

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL 1040

By: Monson of the Senate

and

Langmacher of the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to the Oklahoma Tax Commission; amending 11 O.S. 1991, Section 21-112, which relates to cities and towns; requiring copies of certain documents to be filed with Ad Valorem Division of Tax Commission; amending 47 O.S. 1991, Sections 1109, as last amended by Section 1, Chapter 355, O.S.L. 1998 and 1113, as last amended by Section 8 of Enrolled House Bill No. 1960 of the 2nd Session of the 47th Oklahoma Legislature (47 O.S. Supp. 1999, Section 1109), which relate to the Oklahoma Vehicle License and Registration Act; modifying motor vehicle information required to be kept confidential; specifying circumstances under which such information may be disclosed; defining term; specifying fees for provision of copies of certain records; requiring certain affidavits; providing for deposit of certain funds; requiring strict construction of certain provisions; specifying unlawful acts and providing penalty; allowing owners of one hundred or more commercial motor vehicles to elect to receive permanent registration certificate under certain circumstances; amending 68 O.S. 1991, Sections 205, as last amended by Section 37, Chapter 10, O.S.L. 1999, 225, as last amended by Section 26, Chapter 293, O.S.L. 1999, Section 4, Chapter 345, O.S.L. 1996, 1356, as last amended by Section 1 of Enrolled Senate Bill No. 1300 of the 2nd Session of the 47th Oklahoma Legislature, 1359, as last amended by Section 1 of Enrolled Senate Bill No. 1019 of the 2nd Session of the 47th Oklahoma Legislature, Section 1, Chapter 126, O.S.L. 1996, as amended by Section 20, Chapter 294, O.S.L. 1997, 1365, as amended by Section 4, Chapter 126, O.S.L. 1996, Section 21, Chapter 146, O.S.L. 1993, as last amended by Section 12, Chapter 390, O.S.L. 1999, 2385.7, as amended by Section 25, Chapter 294, O.S.L. 1997, 2385.9, as amended by Section 26, Chapter 294, O.S.L. 1997, 2385.13, as amended by Section 1, Chapter 42, O.S.L. 1996, Section 1 of Enrolled Senate Bill No. 521 of the 2nd Session of the 47th Oklahoma Legislature, 2835, 2857, as last amended by Section 7, Chapter 405, O.S.L. 1998, 2888, as amended by Section 1, Chapter 138, O.S.L. 1997, Section 11, Chapter 304, O.S.L. 1997 and 2892, as last amended by Section 11, Chapter 405, O.S.L. 1998 (68 O.S. Supp. 1999, Sections 205, 225,

500.4, 1364.1, 1365, 1367.1, 2385.7, 2385.9, 2385.13, 2823, 2857, 2888, 2890.1 and 2892), which relate to revenue and taxation; modifying information required to be kept confidential; modifying statutory references; requiring certain state licensing entities to make certain notification to Tax Commission and supply certain information; providing for confidentiality of such information; prohibiting issuance, renewal, reinstatement or transfer of state license unless Tax Commission verifies certain information; requiring certain notification; providing that licensing entity not liable for certain actions; requiring State Regents for Higher Education to provide certain information to Tax Commission; requiring Tax Commission to promulgate certain rules; defining terms; specifying gasoline subject to certain tax; creating Streamlined Sales Tax System Act; providing short title; stating legislative findings; requiring Tax Commission to enter into certain discussions and issue certain request for information; authorizing Tax Commission to participate in sales tax pilot project subject to certain provisions; providing for termination of certain agreements; requiring certain information to be treated as confidential; creating Legislative Oversight Committee on the Streamlined Sales Tax System; providing for membership and organization thereof; requiring Tax Commission to provide certain assistance and issue certain report; exempting certain sales from sales taxes; modifying certain exemptions; modifying computation of total cost of construction for certain sales tax exemption; modifying persons allowed to directly remit sales or use taxes; allowing certain tax remitters or taxpayers to remit sales taxes at specified times; providing for delinquency of certain taxes; modifying period for which certain deduction is limited; deleting obsolete language; authorizing Tax Commission to develop digital mapping system for municipal boundaries and coordinate such development with municipalities; modifying provisions related to estimated tax payments; deleting references to declarations of estimated tax; requiring payment of estimated taxes in four installments and specifying due dates thereof; specifying amount of required annual payment; allowing computation of amount of tax due on annualized basis; modifying interest rate applied to underpayment of estimated taxes; providing for computation of amount and period of underpayment; providing that interest not be imposed on certain taxes; clarifying statutory reference; modifying costs included in county visual inspection program; providing that sworn lists of property protected as confidential and not available for inspection under Open Records Act; modifying penalty for failure or refusal to file statements or schedules by railroad, air carrier or public service corporation; adding requirements for record ownership by a certain date; providing for applicability of requirements; modifying date by which application for limit on homestead value may be made; modifying date that application for homestead exemption may be filed under certain circumstances; repealing Sections 3 and

4 of Enrolled Senate Bill No. 857 of the 2nd Session of the 47th Oklahoma Legislature, which relate to property taxes; repealing 68 O.S. 1991, Sections 2385.8 and 2385.12, which relate to income taxes; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 1991, Section 21-112, is amended to read as follows:

Section 21-112. When any territory is annexed to or detached from a municipality, whether by ordinance or court order, the mayor shall file and record a duly certified copy of the ordinance or court order, together with an accurate map or plat of the territory, in the office of the county clerk of the county in which the territory, or the greater portion of it, is located and with the Ad Valorem Division of the Oklahoma Tax Commission. The record in the office of the county clerk shall be conclusive evidence of such annexation or detachment.

SECTION 2. AMENDATORY 47 O.S. 1991, Section 1109, as last amended by Section 1, Chapter 355, O.S.L. 1998 (47 O.S. Supp. 1999, Section 1109), is amended to read as follows:

Section 1109. A. All information contained in certificates of title, applications therefor, ~~or vehicle registration certificates~~ records and computer data files 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~~ For use by any governmental agency, including but not limited to any court or law enforcement agency, in carrying out its functions, or any private person or entity acting on behalf of a federal, state or local governmental agency in carrying out its

functions. Information relating to motor vehicle insurance, including the insurer and insurance policy numbers, may be released to law enforcement officers investigating an accident pursuant to the provisions of Section 10-104 of this title;

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

~~3. To~~ For use by any motor vehicle manufacturer or an authorized representative thereof for the purpose of meeting the requirements of the recall provisions of Title 15 U.S.C. 1974; provided that the manufacturer or representative shall, when requesting information pertaining to motor vehicles, furnish the Tax 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 Tax Commission shall be authorized to review the use of and the measures employed to safeguard the information; and provided, further, that the manufacturer or representative shall bear the cost incurred by the Tax 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 representative violating the provisions of this paragraph, upon conviction, shall be punishable by a fine not to exceed Fifty Thousand Dollars (\$50,000.00); ~~and~~

~~4. To~~ 3. For use by 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 Tax Commission;

4. For use by a wrecker or towing service licensed pursuant to the provisions of 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 a fee of One Dollar (\$1.00) per vehicle record page to the Tax Commission or any motor license agent;

5. For use by a legitimate business or its agents, employees, or contractors for use in the normal course of business, upon payment of a fee of One Dollar (\$1.00) per vehicle record page to the Tax Commission or any motor license agent, but only:

- a. to verify the accuracy of personal information submitted by the individual to whom the information pertains to the business or its agents, employees, or contractors, or
- b. to obtain the correct information, if such information submitted by the individual to whom the information pertains 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;

6. For use in connection with any civil, criminal, administrative or arbitral proceeding in any federal, state or local court or agency or before any self-regulatory body, including the service of process, investigation in anticipation of litigation, and the execution or enforcement of judgments and orders, or pursuant to an order of a federal, state or local court, upon payment of a fee of One Dollar (\$1.00) per vehicle record page to the Tax Commission or any motor license agent;

7. For use by any insurer or insurance support organization, or by a self-insured entity, or its agents, employees, or contractors, in connection with claims investigation activities, anti-fraud activities, rating or underwriting, upon payment of a fee of One

Dollar (\$1.00) per vehicle record page to the Tax Commission or any motor license agent;

8. For use by any licensed private investigative agency or licensed security service for any purpose permitted under this subsection, upon payment of a fee of One Dollar (\$1.00) per vehicle record page to the Tax Commission or any motor license agent; or

9. For use by a requester, upon payment of a fee of One Dollar (\$1.00) per vehicle record page to the Tax Commission or any motor license agent, if the requester demonstrates that it has obtained the written consent of the individual to whom the information pertains.

As used in this section, the term "vehicle record page" means a computer-generated printout of the motor vehicle inquiry screen. Information provided on the motor vehicle inquiry screen printout shall include the current vehicle owner name and address, vehicle make, model and year, identifying numbers for the vehicle license plate, certificate of title and vehicle identification number, relevant dates relating to the vehicle registration and certificate of title, and lien status.

~~B. Notwithstanding the foregoing, the Tax Commission or motor license agent 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 Tax Commission relative to certificates of title and registration certificates issued under the laws of this state, duly certified by the Tax 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 Tax~~

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

E. In addition to the information provided on the vehicle record page, the Tax Commission may, upon written request, release to any requester authorized by the provisions of this section to obtain individual motor vehicle information, corresponding copies of vehicle certificates of title, applications therefor, vehicle registration records and computer data files.

