person coming within the class designated as Group One or the class designated as Group Three to engage in or transact a business of reselling tangible personal property or services within this state unless a written permit or permits shall have been issued to ~~him~~ such person. Any person who engages in a business subject to the provisions of this section without a permit or permits, or after a permit has been suspended, upon conviction, shall be guilty of a misdemeanor punishable by a fine of not more than One Thousand Dollars (\$1,000.00). Any person convicted of a second or subsequent violation hereof shall be guilty of a felony and punishable by a fine of not more than Five Thousand Dollars (\$5,000.00) or by a term of imprisonment in the State Penitentiary for not more than two (2) years, or both such fine and imprisonment.

~~(F)~~ H. Any person operating under a permit as provided in this article shall, upon discontinuance of business by sale or otherwise,

return such permit to the Tax Commission for cancellation, together with a remittance for any unpaid or accrued taxes. Failure to surrender a permit and pay any and all accrued taxes will be sufficient cause for the Tax Commission to refuse to issue a permit subsequently to such person to engage in or transact any other business in this state. In the case of a sale of any business, the tax shall be deemed to be due on the sale of the fixtures and equipment, and the Tax Commission shall not issue a permit to continue or conduct ~~said~~ the business to the purchaser until all tax claims due the State of Oklahoma have been settled.

~~(G)~~ I. All permits issued under the provisions of this article shall expire three (3) years from the date of issuance at the close of business at each place or location of the business within this state. No refund of the fee shall be made if the business is terminated prior to the expiration of the permit.

~~(H)~~ J. Whenever a holder of a permit fails to comply with any provisions of this article, the Tax Commission, after giving ten (10) days' notice in writing of the time and place of hearing to show cause why ~~his~~ the permit should not be revoked, may revoke or suspend the permit, ~~said~~ the permit to be renewed upon removal of cause or causes of revocation or suspension. However, if a holder of a permit becomes delinquent for a period of three (3) months or more in reporting or paying of any tax due under this article, any duly authorized agent of the Tax Commission may remove the permit from the taxpayer's premises and it shall be returned or renewed only upon the filing of proper reports and payment of all taxes due under this article.

~~(I)~~ K. Permits are not required of persons coming within the classification designated as Group Two. The Oklahoma Tax Commission shall issue a limited permit to Group Five vendors. The permit shall be in such form as the Commission may prescribe.

~~(J)~~ L. Nothing in this article shall be construed to allow a permit holder to purchase, tax exempt, anything for resale that ~~he~~ the permit holder is not regularly in the business of reselling.

~~(K)~~ M. All monies received pursuant to issuance of such permits to do business shall be paid to the State Treasurer and placed to the credit of the General Revenue Fund of the State Treasury.

~~(L)~~ N. Notwithstanding the provisions of Section 205 of this title, the Oklahoma Tax Commission is authorized to release the following information contained in the Master Sales and Use Tax File to vendors:

- ~~(1)~~ 1. Permit number;
- ~~(2)~~ 2. Name in which permit is issued;
- ~~(3)~~ 3. Name of business operation if different from ownership (DBA);
- ~~(4)~~ 4. Mailing address;
- ~~(5)~~ 5. Business address;
- ~~(6)~~ 6. Business class or Standard Industrial Code (SIC); and
- ~~(7)~~ 7. Effective date and expiration or cancellation date of permit.

Release of such information shall be limited to tax remitters for the express purpose of determining the validity of sales permits presented as evidence of purchasers' sales tax resale status under this Code.

The provisions of this subsection shall be strictly interpreted and shall not be construed as permitting the disclosure of any other information contained in the records and files of the Tax Commission relating to sales tax or to any other taxes.

This information may be provided on a subscription basis, with periodic updates, and sufficient fee charged, not to exceed One

Hundred Fifty Dollars (\$150.00) per year, to offset the administrative costs of providing the list. All revenue received by the Oklahoma Tax Commission from such fees shall be deposited to the credit of the Oklahoma Tax Commission Revolving Fund. No liability whatsoever, civil or criminal, shall attach to any member of the Tax Commission or any employee thereof for any error or omission in the disclosure of information pursuant to this subsection.

SECTION 20. AMENDATORY Section 1, Chapter 126, O.S.L. 1996 (68 O.S. Supp. 1996, Section 1364.1), is amended to read as follows:

Section 1364.1 Every person ~~desiring~~ who makes purchases of One Million Dollars (\$1,000,000.00) or more annually in taxable items for use in their Oklahoma enterprises and desires to directly remit the taxes due under Section 1350 et seq. of Title 68 of the Oklahoma Statutes this title or Section 1401 et seq. of Title 68 of the Oklahoma Statutes this title to the Oklahoma Tax Commission rather than remit such taxes to the vendor may apply to the Tax Commission for a direct payment permit. The permit shall be valid for three (3) years and the fee for the permit shall be Twenty Dollars (\$20.00). Each such person shall file with the Tax Commission an application for a direct payment permit, setting forth such information as the Tax Commission may require, including but not limited to:

1. An agreement that is signed by the owner of the business or representative of the business entity and as a natural person, and, in the case of a corporation, as a legally constituted officer thereof, that provides that the applicant agrees to:

- a. accrue and remit all taxes imposed by Section 1350 et seq. of ~~Title 68 of the Oklahoma Statutes this title~~ or Section 1401 et seq. of ~~Title 68 of the Oklahoma Statutes this title~~ on the sale or use of all taxable personal property or services sold to or leased or rented by the applicant,
- b. pay such taxes as required by Section 1365 of ~~Title 68 of the Oklahoma Statutes this title~~,
- c. waive the discount permitted by Section 1367.1 of ~~Title 68 of the Oklahoma Statutes this title~~ on the payment of all taxes remitted directly to the Tax Commission; and

2. A description of the accounting method by which the applicant proposes to differentiate between taxable and exempt transactions.

Upon verification that the applicant is eligible to receive a direct payment permit, the Tax Commission shall issue a direct payment permit for the place of business set forth in the application for the permit. The Tax Commission shall be the sole judge of the applicant's qualifications and may refuse to issue a direct payment permit to an applicant. An applicant who has been denied the issuance of a permit may submit an amended application or may submit a new application after a reasonable period of time after the denial of the original application.

SECTION 21. AMENDATORY 68 O.S. 1991, Section 2103, is amended to read as follows:

Section 2103. A. 1. Except as otherwise provided in Sections 2101 through 2108 of this title, there is hereby levied an excise tax upon the transfer of legal ownership of any vehicle registered in this state and upon the use of any vehicle registered in this state and upon the use of any vehicle registered for the first time in this state. The excise tax shall be levied at three and one-fourth percent (3 1/4%) of the value of each vehicle, except;

for any truck or truck-tractor registered under the provisions of subsection A of Section 1133 of Title 47 of the Oklahoma Statutes, for a laden weight or combined laden weight of 54,001 pounds or more, and for any trailer or semitrailer registered under subsection C of Section 1133 of Title 47 of the Oklahoma Statutes, which is primarily designed to transport cargo over the highways of this state and generally recognized as such, the excise tax shall be Ten Dollars (\$10.00). ~~Provided further, this~~ This exception shall not apply to special mobilized machinery, trailers, or semitrailers manufactured, modified or remanufactured for the purpose of providing services other than transporting cargo over the highways of this state. This exception shall also not apply to pickup trucks, vans, or sport utility vehicles.

2. The tax hereby levied shall be due at the time of the transfer of legal ownership or first registration in this state of such vehicle, and shall be collected by the Tax Commission at the time of the issuance of a certificate of title for any such vehicle. In the event an excise tax is collected on the transfer of legal ownership or use of the vehicle during any calendar year, then an additional excise tax must be collected upon all subsequent transfers of legal ownership. The excise tax levied by this section shall be delinquent from and after the thirtieth day after the legal ownership or possession of any vehicle is obtained. Any person failing or refusing to pay the tax as herein provided on or before date of delinquency shall pay in addition to the tax a penalty of twenty-five cents (\$.25) per day for each day of delinquency, but such penalty shall in no event exceed the amount of the tax.

B. The excise tax levied in subsection A of this section assessed on all commercial vehicles registered pursuant to Section 1120 of Title 47 of the Oklahoma Statutes, as amended, shall be in lieu of all sales and use taxes levied under Articles 13 and 14 of this title. The transfer of legal ownership of any motor vehicle as used in this section and Articles 13 and 14 of this title shall include the lease, lease purchase or lease finance agreement involving any truck in excess of eight thousand (8,000) pounds combined laden weight or any truck-tractor provided the vehicle is registered in Oklahoma pursuant to Section 1120 of Title 47 of the Oklahoma Statutes or any trailer, semitrailer or open commercial vehicle registered pursuant to Section 1133 of Title 47 of the Oklahoma Statutes, as amended. The excise tax levied herein shall not be subsequently collected at the end of the lease period if the lessee acquires complete legal title of ~~said~~ the vehicle.

C. The provisions of this section shall not apply to transfers made without consideration between:

1. Husband and wife;
2. Parent and child; or
3. An individual and an express trust which that individual or the spouse, child or parent of that individual has a right to revoke.

D. 1. There shall be a credit allowed with respect to the excise tax paid for a new vehicle which is a replacement for:

- a. a new original vehicle which is stolen from the purchaser/registant within ninety (90) days of the date of purchase of the original vehicle as certified by a police report or other documentation as required by the Commission, or
- b. a defective new original vehicle returned by the purchaser/registant to the seller within six (6) months of the date of purchase of the defective new original vehicle as certified by the manufacturer.

2. The credit allowed pursuant to paragraph 1 of this subsection shall be in the amount of the excise tax which was paid for the new original vehicle and shall be applied to the excise tax due on the replacement vehicle. In no event ~~will said~~ shall the credit be refunded.

SECTION 22. AMENDATORY 68 O.S. 1991, Section 2357, as amended by Section 8, Chapter 289, O.S.L. 1996 (68 O.S. Supp. 1996, Section 2357), is amended to read as follows:

Section 2357. A. The withheld taxes and estimated taxes paid shall be allowed as credits as provided by law.