There shall be an informational search and retrieval fee of Five Dollars (\$5.00) per vehicle for such computerized record copies. If the Tax Commission does a manual search and retrieval, the fee for document record copies shall be Seven Dollars and fifty cents (\$7.50) per vehicle. Certified copies of vehicle certificates of title and applications therefor shall be included within the informational search and retrieval by the Tax Commission for a fee of Ten Dollars (\$10.00). Such duly certified copies may be received in evidence with the same effect as the original when the original is not in the possession or under the control of the party desiring to use the same.

C. Requesters authorized by this section to receive motor vehicle information shall submit to the Tax Commission or motor license agent an affidavit supported by such documentation as the Tax Commission may require, on a form prescribed by the Tax Commission certifying that the information is requested for a lawful and legitimate purpose and will not be further disseminated.

D. Notwithstanding the foregoing, the Tax 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 Tax Commission shall allow the release of such information upon payment of a fee to be determined by the Tax 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. Fees received by a motor license agent pursuant to the provisions of this subsection shall not be included in the maximum sum that may be retained by motor license agents as compensation pursuant to the provisions of Section 1143 of this title.~~

E. Notwithstanding the provisions of this section or of Section 205 of Title 68 of the Oklahoma Statutes, the Tax 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. The provisions of subsections 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 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. Fees received by a motor license agent pursuant to the provisions of this section shall not be included in the maximum sum that may be retained by motor license agents as compensation pursuant to the provisions of Section 1143 of this title.~~

G. All funds collected by the Tax Commission pursuant to the provisions of this section shall be deposited in the Oklahoma Tax Commission Revolving Fund.

H. It is further provided that the provisions of this section shall be strictly interpreted and shall not be construed as permitting the disclosure of any other information contained in the files and records of the Tax Commission.

I. It shall be unlawful for any person to commit any of the following acts:

1. To knowingly obtain or disclose personal information from a motor vehicle record for any use not expressly permitted by this section; or

2. To make false representation to obtain any personal information from an individual's motor vehicle record.

Any violation of the provisions of this section shall constitute a misdemeanor and shall be punishable by the imposition of a fine not exceeding One Thousand Dollars (\$1,000.00), or by imprisonment in the county jail for a term not exceeding one (1) year, or by both

such fine and imprisonment. Where applicable, a person convicted of a violation of the provisions of this section shall be removed or dismissed from office or state employment. No liability whatsoever, civil or criminal, shall attach to any member or employee of the Tax Commission for any error or omission in the disclosure of such information.

SECTION 3. AMENDATORY 47 O.S. 1991, Section 1113, as last amended by Section 8 of Enrolled House Bill No. 1960 of the 2nd Session of the 47th Oklahoma Legislature, is amended to read as follows:

Section 1113. A. 1. Upon the filing of a registration application and the payment of the fees provided for in the Oklahoma Vehicle License and Registration Act, the Oklahoma Tax Commission shall assign to the vehicle described in the application a distinctive number, and issue to the owner of the vehicle a certificate of registration and one license plate or a yearly decal for the year that a license plate is not issued. The yearly decal shall have an identification number and the last two numbers of the registration year for which it shall expire. Except as provided by Section 1113A of this title, the license plate shall be affixed to the exterior of the vehicle until a replacement license plate is applied for. The yearly decal will validate the license plate for each registration period other than the year the license plate is issued. The license plate and decal shall be of such size, color, design and numbering as the Tax Commission may direct. However, yearly decals issued to the owner of a vehicle who has filed an affidavit with the appropriate motor license agent in accordance with Section 7-607 of this title shall be a separate and distinct color from all other decals issued under this section.

2. The license plate shall be securely attached to the rear of the vehicle, except truck-tractor plates which shall be attached to the front of the vehicle. The Tax Commission may, with the

concurrence of the Department of Public Safety, by Joint Rule, change and direct the manner, place and location of display of any vehicle license plate when such action is deemed in the public interest. The license plate, decal and all letters and numbers shall be clearly visible at all times. The operation of a vehicle upon which the license plate is covered, overlaid or otherwise screened with any material, whether such material be clear, translucent, tinted or opaque, shall be a violation of this paragraph.

3. Upon payment of the annual registration fee provided in Section 1133 of this title, the Tax Commission or a motor license agent may issue a permanent nonexpiring license plate to an owner of one hundred or more commercial motor vehicles and for vehicles registered under the provisions of Section 1120 of this title. Upon payment of the annual registration fee, the Tax Commission shall issue a certificate of registration that shall be carried at all times in the vehicle for which it is issued. Provided, if the registrant submits its application through electronic means, such qualified owners of one hundred or more commercial motor vehicles, properly registered pursuant to the provisions of Section 1133 of this title, may elect to receive a permanent certificate of registration that shall be carried at all times in the vehicle for which it is issued.

B. The license plates required under the provisions of this title shall conform to the requirements and specifications listed hereinafter:

1. Each license plate shall have a space for the placement of the yearly decals for each succeeding year of registration after the initial issue;

2. The provisions of the Oklahoma Vehicle License and Registration Act regarding the issuance of yearly decals shall not apply to the issuance of apportioned license plates, including

license plates for state vehicles, and exempt plates for governmental entities and fire departments organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes;

3. Within the limits herein prescribed the Tax Commission shall redesign the official vehicle license plates which currently bear the legend "Oklahoma OK" or "Oklahoma is OK!" and substitute therefor the legend "Oklahoma Native America" as further described in this paragraph. Except for personalized license plates and license plates issued for motorcycles and mopeds, the emblem on the state flag of Oklahoma as provided for in Section 91 of Title 25 of the Oklahoma Statutes shall be a part of all license plates issued after December 31, 1988. The Tax Commission may continue to issue license plates with the legend "Oklahoma is OK!" or "Oklahoma OK" until any inventory of such license plates is depleted but the Tax Commission shall not produce or cause to be produced any additional license plates with these legends. Except for personalized license plates, license plates issued for commercial vehicles, and license plates issued for motorcycles and mopeds, the "Oklahoma Native America" emblem shall be a part of all license plates issued after December 31, 1993. The specifications for lettering style and appearance for the legend "Oklahoma Native America" shall be provided to the Tax Commission by the Oklahoma Tourism and Recreation Department. The license plates shall be issued with the letters and numerals in the colors of green and white. All license plates and decals shall be made with reflectorized material as a background to the letters, numbers and characters impressed thereon. The reflectorized material shall be of such a nature as to provide effective and dependable brightness during the service period for which the license plate or decal is issued;

4. Except as otherwise provided in this subsection, the Tax Commission shall design appropriate official license plates for all state vehicles. Such license plates shall be permanent in nature

and designed in such manner as to remain with the vehicle for the duration of the vehicle's life span or until the title is transferred to a nongovernmental owner;

5. Within the limits prescribed in this section, the Tax Commission shall design appropriate official license plates for vehicles of the Oklahoma Highway Patrol. The license plates shall have the legend "Oklahoma OK" and shall contain the letters "OHP" followed by the state seal and the badge number of the Highway Patrol officer to whom the vehicle is assigned. The words "Oklahoma Highway Patrol" shall also be included on such license plates;

6. Within the limits prescribed in this section, the Tax Commission shall design appropriate official license plates for vehicles of the Oklahoma Capitol Patrol. Such license plates shall have the legend "Oklahoma OK" and shall contain the letters "OCP" followed by the state seal and badge number of the Oklahoma Capitol Patrol officer to whom the vehicle is assigned. The words "Oklahoma Capitol Patrol" shall also be included on such license plates;

7. Within the limits prescribed in this section, the Tax Commission shall design appropriate official license plates for vehicles of the Oklahoma Military Department. Such license plates shall have the legend "Oklahoma OK" and shall contain the letters "OMD" followed by the state seal and three numbers or letters as designated by the Adjutant General. The words "Oklahoma Military Department" shall also be included on such license plates.

C. Where the applicant has satisfactorily shown that the applicant owns the vehicle sought to be registered but is unable to produce documentary evidence of the ownership, a license plate may be issued upon approval by the Tax Commission. In such instances the reason for not issuing a certificate of title shall be indicated on the receipt given to the applicant. It shall still be the duty of the applicant to immediately take all necessary steps to obtain the Oklahoma certificate of title and it shall be unlawful for the

applicant to sell the vehicle until the certificate has been obtained in the applicant's name.

D. The certificate of registration provided for in this section shall be in convenient form, and the certificate of registration, or a certified copy or photostatic copy thereof, duly authenticated by the Tax Commission, shall be carried at all times in or upon commercial vehicles so registered, in such manner as to permit a ready examination thereof upon demand by any peace officer of the state or duly authorized employee of the Department of Public Safety. Any such officer or agent may seize and hold such commercial vehicle when the operator of the same does not have the registration certificate in the operator's possession or when any such officer or agent determines that the registration certificate has been obtained by misrepresentation of any essential or material fact or when any number or identifying information appearing on such certificate has been changed, altered, obliterated or concealed in any way, until the proper registration or identification of such vehicle has been made or produced by the owner thereof.