B. 1. There shall be allowed as a credit against the tax imposed by Section 2355 of this title the amount of tax paid another state by a resident individual, as defined in paragraph 4 of Section 2353 of this title, upon income received as compensation for personal services in such other state; provided, such credit shall not be allowed with respect to any income specified in Section 114 of Title 4 of the United States Code, 4 U.S.C., Section 114, upon which a state is prohibited from imposing an income tax. The credit shall not exceed such proportion of the tax payable under Section 2355 of this title as the compensation for personal services subject to tax in the other state and also taxable under Section 2355 of this title bears to the Oklahoma adjusted gross income as defined in paragraph 13 of Section 2353 of this title.

2. For tax years beginning after December 31, 1975, there shall be allowed to a resident individual or part-year resident individual or nonresident individual member of the Armed Forces as a credit against the tax imposed by Section 2355 of this title twenty percent (20%) of the credit for child care expenses allowed under the Internal Revenue Code of the United States. The credit shall not exceed the tax imposed by Section 2355 of this title. The maximum child care credit allowable on the Oklahoma income tax return shall be prorated on the ratio that Oklahoma adjusted gross income bears to the federal adjusted gross income.

C. 1. Every taxpayer who operates a manufacturing establishment in the state shall be allowed a direct credit against income taxes owed by such taxpayer to the state, the amount of which credit shall be proportioned to the amount of gas used or consumed in Oklahoma by such taxpayer in the operation of a manufacturing establishment, at a rate of three (3) mills per thousand (1,000) cubic feet of gas used or consumed after May 1, 1971, and during each taxable year of such taxpayer provided that the credit allowed herein shall not apply to the first twenty-five thousand (25,000) MCF of gas used or gas used to generate electricity or consumed after May 1, 1971, and during each taxable year of such taxpayer.

2. As used in this subsection:

a. "manufacturing establishment" means a plant or establishment which engages in the business of working raw materials into wares suitable for use or which gives new shapes, new qualities or new combinations to matter which has already gone through some artificial process-L

b. "gas used or consumed" shall include all natural or casinghead gas used in the operation of the manufacturing establishment for whatever purposes, but shall not include the following:

(1) gas which, after being severed from the earth, is subsequently injected into a formation in the state for the purpose of storing, recycling, repressuring or pressure maintenance-L

- (2) gas vented or flared directly into the atmosphere~~;~~
 - (3) gas used for fuel in connection with the operation and development for or production of oil or gas in the field where produced~~;~~ and
 - (4) gas, any part of which is resold by the manufacturing establishment, except as to that part and quantity of the gas which is actually used by the establishment and not resold~~;~~ and
- c. "one thousand (1,000) cubic feet of gas" (MCF) means that quantity of gas which, measured at a pressure of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute and at a temperature of sixty-nine (69) degrees Fahrenheit, would have the volume of one thousand (1,000) cubic feet.

D. No additions to tax shall be made in Oklahoma income tax returns by reason of the recapture or restoration of credits under the Internal Revenue Code, and no other credits against tax shall be allowed in Oklahoma income tax returns except as follows:

- 1. Those credits provided in this section~~;~~ and
- 2. Those credits authorized by Sections 921 through 925 of Title 82 of the Oklahoma Statutes, or Sections 2001 through 2008 of Title 63 of the Oklahoma Statutes, which have been, or may hereafter be, certified pursuant to applications therefor made on or before March 22, 1971. Provided, the total amount of the credits referred to in this subparagraph to be taken by the taxpayer shall not exceed the certified net investment cost of the facilities or processes to which such credits pertain, reduced by the greater of:
 - a. the reduction in federal income tax of taxpayer as the result of deducting depreciation on such facilities or processes, or deducting nondepreciable costs for which credit has been so certified~~;~~ or
 - b. the increase in the amount of Oklahoma income tax that would result if taxable income were increased by the amount deducted as set forth in subparagraph a ~~above~~ of this paragraph.

And, provided further, that, after such credits have been exhausted, taxpayer shall each year thereafter adjust taxable income by adding any depreciation taken on such facilities or processes, or any nondepreciable costs having been included in the net investment cost allowed as credit, and which depreciation or costs have been allowed as a deduction in arriving at federal taxable income for such year.

SECTION 23. AMENDATORY 68 O.S. 1991, Section 2373, as last amended by Section 9, Chapter 289, O.S.L. 1996 (68 O.S. Supp. 1996, Section 2373), is amended to read as follows:

Section 2373. If, upon any revision or adjustment, including overpayment or illegal payment on account of income derived from tax-exempt Indian land, any refund is found to be due any taxpayer, it shall be paid out of the "Income Tax Withholding Refund Account", created by Section 2385.16 of this title, in the same manner as refunds are paid pursuant to ~~said~~ such section. The information filed, reflecting the revision or adjustment, shall constitute the claim for refund.

Except as provided in subsection H of Section 2375 of this title, the amount of the refund shall not exceed the portion of the tax paid during the three (3) years immediately preceding the filing of the claim, or, if no claim was filed, then during the three (3) years immediately preceding the allowance of the refund; ~~provided, however.~~ However, this three-year limitation shall not apply to the amount of refunds payable upon claims filed by members of federally

recognized Indian tribes or the United States on behalf of its Indian wards or former Indian wards, to recover taxes illegally collected from tax-exempt lands. In the case of any refund to a member of a federally recognized Indian tribe or to the United States on behalf of its Indian wards or former Indian wards, to recover taxes illegally collected on bonus payments from oil and gas leases located on tax-exempt Indian lands pursuant to this section, the Tax Commission shall pay interest on all refunds issued after January 1, 1996, at the rate of six percent (6%) per annum from the date of payment by the taxpayer to the date of the refund.

~~Provided, further, that~~ In cases where the Tax Commission and the taxpayer have signed a consent, as provided by law, extending the period during which the tax may be assessed, the period during which the taxpayer may file a claim for refund or during which an allowance for a refund may be made, ~~is~~ shall be automatically extended to the final date fixed by such consent plus thirty (30) days.

The Oklahoma Tax Commission may authorize the use of direct deposit in lieu of refund checks for electronically filed income tax returns.

SECTION 24. AMENDATORY 68 O.S. 1991, Section 2375, as last amended by Section 28, Chapter 278, O.S.L. 1994 (68 O.S. Supp. 1996, Section 2375), is amended to read as follows:

Section 2375. A. At the time of transmitting the return required hereunder to the Tax Commission, the taxpayer shall remit therewith to the Tax Commission the amount of tax due under the applicable provisions of this article. Failure to pay such tax on or before the date the return is due shall cause ~~said~~ the tax to become delinquent. If the return is filed electronically, the amount of the tax due pursuant to the provisions of this article shall be due on or before the 15th day of April following the close of the taxable year regardless of when the return is electronically filed. The tax shall be deemed delinquent if unpaid after the 15th day of April if the return is electronically filed.

B. If any tax due under this article, except a deficiency determined under Section 221 of this title, is not paid on or before the date such tax becomes delinquent, a penalty of five percent (5%) of the total amount of the tax due shall be added thereto, collected and paid.

C. If any part of deficiency, arbitrary or jeopardy assessment made by the Tax Commission is based upon or occasioned by the refusal of any taxpayer to file with the Tax Commission any return as required by this article, within ten (10) days after a written demand for such report or return has been served upon any taxpayer by the Tax Commission by registered letter with a return receipt attached, the Tax Commission may assess and collect, as a penalty, twenty-five percent (25%) of the amount of the assessment. In the exercise of the authority granted by subsection (c) of Section 223 and Section 224 of this title, the Oklahoma Tax Commission shall assess the tax as an estimated tax on the basis of its own determination of the Oklahoma taxable income of the taxpayer, to be adjusted if and when Oklahoma taxable income is ascertained under the provisions of this act.

D. If any part of any deficiency was due to negligence or intentional disregard, without the intent to defraud, then ten percent (10%) of the total amount of the deficiency, in addition to such deficiency, including interest as authorized by law, shall be added, collected and paid.

E. If any part of any deficiency was due to fraud with intent to evade tax, then fifty percent (50%) of the total amount of the

deficiency, in addition to such deficiency, including interest as herein provided, shall be added, collected and paid.

F. The provisions in this section for penalties shall supersede all other provisions for penalties on income taxes. The provisions in this section for penalties shall supersede the provisions in the Uniform Tax Procedure Code, Section 201 et seq. of this title, only to the extent of conflict between such provisions and the penalty provisions in this section.

G. All taxes, penalties and interest levied under this article must be paid to the Tax Commission at Oklahoma City, in the form or remittance required by and payable to it.

H. 1. The period of time prescribed in Section 223 of this title, in which the procedures for the assessment of income tax may be commenced by the Oklahoma Tax Commission, shall be tolled and extended until the amount of taxable income for any year of a taxpayer under the Internal Revenue Code has been finally determined under applicable federal law and for the additional period of time hereinafter provided in this subsection.

2. If, in such final determination, the amount of taxable income for any year of a taxpayer under the Internal Revenue Code is changed or corrected from the amounts included in the federal return of the taxpayer for such year and such change or correction affects the Oklahoma taxable income of the taxpayer for such year, the taxpayer, within one (1) year after such final determination of the corrected taxable income, shall file an amended return under this article reporting the corrected Oklahoma taxable income, and the Tax Commission shall make assessment or refund within two (2) years from the date the return required by this paragraph is filed and not thereafter, unless a waiver is agreed to and signed by the Tax Commission and the taxpayer.

3. In the event of failure by a taxpayer to comply with the provisions of paragraph 2 of this subsection, the statute of limitations shall be tolled for a period of time equal to the time between the date the amended return under this subsection is required until such return is actually furnished.

4. In administering the provisions of this subsection, the Tax Commission shall have the authority to audit each and every item of income, deduction, credit or any other matter related to the return where such items or matters relate to allocation or apportionment between the State of Oklahoma and some other state or the federal government even if such items or matters were not affected by revisions made in such final determination. Where such items or matters do not relate to allocation or apportionment between the State of Oklahoma and some other state or the federal government, the Tax Commission shall be bound by the revisions made in such final determination.