E. The purchaser of a new or used manufactured home shall, within thirty (30) days of the date of purchase, register the home with the Tax Commission or a motor license agent pursuant to the provisions of Section 1117 of this title. For a new manufactured home, it shall be the responsibility of the dealer selling the home to place a temporary license plate on the home in the same manner as provided in Section 1128 of this title for other new motor vehicles. For the first year that any manufactured home is registered in this state, the Tax Commission shall issue a metal license plate which shall be affixed to the manufactured home. Manufactured homes previously registered and subject to ad valorem taxation as provided by law shall have the metal license plate affixed at the time ad valorem taxes are paid for such manufactured home. The owner of the home shall be required to affix such plate to the home. The Tax

Commission shall make sufficient plates available to the various motor license agents of the state in order for an owner of a manufactured home to acquire the plate. A One Dollar (\$1.00) fee shall be charged for issuance of any plate. The fee shall be apportioned each month to the General Revenue Fund of the State Treasury.

F. The manufactured home license plate shall be designed so that it is easily visible for purposes of verification by a county assessor that the manufactured home is properly assessed for ad valorem taxation. The plate shall be designed for a yearly decal. In the first year of registration, a decal shall be issued for placement on the license plate indicating payment of applicable registration fees and excise taxes. In the second and all subsequent years for which the manufactured home is subject to ad valorem taxation, an annual decal shall be affixed to the license plate as evidence of payment of ad valorem taxes. The Tax Commission shall issue decals to the various county treasurers of the state in order for a manufactured home owner to obtain such decal each year. Upon presentation of a valid ad valorem tax receipt, the manufactured home owner shall be issued the annual decal.

G. Upon the registration of a manufactured home in this state for the first time or upon discovery of a manufactured home previously registered within this state for which the information required by this subsection is not known, the Tax Commission shall obtain:

1. The name of the owner of the manufactured home;
2. The serial number or identification number of the manufactured home;
3. A legal description or address of the location for the home;
4. The actual retail selling price of the manufactured home excluding Oklahoma taxes;

5. The certificate of title number for the home; and

6. Any other information which the Tax Commission deems to be necessary.

The application for registration shall also include the school district in which the manufactured home is located or is to be located. The information shall be entered into a computer data system which shall be used by the Tax Commission to provide information to county assessors upon request by the assessor. The assessor may request any information from the system in order to properly assess a manufactured home for ad valorem taxation.

SECTION 4. AMENDATORY 68 O.S. 1991, Section 205, as last amended by Section 37, Chapter 10, O.S.L. 1999 (68 O.S. Supp. 1999, Section 205), is amended to read as follows:

Section 205. A. The records and files of the Oklahoma Tax Commission concerning the administration of the Uniform Tax Procedure Code or of any state tax law shall be considered confidential and privileged, except as otherwise provided for by law, and neither the Tax Commission nor any employee engaged in the administration of the Tax Commission or charged with the custody of any such records or files nor any person who may have secured information from the Tax Commission shall disclose any information obtained from the records or files or from any examination or inspection of the premises or property of any person.

B. Neither the Tax Commission nor any employee engaged in the administration of the Tax Commission or charged with the custody of any such records or files shall be required by any court of this state to produce any of the records or files for the inspection of any person or for use in any action or proceeding, except when the records or files or the facts shown thereby are directly involved in an action or proceeding pursuant to the provisions of the Uniform Tax Procedure Code or of the state tax law, or when the determination of the action or proceeding will affect the validity

or the amount of the claim of the state pursuant to any state tax law, or when the information contained in the records or files constitutes evidence of violation of the provisions of the Uniform Tax Procedure Code or of any state tax law.

C. The provisions of this section shall not prevent the Tax Commission from disclosing the following information and 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 such information:

1. The delivery to a taxpayer or a duly authorized representative of the taxpayer of a copy of any report or any other paper filed by the taxpayer pursuant to the provisions of the Uniform Tax Procedure Code or of any state tax law;

2. The exchange of information that is not protected by the federal Privacy Protection Act, 42 U.S.C., Section 2000aa et seq., pursuant to reciprocal agreements entered into by the Tax Commission and other state agencies or agencies of the federal government;

3. The publication of statistics so classified as to prevent the identification of a particular report and the items thereof;

4. The examination of records and files by the State Auditor and Inspector or the duly authorized agents of the State Auditor and Inspector;

5. The disclosing of information or evidence to the Oklahoma State Bureau of Investigation, Attorney General, any district attorney, or agent of any federal law enforcement agency when the information or evidence is to be used by such officials to investigate or prosecute violations of the criminal provisions of the Uniform Tax Procedure Code or of any state tax law or of any federal crime committed against this state. Any information disclosed to the Oklahoma State Bureau of Investigation, Attorney General, any district attorney, or agent of any federal law enforcement agency shall be kept confidential by such person and not

be disclosed except when presented to a court in a prosecution for violation of the tax laws of this state or except as specifically authorized by law, and a violation by the Oklahoma State Bureau of Investigation, Attorney General, district attorney, or agent of any federal law enforcement agency by otherwise releasing the information shall be a felony;

6. The use by any division of the Tax Commission of any information or evidence in the possession of or contained in any report or return filed with any other division of the Tax Commission;

7. The furnishing, at the discretion of the Tax Commission, of any information disclosed by its records or files to any official person or body of this state, any other state, the United States, or foreign country who is concerned with the administration or assessment of any similar tax in this state, any other state or the United States. The provisions of this paragraph shall include the furnishing of information by the Tax Commission to a county assessor to determine the amount of gross household income pursuant to the provisions of Section 8C of Article X of the Oklahoma Constitution or Section 2890 of this title. The Tax Commission shall promulgate rules to give guidance to the county assessors regarding the type of information which may be used by the county assessors in determining the amount of gross household income pursuant to Section 8C of Article X of the Oklahoma Constitution or Section 2890 of this title. The provisions of this paragraph shall also include the furnishing of information to the State Treasurer for the purpose of administration of the Uniform Unclaimed Property Act;

8. The furnishing of information to other state agencies for the limited purpose of aiding in the collection of debts owed by individuals to such requesting agencies;

9. The furnishing of information requested by any member of the general public and stated in the sworn lists or schedules of taxable

property of public service corporations organized, existing, or doing business in this state which are submitted to and certified by the State Board of Equalization pursuant to the provisions of Section 2858 of this title and Section 21 of Article X of the Oklahoma Constitution, provided such information would be a public record if filed pursuant to Sections 2838 and 2839 of this title on behalf of a corporation other than a public service corporation;

10. The furnishing of information requested by any member of the general public and stated in the findings of the Tax Commission as to the adjustment and equalization of the valuation of real and personal property of the counties of the state, which are submitted to and certified by the State Board of Equalization pursuant to the provisions of Section 2865 of this title and Section 21 of Article X of the Oklahoma Constitution;

11. The furnishing of information to an Oklahoma wholesaler of low-point beer, licensed under the provisions of Section 163.1 et seq. of Title 37 of the Oklahoma Statutes, of the licensed retailers authorized by law to purchase low-point beer in this state or the furnishing of information to a licensed Oklahoma wholesaler of shipments by licensed manufacturers into this state;

12. The furnishing of information as to the issuance or revocation of any tax permit, license or exemption by the Tax Commission as provided for by law. Such information shall be limited to the name of the person issued the permit, license or exemption, the name of the business entity authorized to engage in business pursuant to the permit, license or exemption, the address of the business entity, and the grounds for revocation;

13. The posting of notice of revocation of any tax permit or license upon the premises of the place of business of any business entity which has had any tax permit or license revoked by the Tax Commission as provided for by law. Such notice shall be limited to the name of the person issued the permit or license, the name of the

business entity authorized to engage in business pursuant to the permit or license, the address of the business entity, and the grounds for revocation;

14. The furnishing of information upon written request by any member of the general public as to the outstanding and unpaid amount due and owing by any taxpayer of this state for any delinquent tax, together with penalty and interest, for which a tax warrant or a certificate of indebtedness has been filed pursuant to law;

15. After the filing of a tax warrant pursuant to law, the furnishing of information upon written request by any member of the general public as to any agreement entered into by the Tax Commission concerning a compromise of tax liability for an amount less than the amount of tax liability stated on such warrant;

16. The disclosure of information necessary to complete the performance of any contract authorized by Sections 255 and 262 of this title to any person with whom the Tax Commission has contracted;

17. The disclosure of information to any person for a purpose as authorized by the taxpayer pursuant to a waiver of confidentiality. The waiver shall be in writing and shall be made upon such form as the Tax Commission may prescribe;

18. The disclosure of information required in order to comply with the provisions of Section 2369 of this title;

19. The disclosure to an employer, as defined in Sections 2385.1 and 2385.3 of this title, of information required in order to collect the tax imposed by Section 2385.2 of this title;

20. The disclosure to a plaintiff of a corporation's last-known address shown on the records of the Franchise Tax Division of the Tax Commission in order for such plaintiff to comply with the requirements of Section 2004 of Title 12 of the Oklahoma Statutes;

21. The disclosure of information directly involved in the resolution of the protest by a taxpayer to an assessment of tax or

additional tax or the resolution of a claim for refund filed by a taxpayer, including the disclosure of the pendency of an administrative proceeding involving such protest or claim, to a person called by the Tax Commission as an expert witness or as a witness whose area of knowledge or expertise specifically addresses the issue addressed in the protest or claim for refund. Such disclosure to a witness shall be limited to information pertaining to the specific knowledge of that witness as to the transaction or relationship between taxpayer and witness;

22. The disclosure of information necessary to implement an agreement authorized by Section 2702 of this title when such information is directly involved in the resolution of issues arising out of the enforcement of a municipal sales tax ordinance. Such disclosure shall be to the governing body or to the municipal attorney, if so designated by the governing body;

23. The furnishing of information regarding incentive payments made pursuant to the provisions of Sections 3601 through 3609 of this title or incentive payments made pursuant to the provisions of Sections 3501 through 3508 of this title;

24. The furnishing to a prospective purchaser of any business, or his or her authorized representative, of information relating to any liabilities, delinquencies, assessments or warrants of the prospective seller of the business which have not been filed of record, established, or become final and which relate solely to the seller's business. Any disclosure under this paragraph shall only be allowed upon the presentment by the prospective buyer, or the buyer's authorized representative, of the purchase contract and a written authorization between the parties; or

25. The furnishing of information as to the amount of state revenue affected by the issuance or granting of any tax permit, license, exemption, deduction, credit or other tax preference by the Tax Commission as provided for by law. Such information shall be

limited to the type of permit, license, exemption, deduction, credit or other tax preference issued or granted, the date and duration of such permit, license, exemption, deduction, credit or other tax preference and the amount of such revenue. The provisions of this paragraph shall not authorize the disclosure of the name of the person issued such permit, license, exemption, deduction, credit or other tax preference, or the name of the business entity authorized to engage in business pursuant to the permit, license, exemption, deduction, credit or other tax preference.

D. The Tax Commission shall cause to be prepared and made available for public inspection in the office of the Tax Commission in such manner as it may determine an annual list containing the name and post office address of each person, whether individual, corporate, or otherwise, making and filing an income tax return with the Tax Commission.

It is specifically provided that no liability whatsoever, civil or criminal, shall attach to any member of the Tax Commission or any employee thereof for any error or omission of any name or address in the preparation and publication of the list.

E. The Tax Commission shall prepare or cause to be prepared a report on all provisions of state tax law that reduce state revenue through exclusions, deductions, credits, exemptions, deferrals or other preferential tax treatments. The report shall be prepared not later than October 1 of each even-numbered year and shall be submitted to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The Tax Commission may prepare and submit supplements to the report at other times of the year if additional or updated information relevant to the report becomes available. The report shall include, for the previous fiscal year, the Tax Commission's best estimate of the amount of state revenue that would have been collected but for the existence of each such exclusion, deduction, credit, exemption, deferral or

other preferential tax treatment allowed by law. The Tax Commission may request the assistance of other state agencies as may be needed to prepare the report.

F. It is further provided that the provisions of this section 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 income tax or to any other taxes.

G. Unless otherwise provided for in this section, any violation of the provisions of this section shall constitute a misdemeanor and shall be punishable by the imposition of a fine not exceeding One Thousand Dollars (\$1,000.00) or by imprisonment in the county jail for a term not exceeding one (1) year, or by both such fine and imprisonment, and the offender shall be removed or dismissed from office.

H. Offenses described in Section 2376 of this title shall be reported to the appropriate district attorney of this state by the Tax Commission as soon as the offenses are discovered by the Tax Commission or its agents or employees. The Tax Commission shall make available to the appropriate district attorney or to the authorized agent of the district attorney its records and files pertinent to prosecutions, and such records and files shall be fully admissible as evidence for the purpose of such prosecutions.

SECTION 5. AMENDATORY 68 O.S. 1991, Section 225, as last amended by Section 26, Chapter 293, O.S.L. 1999 (68 O.S. Supp. 1999, Section 225), is amended to read as follows:

Section 225. A. Any taxpayer aggrieved by any order, ruling, or finding of the Oklahoma Tax Commission directly affecting the taxpayer or aggrieved by a final order of the Tax Commission issued pursuant to subsection (g) of Section 221 of this title may appeal therefrom directly to the Supreme Court of Oklahoma.

B. Within thirty (30) days after the date of mailing to the taxpayer of the order, ruling, or finding complained of, the taxpayer desiring to appeal shall:

1. File a petition in error in the office of the Clerk of the Supreme Court;

2. Make cash payment of any tax, additional tax, penalty, and interest involved to the Tax Commission, or in lieu of this payment, file a bond for payment with the Tax Commission or a performance bond, if applicable, as and to the extent required in the case and as specified in subsections € D, £ G, and € H of this section;

3. Request that the Tax Commission prepare for filing with the Supreme Court, within thirty (30) days, the record of the appeal, certified by the Secretary of the Tax Commission, and consisting of any citations, findings, judgments, motions, orders, pleadings and rulings, together with a transcript of all evidence introduced at any hearing relative thereto, or such portion of such citations, findings, judgments, motions, orders, pleadings, rulings, and evidence as the appealing parties and the Tax Commission may agree to be sufficient to present fully to the Court the questions involved.

C. Upon request of the taxpayer, the Tax Commission shall furnish the taxpayer a copy of the proceedings had in connection with the matter complained of.

D. If the appeal is from an order of the Tax Commission assessing a tax or an additional tax, a penalty, or interest, then within thirty (30) days from the date of mailing to the taxpayer of the order, ruling, or finding complained of, the taxpayer filing the appeal shall pay to the Tax Commission the amounts of tax, additional tax, any penalty assessed, and interest accrued through the date of the payment, and the payment by the taxpayer to the Tax Commission within that thirty-day period is a condition precedent to the right of the taxpayer to make and prosecute an appeal, and a

jurisdictional prerequisite to the Supreme Court having jurisdiction to hear and determine the appeal. If, upon a final determination of the appeal the order assessing a tax, penalty, or interest is reversed or modified and it is determined that the tax or part thereof was erroneously or illegally assessed, the amounts paid by the taxpayer, together with the interest thereon at the rate of three percent (3%) per annum, shall be refunded to the taxpayer by the Tax Commission.

E. If the appeal is from an order of the Tax Commission or a district court denying a refund of taxes previously paid and if upon final determination of the appeal, the order denying the refund is reversed or modified, the taxes previously paid, together with interest thereon from the date of the filing of the petition in error at the rate of three percent (3%) per annum, shall be refunded to the taxpayer by the Tax Commission.

F. Such refunds and interest thereon shall be paid by the Tax Commission out of monies in the Tax Commission clearing account from subsequent collections from the same source as the original tax assessment, provided that in the event there are insufficient funds for refunds from subsequent collections from the same source, the refund shall be paid by the Tax Commission from monies appropriated by the Legislature to the special refund reserve account for such purposes as hereinafter provided. There is hereby created within the official depository of the State Treasury an agency special account for the Tax Commission for the purpose of making such refunds as may be required under this section, not otherwise provided. This account shall consist of monies appropriated by the Legislature for the purpose of making refunds under this section.

G. In lieu of the cash payment provided for in subsection C D of this section, the taxpayer may file with the Tax Commission, pursuant to Section 210 of this title, a bond in double the amount of the tax, additional tax, penalties and interest so assessed,

conditioned that the taxpayer will faithfully and diligently prosecute such appeal to a final determination, and in the event the order of the Tax Commission be affirmed on appeal, will pay such tax, additional tax, penalties and interest, and costs so assessed against the taxpayer. Any bond submitted pursuant to this subsection must be approved by the Tax Commission as to form and amount and accepted within the time prescribed for filing an appeal.

H. If the appeal be from an order, judgment, finding, or ruling of the Tax Commission other than one assessing a tax and from which a right of appeal is not otherwise specifically provided for in this article, any aggrieved taxpayer may appeal from that order, judgment, finding, or ruling as provided in this section and may supersede the effect of such order, judgment, ruling, or finding by filing with the Tax Commission a bond in an amount fixed by the Tax Commission payable to the State of Oklahoma conditioned that the appeal will faithfully and diligently be prosecuted to a final determination, and in the event the order, judgment, ruling, or finding of the Tax Commission be affirmed on appeal, that such person will immediately conform thereto.

I. This section shall be construed to provide to the taxpayer a legal remedy by action at law in any case where a tax, or the method of collection or enforcement thereof, or any order, ruling, finding, or judgment of the Tax Commission is complained of, or is sought to be enjoined in any action in any court of this state or the United States of America.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 238.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Upon receipt of an application for the issuance, renewal, reinstatement or transfer of a state license, the licensing entity shall notify the Oklahoma Tax Commission that the application has been received and shall supply such information as may be requested

by the Tax Commission for purposes of implementing the provisions of this section. The provisions of any laws making application information confidential shall not apply with respect to information supplied to the Tax Commission pursuant to the provisions of this section; provided, such information shall be subject to the provisions of Section 205 of Title 68 of the Oklahoma Statutes.

B. A state license shall not be issued, renewed, reinstated or transferred until the Tax Commission has verified that the individual applying for the license is in compliance with state income tax laws and has so notified the licensing entity. The Tax Commission shall make every effort to verify such information and notify the licensing entity in a timely manner. If the only reason for delaying action on a license application is the lack of notification pursuant to the provisions of this section, the licensing entity shall proceed to act on the license application within thirty (30) days of receipt of notification by the Tax Commission.