5. The provisions of this subsection shall be effective on September 1, 1993, and except in the case of tax years which are the subject of closing, settlement or resolution agreements entered into by taxpayers and the Tax Commission, keep open all tax years beginning after June 30, 1988, and all tax years beginning on or before June 30, 1988, for which extensions of the statute of limitations have been executed by the taxpayer, but only to the extent such extensions remain open on the date of enactment hereof.

SECTION 25. AMENDATORY 68 O.S. 1991, Section 2385.7, is amended to read as follows:

Section 2385.7 ~~Every~~ A. ~~Except as provided in subsection B of this section, every taxpayer, as defined by Section 2353 of this title, other than estates and any individual whose gross income from farming for the taxable year is at least sixty-six and two-thirds~~

~~percent (66 2/3%) of the total estimated gross income from all sources for the taxable year,~~ shall make a declaration of the estimated tax for the taxable year if:

~~(a) 1.~~ In the case of a single individual taxpayer whose, the tax liability of the taxpayer can reasonably be expected to be ~~One Hundred Dollars (\$100.00)~~ Five Hundred Dollars (\$500.00) or more in excess of taxes to be withheld from wages;

~~(b) 2.~~ In the case of married individuals whose, the combined tax liability of the married individuals can reasonably be expected to be ~~One Hundred Dollars (\$100.00)~~ Five Hundred Dollars (\$500.00) or more in excess of taxes to be withheld from wages; or

~~(c) 3.~~ In the case of a corporation or trust when, the tax of the corporation or trust for the taxable year can reasonably be expected to be Five Hundred Dollars (\$500.00) or more.

B. Subsection A of this section shall not apply to:

1. Estates; and

2. Any individual whose gross income from farming for the taxable year is at least sixty-six and two-thirds percent (66 2/3%) of the total estimated gross income from all sources for the taxable year. However, if an individual whose gross income from farming qualifies pursuant to the provisions of this paragraph for the previous taxable year, the individual shall not be required to qualify for the current taxable year. In no event shall the qualification for the previous taxable year be carried forward for more than one (1) year.

SECTION 26. AMENDATORY 68 O.S. 1991, Section 2385.9, is amended to read as follows:

Section 2385.9 The amount of estimated tax with respect to which a declaration is required shall be paid at the time of filing the declaration, except that if the estimated tax is more than ~~One Hundred Dollars (\$100.00)~~ Five Hundred Dollars (\$500.00), it may at the election of the taxpayer be paid in four equal installments as follows:

~~(a) 1.~~ In the case of a taxpayer on a calendar year basis, the first installment shall be paid at the time of the filing of the declaration, the second and third on June 15 and September 15, respectively, of the taxable year and the fourth on January 15 of the succeeding taxable year. ~~Provided, however~~ However, if taxpayer files return and pays tax due on or before January 31, the payment of the installment due January 15 is waived; and

~~(b) 2.~~ In the application of this section to the case of a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section, the months which correspond thereto.

SECTION 27. AMENDATORY 68 O.S. 1991, Section 6003, as last amended by Section 3, Chapter 344, O.S.L. 1996 (68 O.S. Supp. 1996, Section 6003), is amended to read as follows:

Section 6003. The following aircraft shall be exempt from provisions of this article:

1. Aircraft manufactured under an F.A.A. approved certificate and which are owned and in the physical possession of the manufacturer of said aircraft. Said aircraft shall have an aircraft exemption license as provided for in Section 254 of Title 3 of the Oklahoma Statutes;

2. Aircraft owned by dealers and in the dealer's inventory, not including aircraft that are used personally or for business. Said aircraft shall have an aircraft exemption license as provided for in Section 254 of Title 3 of the Oklahoma Statutes;

3. Aircraft of the federal government, any agency thereof, any territory or possession, any state government, agency, or political subdivision thereof;

4. Aircraft transferred from one corporation or limited liability company to another corporation or limited liability company pursuant to reorganization of the corporation or limited liability company. For the purpose of this section the term reorganization means a statutory merger, consolidation, or acquisition;

5. Aircraft purchased or used by commercial airlines as defined by paragraph 2 of Section 6001 of this title;

6. Aircraft transferred in connection with the dissolution or liquidation of a corporation or limited liability company and only if included in a payment in kind to the shareholders or members;

7. Aircraft transferred to a corporation for the purpose of organizing such corporation. However, the former owners of the aircraft must have control of the corporation in proportion to their interest in the aircraft prior to the transfer;

8. Aircraft transferred to a partnership or limited liability company when the organization of the partnership or limited liability company is by the former owners of the aircraft. However, the former owners of the aircraft must have control of the partnership in proportion to their interest in the aircraft prior to the transfer;

9. Aircraft transferred from a partnership or limited liability company to the members of the partnership or limited liability company and if made in payment in kind in the dissolution of the partnership;

10. Aircraft transferred or conveyed to a partner of a partnership or shareholder or member of a limited liability company or other person who after such sale owns a joint interest in the aircraft and on which the sales or use tax levied pursuant to the provisions of this title or the excise tax levied pursuant to the provisions of Section 6002 of this title have previously been paid on the aircraft;