C. If the Tax Commission finds that the individual applying for the license is not in compliance with state income tax laws, it shall so notify the licensing entity, which shall deny the application and notify the applicant of the reason for denial. A licensing entity shall not be held liable for any action with respect to a state license pursuant to the provisions of this section.

D. The State Regents for Higher Education are hereby directed to provide information received from state licensing entities pursuant to the provisions of Section 623 of Title 70 of the Oklahoma Statutes, including Social Security numbers, to the Tax Commission for use in the implementation of the provisions of this section. The Tax Commission shall promulgate rules for the implementation of the provisions of this section.

E. As used in this section:

1. "State license" means a license, certificate, registration, permit, approval or other similar document issued by a licensing entity granting to an individual or business a right or privilege to engage in a profession, occupation or business in this state; and

2. "Licensing entity" means a bureau, department, division, board, agency, commission or other entity of this state or of a municipality in this state that issues a state license.

SECTION 7. AMENDATORY Section 4, Chapter 345, O.S.L. 1996 (68 O.S. Supp. 1999, Section 500.4), is amended to read as follows:

Section 500.4 A. A tax is imposed on all gasoline and all diesel fuel used or consumed in this state as follows:

1. Gasoline, sixteen cents (\$0.16) per gallon; and
2. Diesel fuel, thirteen cents (\$0.13) per gallon.

B. A tax is imposed on all gasoline, diesel fuel and kerosene used or consumed in this state for use as fuel to generate power in aircraft engines or for training, testing or research on aircraft engines in the amount of eight one-hundredths of one cent (\$0.0008) per gallon. All gasoline, diesel fuel and kerosene sold for use under this subsection shall not be subject to the excise tax levied in subsection A of this section.

C. ~~A tax is imposed on~~ Notwithstanding any exemption provided in Section 500.1 et seq. of this title, all gasoline used or consumed in this state for use as fuel for farm tractors or stationary engines and used exclusively for agricultural purposes shall be subject to a tax in the amount of two and eight one-hundredths cents (\$0.0208) per gallon. All gasoline sold for use pursuant to this subsection shall not be subject to the excise tax levied in subsection A of this section. The term "farm tractor", as used herein, shall include all tractor-type, motorized farm implements and equipment but shall not include motor vehicles of the truck-type, pickup truck-type, automobiles and other motor vehicles

required to be registered and licensed each year under the Oklahoma Vehicle License and Registration Act.

D. It is the intent of this section to amend, revise, incorporate and recodify the tax imposed on motor fuel and that the tax shall be conclusively presumed to be a direct tax and shall be a direct tax on the retail or ultimate consumer precollected for the purpose of convenience and facility to the consumer. The levy and assessment on other persons as specified in this act shall be as agents of the state for the precollection of the tax. The provisions of this section shall in no way affect the method of collecting the tax as provided in this act. The tax imposed by this section shall be collected and paid at those times, in the manner, and by those persons specified in this act.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.7 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Streamlined Sales Tax System Act".

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.8 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that:

1. State and local tax systems should treat transactions in a competitively neutral manner;

2. A simplified sales and use tax system that treats all transactions in a competitively neutral manner will strengthen and preserve the sales and use tax as vital state and local revenue sources and preserve state fiscal sovereignty;

3. Remote sellers should not receive preferential tax treatment at the expense of local "Main Street" merchants, nor should such vendors be burdened with special, discriminatory or multiple taxes;

4. The state should simplify sales and use taxes to reduce the administrative burden of collection; and

5. While states have the sovereign right to set their own tax policies, states working together have the opportunity to develop a more simple, uniform and fair system of state sales and use taxation without federal government mandates or interference.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.9 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Tax Commission shall enter into discussions with states regarding development of a multi-state, voluntary, streamlined system for sales and use tax collection and administration. These discussions shall focus on a system that would have the capability to determine whether the transaction is taxable or tax exempt, the appropriate tax rate applied to the transaction, and the total tax due on the transaction, and shall provide a method for collecting and remitting sales and use taxes to the state. Such system may provide compensation for the costs of collecting and remitting sales and use taxes. Discussions between the Tax Commission and other states may include, but are not limited to:

1. The development of a "Joint Request for Information" from potential public and private parties governing the specifications for such system;

2. The mechanism for compensating parties for the development and operation of such system;

3. Establishment of minimum statutory simplification measures necessary for state participation in such system; and

4. Measures to preserve confidentiality of taxpayer information and privacy rights of consumers.

Following these discussions, the Tax Commission may proceed to issue a Joint Request for Information.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.10 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Tax Commission is authorized to participate in a sales tax pilot project with other states and selected businesses to test means for simplifying sales and use tax administration and may enter into joint agreements for that purpose.

Agreements to participate in the test shall establish provisions for the administration, imposition and collection of sales and use taxes resulting in revenues paid that are the same as would be paid under existing law.

Parties to the agreements are excused from complying with the provisions of the Oklahoma Sales Tax Code or the Oklahoma Use Tax Code to the extent a different procedure is required by the agreements, except for confidentiality of taxpayer information as detailed in Section 12 of this act.

Agreements authorized under this section shall terminate no later than December 31, 2001.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.11 of Title 68, unless there is created a duplication in numbering, reads as follows:

Return information submitted to any party or parties acting for and on behalf of the state shall be treated as confidential taxpayer information. Disclosure of confidential taxpayer information necessary under Sections 10 and 11 of this act shall be pursuant to a written agreement between the Oklahoma Tax Commission and the party or parties. Such party or parties shall be bound by the same requirements of confidentiality as the Tax Commission pursuant to the provisions of Section 205 of Title 68 of the Oklahoma Statutes.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.12 of Title 68, unless there is created a duplication in numbering, reads as follows:

There is hereby created the Legislative Oversight Committee on the Streamlined Sales Tax System. The Committee shall be jointly chaired by the Chairs of the Senate Finance Committee and the House of Representatives Revenue and Taxation Committee. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall appoint such additional members as they deem appropriate. The Oklahoma Tax Commission shall provide testimony and information as requested by the Committee. The Tax Commission shall provide quarterly reports to the members of the Committee on the progress of multi-state discussions and pilot projects authorized pursuant to the provisions of Section 11 of this act.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.13 of Title 68, unless there is created a duplication in numbering, reads as follows:

Not later than March 1, 2001, the Oklahoma Tax Commission shall report to the Governor and to the President Pro Tempore of the Senate and the Speaker of the House of Representatives and to the members of the Legislative Oversight Committee on the status of multi-state discussions and, if a proposed system has been agreed upon by participating states, shall also recommend whether the state should participate in such system.

SECTION 15. AMENDATORY 68 O.S. 1991, Section 1356, as last amended by Section 1 of Enrolled Senate Bill No. 1300 of the 2nd Session of the 47th 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 Section 1350 et seq. of this title:

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 or any public trust of which a county in this state is the beneficiary, 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, the Northeast Oklahoma Public Facilities Authority ~~and~~, the Oklahoma Municipal Power Authority, City of Tulsa-Rogers County Port Authority, Muskogee City-County Port 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 Tourism and Recreation Department 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~~, YWCA's or municipally-owned recreation centers 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;

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;

29. Sales of tangible personal property or services to youth camps which are supported or sponsored by one or more churches, members of which serve as trustees of the organization;

30. Transfer of tangible personal property made pursuant to Section 3226 of Title 63 of the Oklahoma Statutes by the University Hospitals Trust;

31. Sales of tangible personal property or services to a municipality, county or school district pursuant to a lease or lease-purchase agreement executed between the vendor and a municipality, county or school district. A copy of the lease or lease-purchase agreement shall be retained by the vendor;

32. Sales of tangible personal property or services to any spaceport user, as defined in the Oklahoma Space Industry Development Act;

33. The sale, use, storage, consumption, or distribution in this state, whether by the importer, exporter, or another person, of any satellite or any associated launch vehicle, including components of, and parts and motors for, any such satellite or launch vehicle, imported or caused to be imported into this state for the purpose of export by means of launching into space. This exemption provided by this paragraph shall not be affected by:

- a. the destruction in whole or in part of the satellite or launch vehicle,
- b. the failure of a launch to occur or be successful, or
- c. the absence of any transfer or title to, or possession of, the satellite or launch vehicle after launch;

34. The sale, lease, use, storage, consumption, or distribution in this state of any space facility, space propulsion system or space vehicle, satellite, or station of any kind possessing space flight capacity, including components thereof;

35. The sale, lease, use, storage, consumption, or distribution in this state of tangible personal property, placed on or used aboard any space facility, space propulsion system or space vehicle, satellite, or station possessing space flight capacity, which is launched into space, irrespective of whether such tangible property is returned to this state for subsequent use, storage, or consumption in any manner;

36. The sale, lease, use, storage, consumption, or distribution in this state of tangible personal property meeting the definition of "section 38 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the Internal Revenue Code of 1986, that is an integral part of and used primarily in support of space flight; however, section 38 property used in support of space flight shall not include general office equipment, any boat, mobile home, motor vehicle, or other vehicle of a class or type required to be registered, licensed, titled, or documented in this state or by the

United States government, or any other property not specifically suited to supporting space activity. The term "in support of space flight", for purposes of this paragraph, means the altering, monitoring, controlling, regulating, adjusting, servicing, or repairing of any space facility, space propulsion systems or space vehicle, satellite, or station possessing space flight capacity, including the components thereof;

37. The purchase or lease of machinery and equipment for use at a fixed location in this state, which is used exclusively in the manufacturing, processing, compounding, or producing of any space facility, space propulsion system or space vehicle, satellite, or station of any kind possessing space flight capacity. Provided, the exemption provided for in this paragraph shall not be allowed unless the purchaser or lessee signs an affidavit stating that the item or items to be exempted are for the exclusive use designated herein. Any person furnishing a false affidavit to the vendor for the purpose of evading payment of any tax imposed by Section 1354 of this title shall be subject to the penalties provided by law. As used in this paragraph, "machinery and equipment" means "section 38 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the Internal Revenue Code of 1986, which is used as an integral part of the manufacturing, processing, compounding, or producing of items of tangible personal property. Such term includes parts and accessories only to the extent that the exemption thereof is consistent with the provisions of this paragraph; ~~and~~

38. The amount of a surcharge or any other amount which is separately stated on an admission ticket which is imposed, collected and used for the sole purpose of constructing, remodeling or enlarging facilities of a public trust having a municipality or county as its sole beneficiary; and

39. Sales of tangible personal property or services which are directly used in or for the benefit of a state park in this state,

which are made to an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c) (3) and which is organized primarily for the purpose of supporting one or more state parks located in this state.

SECTION 16. AMENDATORY 68 O.S. 1991, Section 1359, as last amended by Section 1 of Enrolled Senate Bill No. 1019 of the 2nd Session of the 47th Oklahoma Legislature, is amended to read as follows:

Section 1359. There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Sales of goods, wares, merchandise, tangible personal property, machinery and equipment to a manufacturer for use in a manufacturing operation;

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 500.4 of this title;

3. 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;

4. 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;

5. 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;

6. 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 Oklahoma 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 paragraph;

7. 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 paragraph, 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 paragraph, "qualified manufacturer" means:

- a. 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 Oklahoma 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,

- b. any enterprise whose total cost of construction of a new or expanded facility exceeds the sum of 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 paragraph exceeds the sum of Fifty Million Dollars (\$50,000,000.00) and in which at least seventy-five (75) new full-time-equivalent employees, as certified by the Oklahoma 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, or
- c. any enterprise whose total cost of construction of an expanded facility exceeds the sum of Three Hundred Million Dollars (\$300,000,000.00) and in which the manufacturer has and maintains an average employment level of at least one thousand seven hundred fifty (1,750) full-time-equivalent employees, as certified by the Employment Security Commission.

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. For purposes of subparagraph c of this paragraph, the total cost of construction shall also include the cost of qualified depreciable property as

defined in Section 2357.4 of this title and labor services performed in the construction of an expanded facility. The employment requirement of this paragraph 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 as 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 paragraph;

8. 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 paragraph, "proper production" shall include, but not be limited to, machinery or equipment required by Federal Communications Commission rules and regulations;

9. 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 paragraph, "proper production" shall include, but not be limited to, machinery or equipment required by Federal Communications Commission rules and regulations;

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

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

12. 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

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

SECTION 17. AMENDATORY Section 1, Chapter 126, O.S.L. 1996, as amended by Section 20, Chapter 294, O.S.L. 1997 (68 O.S. Supp. 1999, Section 1364.1), is amended to read as follows:

Section 1364.1 Every person who makes purchases of ~~One Million Dollars (\$1,000,000.00)~~ Eight Hundred Thousand Dollars (\$800,000.00) 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 this title or Section 1401 et seq. of 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 this title or Section 1401 et seq. of 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 this title,
- c. waive the discount permitted by Section 1367.1 of 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 18. AMENDATORY 68 O.S. 1991, Section 1365, as amended by Section 4, Chapter 126, O.S.L. 1996 (68 O.S. Supp. 1999, Section 1365), is amended to read as follows:

Section 1365. When Tax Due - Reports - Records.

A. The tax levied hereunder shall be due and payable on the first day of each month, except as herein provided, by any person liable to remit or pay any tax due under Section 1350 et seq. of this title. For the purpose of ascertaining the amount of the tax payable, it shall be the duty of all tax remitters, on or before the ~~15th~~ fifteenth day of each month, to deliver to the Oklahoma Tax Commission, upon forms prescribed and furnished by it, sales tax reports signed under oath, showing the gross receipts or gross proceeds arising from all sales taxable or nontaxable under Section 1350 et seq. of this title during the preceding calendar month. Such reports shall show such further information as the Tax Commission may require to enable it to compute correctly and collect the tax herein levied. In addition to the information required on reports, the Tax Commission may request and the taxpayer must furnish any information deemed necessary for a correct computation of the tax levied herein. Such tax remitter shall compute and remit

to the Tax Commission the required tax due for the preceding calendar month, the remittance or remittances of the tax to accompany the reports herein required. If not filed on or before the ~~15th~~ fifteenth of such month, the tax shall be delinquent from such date. Reports timely mailed shall be considered timely filed. If a report is not timely filed, interest shall be charged from the date the report should have been filed until the report is actually filed.

B. In lieu of monthly reports, tax remitters or taxpayers who are classified as Group Three vendors in this article or tax remitters or taxpayers whose total amount of tax liability for any one (1) month does not exceed Fifty Dollars (\$50.00) may file semiannual reports and remit taxes due thereunder to the Tax Commission on or before the ~~15th~~ fifteenth day of January and July of each year for the preceding six-month period. If not paid on or before the ~~15th~~ fifteenth day of such month, the tax shall be delinquent.

C. It shall be the duty of every tax remitter required to make a sales tax report and pay any tax under Section 1350 et seq. of this title to keep and preserve suitable records of the gross daily sales together with invoices of purchases and sales, bills of lading, bills of sale and other pertinent records and documents which may be necessary to determine the amount of tax due hereunder and such other records of goods, wares and merchandise, and other subjects of taxation under Section 1350 et seq. of this title as will substantiate and prove the accuracy of such returns. It shall also be the duty of every person who makes sales for resale to keep records of such sales which shall be subject to examination by the Tax Commission or any authorized employee thereof while engaged in checking or auditing the records of any person required to make a report under the terms of Section 1350 et seq. of this title. All such records shall remain in Oklahoma and be preserved for a period

of three (3) years, unless the Tax Commission, in writing, has authorized their destruction or disposal at an earlier date, and shall be open to examination at any time by the Tax Commission or by any of its duly authorized agents. The burden of proving that a sale was not a taxable sale shall be upon the person who made the sale.

D. The purchaser must provide the vendor with the purchaser's sales tax permit number, the direct payment permit number or a copy of the direct payment permit if the sale is made within Oklahoma. In addition to furnishing the sales tax permit number to the vendor, the purchaser must certify in writing to the vendor that the purchaser is engaged in the business of reselling the articles purchased. Failure to so certify, or to falsely certify with the knowledge that the items purchased are not for resale, shall be sufficient grounds upon which the Tax Commission may cause the purchaser's sales tax permit to be canceled. Certification may be made on the bill, invoice or sales slip retained by the vendor or by furnishing a certification letter to the seller which contains the following:

1. The name and address of the purchaser;
2. The sales tax permit number of the permit issued to the purchaser;
3. A statement that the purchaser is engaged in the business of reselling the articles purchased, if applicable;
4. A statement that the articles purchased are purchased for resale, if applicable; and
5. The signature of the purchaser or a person authorized to legally bind the purchaser.

E. If a sales tax permit holder purchases goods, wares and merchandise from a vendor on a regular basis, then the permit holder may furnish the certification letter described in subsection D of this section to the vendor and the vendor may subsequently make

sales of tangible personal property to the permit holder without requiring a certification letter or certification statement for each subsequent sale. The permit holder must notify the seller of all purchases which are not for resale and remit the applicable amount of tax thereon. If the permit holder fails to notify the vendor of purchases not intended for resale, then sufficient grounds shall exist for the Tax Commission to cancel the sales tax permit of the permit holder who so failed to notify the vendor.

F. In lieu of filing reports on the fifteenth day of each month as required in subsection A of this section, tax remitters or taxpayers who agree to participate in the Tax Commission's electronic funds transfer and electronic data interchange programs may file as provided in this subsection. Participating taxpayers shall remit one-half of the estimated tax due from the preceding month on or before the fifth day of each month. On or before the twenty-fifth day of each month, the taxpayer shall remit the balance due and file sales tax reports for the preceding month. If not paid on or before the twenty-fifth day of the month, the tax shall be delinquent; provided, if the payment of one-half of the estimated tax due is not made on or before the fifth day of the month, the entire amount of tax due for the preceding month shall be due and payable on the fifteenth day of the month and shall be delinquent if not paid on or before that date.