11. Aircraft on which a tax levied pursuant to the provisions of the laws of another state, equal to or in excess of the excise tax levied by Section 6002 of this title, has been paid by the person using the aircraft in this state. Aircraft on which a tax levied pursuant to the laws of another state, in an amount less than the excise tax levied by Section 6002 of this title, has been paid by the person using the aircraft in this state shall be subject to the levy of the excise tax at a rate equal to the difference between the rate of tax levied by Section 6002 of this title and the rate of tax levied by the other state;

12. Aircraft when legal ownership of such aircraft is obtained by the applicant for a certificate of title by inheritance;

13. Aircraft when legal ownership of such aircraft is obtained by the lienholder or mortgagee under or by foreclosure of a lien or mortgage in the manner provided for by law;

14. Aircraft which is transferred between husband and wife or parent and child where no valuable consideration is given;

15. Aircraft which is purchased by a resident of this state and used exclusively in this state for agricultural spraying purposes; provided, if such aircraft is sold, leased or used outside this state or for a purpose other than agricultural spraying at any time within three (3) years from the date of purchase, the excise tax levied pursuant to the provisions of Section 6002 of this title shall be due and payable. For purposes of this subsection, "agricultural spraying" means the aerial application of any

substance sold and used for soil enrichment or soil corrective purposes or for promoting the growth and productivity of plants and animals;

16. Aircraft ~~manufactured in the State of Oklahoma~~ with a selling price in excess of Five Million Dollars (\$5,000,000.00);

17. Aircraft which have a selling price in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) and which are transferred to a purchaser who is not a resident of this state for immediate transfer out of state; and

18. Aircraft which is transferred without consideration between an individual and an express trust which that individual or the spouse, child or parent of that individual has a right to revoke.

SECTION 28. AMENDATORY 74 O.S. 1991, Section 85.4, as amended by Section 13, Chapter 327, O.S.L. 1993 (74 O.S. Supp. 1996, Section 85.4), is amended to read as follows:

Section 85.4 A. Except as provided in Section 85.12 of this title, every state agency shall acquire all contractual services, supplies, equipment, or materials used, consumed or spent by such agency in the performance of its official functions by the presentation of requisitions for such services, supplies, materials, or equipment to the Purchasing Division established in Section 85.3 of this title and no such items or service shall be acquired by any state agency for such use or consumption except by the presentation of such requisition and receipt of the items or service requisitioned through the Purchasing Division. The provisions of the Oklahoma Central Purchasing Act shall not preclude the acceptance of gifts and donations in the manner now authorized by law or the purchase of any equipment, materials, supplies, or services by any state agency acting for itself and without presentation of a requisition when such acquisition is authorized in writing by the State Purchasing Director. Subject to the provisions of this section, every state agency shall have the authority to determine its own quantitative needs for services, supplies, equipment, and materials, insofar as it has such authority under existing law and shall have the authority to determine the general class or nature of supplies, equipment, materials, or services, subject to the provisions of Section 85.5 of this title.

B. The Director of Central Services shall prescribe standardized contract forms and all other forms requisite or deemed necessary by the Director of Central Services to effectuate the provisions of this section and the Oklahoma Central Purchasing Act.

C. 1. Each requisition required by this section for the acquisition of any product shall be accompanied by a statement signed by the chief administrative officer of the state agency or the chief administrative officer of the requisitioning unit of the agency certifying:

- a. the product requested is necessary to the agency's responsibilities,
- b. the amount of the product requested is not excessive, and
- c. the justification for the purchase of such products;

2. Each requisition required by this section for nonprofessional services or professional services whether or not such services are exempt from the competitive bidding requirements shall be accompanied by a statement signed by the chief administrative officer of the state agency or the chief administrative officer of the requisitioning unit of the agency certifying that:

- a. no employee of the agency is able and available to perform the services called for by the contract,

- b. the agency shall receive, review and accept a detailed work plan from the contractor for performance under the contract if requested by the Department of Central Services,
- c. the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to:
 - (1) a monitoring and auditing function,
 - (2) the periodic review of interim reports, or other indications of past performance, and
 - (3) the ultimate utilization of the final product of the services if requested by the Department of Central Services,
- d. the work to be performed under the contract is necessary to the agency's responsibilities, and there is statutory authority to enter into the contract,
- e. the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract,
- f. no current state employee will engage in the performance of the contract, unless specifically approved by the Department of Central Services; and
- g. the purchase of such services is justified.

D. Any person certifying the information required by subsection C of this section who knows such information to be false, upon conviction, shall be deemed guilty of a misdemeanor and shall be punished by fine or imprisonment or both fine and imprisonment pursuant to the provisions of Section 85.15 of this title and civilly liable for the amount of the contract.

E. The State Purchasing Director may request any additional information necessary to adequately review the requisitions and the statements required pursuant to subsection C of this section and compliance with the Oklahoma Central Purchasing Act.

F. Upon a determination that an item or product or service is not necessary, is excessive or is not justified, the State Purchasing Director shall deny the requisition.

G. 1. No state agency shall enter into a lease-purchase agreement if title is acquired to tangible property of any class or nature by making lease, rental, or any other type payments, except as specifically authorized by law or by a governing board of regents as to institutions within The Oklahoma State System of Higher Education and except insofar as data processing equipment or other equipment is concerned; provided, however, the lease-purchase of data processing or other equipment by any state agency, whether or not such agency is subject to the provisions of the Oklahoma Central Purchasing Act, shall be processed by competitive bids through the Purchasing Division of the Department of Central Services.

2. The Executive Bond Oversight Commission and the Legislative Bond Oversight Commission shall have the authority to determine the most cost-effective method for obtaining financing for lease-purchase agreements, which may be financed by either negotiated sale or competitive bid. If the Executive Bond Oversight Commission and the Legislative Bond Oversight Commission determine that the lease-purchase of personal or real property should be financed through negotiated sale, the financing shall be subject to the provisions of the Oklahoma Bond Oversight and Reform Act, 62 O.S. 1991, Section 695.1 et seq. Unless said Commissions determine that the sale should be executed on a negotiated basis, such financing shall be processed by competitive bids through the Purchasing Division of the Department of Central Services.

3. Regardless of the method of financing, the acquisition price of personal property subject to a lease-purchase agreement shall be processed by competitive bids through the Purchasing Division of the Department of Central Services.

H. No state agency shall enter into a lease-purchase contract between the state agency as lessee and a private party as lessor if the contract is not capable of complete performance within the current fiscal year in which the contract was entered into unless a valid nonappropriation clause is included in the contract. Such contracts shall contain the following or substantially similar language:

Lessee shall have the right to terminate this lease, in whole but not in part, at the end of any fiscal year of lessee, if the Legislature fails to allocate sufficient funds to lessee for the rental payments required under this lease.

I. 1. No change order or addendum can be made to a lease-purchase agreement which extends the term or life of the original bid contract. Any lease-purchase agreement requiring such extensions or refinancing shall be readvertised and processed in accordance with the provisions of this act.

2. All agencies, whether or not such agency is subject to the provisions of the Oklahoma Central Purchasing Act, shall prepare a list of all tangible personal property which it is acquiring by a lease-purchase method and, prior to the renewal of a lease-purchase agreement, shall evaluate the rate being paid under the current lease-purchase agreement against rates currently being received by the Purchasing Division of the Department of Central Services on a competitive bid basis to determine whether or not refinancing of the property will benefit the state. Any agency which elects not to submit a requisition for a possible refinancing when the existing rates are at least one percent (1%) above rates being currently bid, and when the total sum to be paid for the property including principal and interest will be reduced, must submit a written justification to the Purchasing Director stating the reasons for not attempting to refinance the property. The Purchasing Director shall forward all such justifications to the Chairman of the Senate Appropriations Committee and the Chairman of the House Committee on Appropriations and Budget no later than February 1 of each year.

3. Unless otherwise provided by law, no state agency shall enter into a lease-purchase agreement for real or personal property costing less than Fifty Thousand Dollars (\$50,000.00). Institutions within the Higher Education system shall be exempt from this provision.

4. a. Unless otherwise provided by law, the maximum term of a state agency lease-purchase agreement shall be the lesser of the useful life of real or personal property subject to a lease-purchase agreement as determined by the Purchasing Director within the Department of Central Services, or three (3) years for personal property and ten (10) years for real property, respectively. Institutions within the Higher Education system shall be exempt from this provision.
- b. The Executive Bond Oversight Commission and the Legislative Bond Oversight Commission shall have the authority to extend the term of a lease-purchase agreement beyond three (3) years for personal property and ten (10) years for real property if the Purchasing Director of the Department of Central Services determines that the useful life of the property exceeds said terms and the Bond Advisor recommends the

extension as being in the best interests of the State of Oklahoma.

5. Unless otherwise provided by law, state agency real property acquisitions subject to lease-purchase agreements shall be explicitly authorized by the Legislature. Acquisitions of real property authorized by the Legislature, unless otherwise exempted by the Legislature, shall be subject to the competitive bid provisions of the Central Purchasing Act. If an agency is authorized to enter into a lease-purchase agreement for real property, the financing of such acquisition, including goods and services deemed desirable for executing a lease-purchase, certificate of participation, or similar agreement or obligation, shall be obtained in accordance with the provisions of this act. The Director of Purchasing within the Department of Central Services shall consult with the Oklahoma State Bond Advisor on the preparation, evaluation, and negotiation of such financing. Legislative authorization shall constitute legal authorization for this state or its agencies to enter into such lease-purchase agreements. Institutions within the Higher Education system shall be exempt from this provision.

J. The Purchasing Division of the Department of Central Services may permit leasing of products by state agencies if such leasing is determined by the Purchasing Division of the Department of Central Services to be in the best interest of the state, provided that such leasing must be processed by competitive bids through the Purchasing Division of the Department of Central Services except as to those acquisitions exempt under Section 85.12 of this title.

K. 1. In no event shall a state agency enter into a lease-purchase agreement unless that agreement contains the following or similar language:

The State of Oklahoma reserves the right to approve any reoffering of this obligation to another investor either through private placement, issuance of certificates of participation, or any other mechanism. Such approval must be obtained in advance, in writing, from the State Bond Advisor prior to any remarketing.