SECTION 19. AMENDATORY Section 21, Chapter 146, O.S.L. 1993, as last amended by Section 12, Chapter 390, O.S.L. 1999 (68 O.S. Supp. 1999, Section 1367.1), is amended to read as follows:

Section 1367.1 A. For the purpose of compensating the seller or vendor in keeping sales tax records, filing reports and remitting the tax when due, a seller or vendor shall be allowed a deduction of two and one-fourth percent (2 1/4%) of the tax due under the applicable provisions of this title. Such deduction shall not be allowed with respect to a direct payment permit.

B. No deductions from tax shall be allowed if any such report or payment of tax is delinquent; provided, the deduction shall be allowed if the Oklahoma Tax Commission determines that the reason that such report or payment of tax was delinquent was due to the tornadoes occurring May 3, 1999.

C. Notwithstanding the formula provided by subsection A of this section, the deduction provided by this section shall be limited to a maximum of Three Thousand Three Hundred Dollars (\$3,300.00) per ~~reporting period~~ month per sales tax permit. ~~Holders of sales tax permits as of April 1, 1993, shall continue to remit sales tax pursuant to such sales tax permits.~~ No such sales tax permit holder may change ~~his or her~~ sales tax permit status in order to avoid the provisions of this subsection.

D. Notwithstanding any other provision of law, an amount equal to the excess of the amount calculated by the formula provided by subsection A of this section over the Three-Thousand-Three-Hundred-Dollar limit provided by subsection C of this section shall be retained by the state as an administrative expense and deposited to the General Revenue Fund.

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1375 of Title 68, unless there is created a duplication in numbering, reads as follows:

In order to provide for the efficient and accurate administration of sales and use taxes, the Oklahoma Tax Commission is authorized to develop and maintain a digital mapping system for municipal boundaries. The Tax Commission shall coordinate the development of the mapping system with municipalities.

SECTION 21. AMENDATORY 68 O.S. 1991, Section 2385.7, as amended by Section 25, Chapter 294, O.S.L. 1997 (68 O.S. Supp. 1999, Section 2385.7), is amended to read as follows:

Section 2385.7 A. Except as provided in subsection B of this section, every taxpayer, as defined by Section 2353 of this title,

shall make ~~a declaration of the~~ estimated tax payments for the taxable year if:

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

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

3. In the case of a corporation or trust, 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 22. AMENDATORY 68 O.S. 1991, Section 2385.9, as amended by Section 26, Chapter 294, O.S.L. 1997 (68 O.S. Supp. 1999, Section 2385.9), is amended to read as follows:

Section 2385.9 A. The ~~amount~~ required annual payment 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 Five Hundred Dollars (\$500.00), it may at~~

~~the election of the taxpayer shall~~ be paid in four equal installments as follows:

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~~ on April 15 of the taxable year, 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. 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

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.

B. As used in this section, the "required annual payment" shall mean the lesser of:

1. Seventy percent (70%) of the tax shown on the return for the taxable year; or

2. One hundred percent (100%) of the tax shown on the return for the preceding taxable year of twelve (12) months.

C. For purposes of determining the amount of tax due on any of the respective dates, taxpayers may compute the tax by placing taxable income on an annualized basis as prescribed by rules promulgated by the Tax Commission, which shall be in accordance with the annualization provisions of the Internal Revenue Code. For corporate taxpayers, the annualization provisions found in Section 6655(e)(2)(c) and 6655(e)(3) of the Internal Revenue Code may not be used. The provisions allowed in this section for computing estimated taxes on an annualized basis shall only be permitted for a taxable year of twelve (12) months.

SECTION 23. AMENDATORY 68 O.S. 1991, Section 2385.13, as amended by Section 1, Chapter 42, O.S.L. 1996 (68 O.S. Supp. 1999, Section 2385.13), is amended to read as follows:

Section 2385.13 ~~Every taxpayer required under the provisions of Section 2385.7 of this title to make a declaration of estimated tax shall make the declaration at the time provided in Section 2385.8 of this title, for the amount the taxpayer expects to owe for the current year. The estimate so made may be amended by either increasing or decreasing the amount originally estimated on either of the dates provided for the making of installment payments on estimates, and the estimates at the respective dates shall be not less than seventy percent (70%) of the amount of tax due as indicated by the taxpayer's records or information on the respective dates. For purposes of determining the amount of tax due on any of the respective dates, taxpayers with Oklahoma taxable income of at least One Million Dollars (\$1,000,000.00) in at least one of the preceding three (3) taxable years may compute the tax by placing taxable income on an annualized basis as prescribed by rules promulgated by the Tax Commission which rules shall be in accordance with the annualization provisions of the Internal Revenue Code. The provisions allowed in this section for computing estimated taxes on an annualized basis shall only be permitted for a taxable year of twelve (12) months. Should a taxpayer fail to make an estimate on any quarterly due date equivalent to at least seventy percent (70%) of the amount so indicated to be due, a penalty of five percent (5%)~~ of A. In the case of any underpayment of the estimated tax payment required in Section 2385.9 of this title, there shall be added to the amount of the underpayment and interest thereon at the an annual rate of one and one-quarter percent (1 1/4%) per month, or fraction thereof, twenty percent (20%) for the period of the underpayment, shall be added thereto and paid. The penalty and interest provided by this section shall not be applicable where the amount of Oklahoma income tax withheld during the current year and/or payments made on the estimated tax for the current year is an amount which is equal

~~to or greater than the amount shown to be due by the return for the preceding taxable year of twelve (12) months.~~

B. As used in subsection A of this section, the amount of the underpayment shall be the excess of the required installment over the amount paid on or before the due date of the installment. The period of underpayment shall run from the due date of the required installment to the earlier of the fifteenth day of the fourth month, or for corporations, the fifteenth day of the third month, following the close of the taxable year or the date on which the required installment is paid.

C. No addition to tax shall be imposed under subsection A of this section if the tax shown on the return for the taxable year is less than One Thousand Dollars (\$1,000.00) or if the taxpayer was an Oklahoma resident throughout the preceding taxable year of twelve (12) months and did not have any liability for tax for the preceding taxable year.

SECTION 24. AMENDATORY Section 1 of Enrolled Senate Bill No. 521 of the 2nd Session of the 47th Oklahoma Legislature, is amended to read as follows:

Section 1. Any person, firm, or corporation claiming the exemption provided in Section 6A of Article X of the Oklahoma Constitution, relating to property moving through the state in interstate commerce, shall file an application with the county assessor for each year for which the exemption is claimed. The application shall be on a form prescribed by the Oklahoma Tax Commission and shall be filed on or before March 15 of the year in which the person, firm, or corporation desires to take the exemption. Applications must be filed in the year in which the exemption is requested. Claims filed for previous years shall be declared null and void. Eligibility for the exemption shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the county assessor stating that the

property qualifies for exemption pursuant to the provisions of Section 6A of Article X of the Oklahoma Constitution, relating to property moving through the state in interstate commerce, and such other information as may be required by the Tax Commission or the county assessor.

SECTION 25. AMENDATORY 68 O.S. 1991, Section 2835, is amended to read as follows:

Section 2835. A. On or before January 1~~st~~ of each year, the Oklahoma Tax Commission shall prescribe for the use of all county assessors, suitable blank forms for the listing and assessment of all property, both real and personal. Such forms shall contain such information and instructions as may be necessary in order to obtain a full and complete list of all taxable property and such forms shall be used uniformly throughout the state. Any change in these forms must have the approval of the ~~Oklahoma~~ Tax Commission.

B. It shall be the duty of the county assessor to furnish such forms to any taxpayer upon request, and all personal property shall be listed on such forms in the manner provided therein. Such lists shall be signed and sworn to and filed with the county assessor not later than March ~~15th~~ 15 of each year; and such lists may show the description of real property, which may be by subdivision of quarter sections, or less if any such subdivision is owned in less quantity, describing such less quantity by United States Land Survey nomenclature if that can be done, otherwise by metes and bounds, according to ownership.

C. Real estate need not be listed by the taxpayer, but may be listed ~~by him~~ if ~~he~~ the taxpayer so desires, in which case the list shall show the taxpayer's estimate of the value of each tract of land and shall separately show the value of the buildings and improvements thereon.

D. All such sworn lists of property shall contain such other information concerning both real and personal property as may be required by such forms so prescribed.

E. All such sworn lists of property shall be protected as confidential and shall not be available for inspection under the Open Records Act.

SECTION 26. AMENDATORY 68 O.S. 1991, Section 2857, as last amended by Section 7, Chapter 405, O.S.L. 1998 (68 O.S. Supp. 1999, Section 2857), is amended to read as follows:

Section 2857. A. Should any railroad, air carrier or public service corporation doing business in this state fail or refuse to file the statements or schedules with the Oklahoma Tax Commission within the time and manner required by law, it shall be the duty of the State Board of Equalization to ascertain from the best information obtainable the value of the property of such company. The Tax Commission may grant an extension without penalty, upon written request of the taxpayer and for a good cause, of not to exceed fifteen (15) days for the filing of the returns as required by the Ad Valorem Tax Code.

B. There shall be assessed by the State Board of Equalization an administrative penalty for every day which a railroad, air carrier or public service corporation doing business in this state fails or refuses to file the statements or schedules with the Tax Commission within the time and manner required by law in the lesser of the amount of Two Hundred Dollars (\$200.00) per day for each county in which such entity has property subject to ad valorem tax or one percent (1%) of the assessed value. The State Board of Equalization shall be responsible for collecting this penalty and shall remit fifty percent (50%) of such penalty to the county general fund of the counties in which such entity has property subject to ad valorem tax. Fifty percent (50%) of such penalty shall be deposited in the General Revenue Fund.