2. In the event that a remarketing of a lease-purchase agreement is proposed that includes the remarketing of securities or obligations to more than a single investor, any disclosure language prepared in connection with such marketing that describes the state's liability under the lease-purchase agreement must be approved in advance, in writing, by the Oklahoma State Bond Advisor.

L. 1. Whenever it appears advantageous to the state or any department, division, bureau, commission, board, or other agency of the state to purchase or otherwise acquire any equipment, supplies, material, or other property which may be offered for sale by the government of the United States of America or any agency thereof, the State Purchasing Director may enter into a contract for such purchase with the federal government or with any federal agency charged with the sale or disposition of such equipment, supplies, material, or other property, and the State Purchasing Director shall be authorized to execute such contract.

2. Should the regulations of the federal government, or any agency thereof handling the disposition and sale of any equipment, supplies, materials, or other property which it would be advantageous to the state to purchase, require that partial or full payment be made at the time sale is effected and before the equipment, supplies, material, or other property will be delivered, the State Purchasing Director, upon requisition by the requesting party, shall draw a state warrant against the funds of the

department or agency payable to the United States of America or its proper agency. The warrant shall be in such amount as may be necessary to meet the terms and conditions of sale without requiring a certificate showing that the equipment, supplies, material, or other property has actually been delivered to the state department or other agency in whose behalf the purchase is being negotiated.

SECTION 29. AMENDATORY Section 1 of Enrolled House Joint Resolution No. 1024 of the 1st Session of the 46th Oklahoma Legislature, is amended to read as follows:

Section 1. A. There is hereby created the Citizens' Task Force on Taxation.

B. The Task Force shall consist of thirty (30) members, ten of whom shall be appointed by the Governor, ten of whom shall be appointed by the President Pro Tempore of the State Senate, and ten of whom shall be appointed by the Speaker of the House of Representatives. A majority of the members serving on the Task Force shall constitute a quorum. The chairperson of the Task Force shall be appointed by the Speaker of the House of Representatives and shall be one of the appointees of the Speaker. The vice-chairperson of the Task Force shall be appointed by the President Pro Tempore of the Senate and shall be one of the appointees of the President Pro Tempore. All members of the Task Force shall be appointed by August 1, 1997.

C. The Task Force shall meet at such times and places as it deems necessary to perform its duties as specified in this section. Meetings shall be held at the call of the chair and shall be conducted in accordance with the Oklahoma Open Meeting Act, Section 301 et seq. of Title 25 of the Oklahoma Statutes.

D. Members of the Task Force shall be reimbursed by their appointing authorities for necessary travel expenses incurred in the performance of their duties in accordance with the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes.

E. The Senate and the House of Representatives shall provide such staff support as is required by the Task Force.

F. The Oklahoma Tax Commission shall provide such ~~staff support~~ assistance as ~~is~~ may be required by the Task Force.

~~F.~~ G. The duties of the Task Force shall include:

1. Reviewing the tax system in this state to evaluate the system's ability to provide appropriate and timely revenue, distribute tax burdens fairly and equitably, promote economic efficiency and growth, reduce administrative costs and inefficiency and ensure accountability to taxpayers and recipients of tax revenue;

2. Reviewing constitutional provisions, laws, rules and procedures relating to each function within the tax system, including but not limited to, income, sales and use, motor vehicle, excise, ad valorem, severance, motor fuel, franchise, estate, sumptuary, and all other state and local taxation to determine whether some or all of the taxes or the administration of the taxes need to be restructured, modified, repealed, or consolidated;

3. Reviewing constitutional provisions, laws, rules and procedures and the performance and resources allocated to each governmental entity with responsibilities related to the tax system, including but not limited to, the Oklahoma Tax Commission, the State Board of Equalization, and the various county and municipal governments;

4. Comparing the tax system in this state with systems in other states and other jurisdictions, including but not limited to, a comparison of the tax burden imposed on residents of the various

economic classes in this state with those of other states and other jurisdictions; and

5. Evaluating sources of revenue which could be used as alternatives to all or part of the current tax revenue, and evaluating related policy questions, including but not limited to, the ability of governmental entities to raise revenue or reduce public spending or services, reassignment of public responsibilities and resources between state and local governmental entities and the possible effect of disparities or changes in the allocation of public resources among local governmental entities.

~~G. H.~~ The Task Force shall develop a list of options and recommendations for changes in the tax system and shall submit a report to the Governor and the Legislature not later than ~~December~~ September 1, 1998 1999. The Task Force shall be terminated as of December 31, 1998 1999.

SECTION 30. REPEALER 68 O.S. 1991, Section 2810, is hereby repealed.

SECTION 31. NONCODIFICATION The provisions of Section 29 of this act shall not be codified in the Oklahoma Statutes.

SECTION 32. This act shall become effective July 1, 1997.

SECTION 33. 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 22nd day of May, 1997.

Speaker of the House of
Representatives

Passed the Senate the 22nd day of May, 1997.

President of the Senate