SECTION 27. AMENDATORY 68 O.S. 1991, Section 2888, as amended by Section 1, Chapter 138, O.S.L. 1997 (68 O.S. Supp. 1999, Section 2888), is amended to read as follows:

Section 2888. A. 1. The term "homestead", as used in the provisions of the Ad Valorem Tax Code governing homestead exemptions, shall mean and include the actual residence of a natural person who is a citizen of the State of Oklahoma, provided the record actual ownership of such residence be vested in such natural person residing and domiciled thereon. Any single person of legal age, married couple and their minor child or children, or the minor child or children of a deceased person, whether residing together or separated, or surviving spouse shall be allowed under this Code only one homestead exemption in this state. No person or the family of such person shall be required to be domiciled thereon if such person is in the armed service of the United States in time of war or during a state of national emergency as declared by the Congress or the President of the United States, and such person shall not be required to be domiciled thereon in order to assert or claim the exemption provided in Section 2889 of this title, and such exemption may be claimed by any agent of, or member of the family of, such person. The surviving spouse and/or minor children of a deceased person shall be considered record owners of the homestead where the title of record in the office of the county clerk on January 1 is in the name of the deceased, but in all other cases the deed or other evidence of ownership must be of record in the office of the county clerk on January 1 in order for any person to be qualified as the record owner. However, a natural person actually owning, residing and domiciled in the residence on January 1 shall be deemed to be the record owner of the residence on January 1, within the meaning of this section, if the deed or other evidence of ownership of such person, executed on or before January 1, be of record in the office of the county clerk on or before February 1 immediately following.

Despite any provision to the contrary in this section, if a parent or parents residing and domiciled in the residence own the residence jointly with one or more of their children, whether residing together or separated, and where the record joint ownership of the property is recorded in the office of the county clerk in accordance with the provisions of this section, the parent or parents residing and domiciled in the residence shall be entitled to the entire homestead exemption. A rural homestead shall not include more than one hundred sixty (160) acres of land and the improvements thereon. An urban homestead shall not include any land except the lot or lots, or the unplatted tract, upon which are located the dwelling, garage, barn and/or other outbuildings necessary or convenient for family use.

2. Despite any provision to the contrary in this section, the person actually owning, residing and domiciled in the residence on May 15, 2000, shall be deemed to be the record owner of the residence on May 15, 2000, within the meaning of this section, if the deed or other evidence of ownership of such person, executed on or before May 15, 2000, be of record in the office of the county clerk on or before such date. However, the provisions of this paragraph shall only apply to any person who is eligible to claim the income tax credit pursuant to Section 2357.29 of this title, or to any person whose primary residence was damaged or destroyed in the May 3, 1999, tornado and who purchased or built a new primary residence at a location within this state other than the location of the damaged or destroyed residence.

B. The term "rural homestead" as used herein shall mean and include any homestead located outside a city or town or outside any platted subdivision or addition.

C. The term "urban homestead" as used herein shall mean and include any homestead located within any city or town whether incorporated or unincorporated, or located within a platted

subdivision or addition, whether such subdivision or addition be a part of a city or town. In no case shall an urban homestead exceed in area one (1) acre.

SECTION 28. AMENDATORY Section 11, Chapter 304, O.S.L. 1997 (68 O.S. Supp. 1999, Section 2890.1), is amended to read as follows:

Section 2890.1 A. The application for a limit on the fair cash value of homestead property as provided for in Section 8C of Article X of the Oklahoma Constitution shall be made before March 15 or within thirty (30) days from and after receipt by the taxpayer of a notice of valuation increase, whichever is later. The application shall be made upon a form prescribed by the Oklahoma Tax Commission, which shall require the taxpayer to certify as to the amount of gross household income. As used in Section 8C of Article X of the Oklahoma Constitution, "gross household income" shall be as defined in Section 2890 of ~~Title 68 of the Oklahoma Statutes~~ this title. Upon request of the county assessor, the Oklahoma Tax Commission shall assist in verifying the correctness of the amount of the gross income.

B. For persons who have previously qualified for the limitation on the fair cash value of homestead property as provided for in Section 8C of Article X of the Oklahoma Constitution, no annual application shall be required in order to be subject to the limitation. However:

1. Any such person whose gross household income in any calendar year exceeds Twenty-five Thousand Dollars (\$25,000.00) shall notify the county assessor and the limitation shall not be allowed for the applicable year; and

2. Any such person who makes improvements to the property shall notify the county assessor and the improvements shall be assessed in accordance with law by the county assessor and added to the assessed

value of the property as provided in Section 8C of Article X of the Oklahoma Constitution.

C. Any executor or administrator of an estate within which is included a homestead property subject to the limitation of the fair cash value of homestead property as provided for in Section 8C of Article X of the Oklahoma Constitution shall notify the county assessor of the change in status of the homestead property if such property is not the homestead of a person who would be eligible for the limitation of the fair cash value of homestead property.

SECTION 29. AMENDATORY 68 O.S. 1991, Section 2892, as last amended by Section 11, Chapter 405, O.S.L. 1998 (68 O.S. Supp. 1999, Section 2892), is amended to read as follows:

Section 2892. A. To receive a homestead exemption, a taxpayer shall be required to file an application with the county assessor. Such application may be filed at any time; ~~provided.~~ However, the county assessor shall, if such applicant otherwise qualifies, grant a homestead exemption for a tax year only if the application is filed on or before March 15 of such year. ~~If~~ Except as provided in this subsection, if an application for a homestead exemption is filed after March 15, the county assessor shall, if such applicant otherwise qualifies, grant the homestead exemption beginning with the following tax year. For any owner of real property who is eligible to claim the income tax credit pursuant to Section 2357.29 of this title, or for any owner of real property whose primary residence was damaged or destroyed in the May 3, 1999, tornado and who purchased or built a new primary residence at a location within this state other than the location of the damaged or destroyed residence, the application for a homestead exemption may be filed after March 15, 2000, but no later than June 1, 2000, and the homestead exemption shall be granted for such year.

B. Any taxpayer who has been granted a homestead exemption and who continues to occupy such homestead property as a homestead, shall not be required to reapply for such homestead exemption.

C. Once granted, the homestead exemption shall remain in full force and effect for each succeeding year, so long as:

1. The record of actual property ownership is vested in the taxpayer;

2. The instrument of ownership is on record in the county clerk's office;

3. The owner-taxpayer is in all other respects entitled by law to the homestead exemption; and

4. The taxpayer has no delinquent accounts appearing on the personal property tax lien docket in the county treasurer's office. On October 1st of each year, the county treasurer will provide a copy of the personal property tax lien docket to the county assessor. Based upon the personal property tax lien docket, the county assessor shall act to cancel the homestead exemption of all property owners having delinquent personal property taxes. Such cancellation of the homestead exemption will become effective January 1 of the following year and will remain in effect for at least one (1) calendar year; however, such cancellation will not become effective January 1 of the following year if the taxpayer pays such delinquent personal property taxes prior to January 1. Cancellation of the homestead exemption will require the county assessor to notify each taxpayer no later than January 1 of the next calendar year whose homestead is canceled and will require the taxpayer to refile an application for homestead exemption by those dates so indicated in this section and the payment of all delinquent personal property taxes before the homestead can be reinstated.

D. Any purchaser or new owner of real property must file an application for homestead exemption as herein provided.

E. The application for homestead exemption shall be filed with the county assessor of the county in which the homestead is located. A taxpayer applying for homestead exemption shall not be required to appear before the county assessor in person to submit such application.

F. The property owner shall sign and swear to the truthfulness and correctness of the application's contents. If the property owner is a minor or incompetent, the legal guardian shall sign and swear to the contents of the application.

G. The county assessor and duly appointed deputies are authorized and empowered to administer the required oaths.

H. The taxpayer shall notify the county assessor following any change in the use of property with homestead exemption thereon. The notice of change in homestead exemption status of property shall be in writing and may be filed with the county assessor at any time on or before March 15 of the next following year after which such change occurs. The filing of a deed or other instrument evidencing a change of ownership or use shall constitute sufficient notice to the county assessor.

I. Any single person of legal age, married couple and their minor child or children, or the minor child or children of a deceased person, whether residing together or separated, or surviving spouse shall be allowed under this Code only one homestead exemption in the State of Oklahoma.

J. Any property owner who fails to give notice of change to the county assessor and permits the allowance of homestead exemption for any succeeding year where such homestead exemption is unlawful and improper shall owe the county treasurer:

1. An amount equal to twice the amount of the taxes lawfully due but not paid by reason of such unlawful and improper allowance of homestead exemption; and

2. The interest and penalty on such total sum as provided by statutes on delinquent ad valorem taxes. There shall be a lien on the property while such taxes are unpaid, but not for a period longer than that provided by statute for other ad valorem tax liens.

K. Any person who has intentionally or knowingly permitted the unlawful and improper allowance of homestead exemption shall forfeit the right to a homestead exemption on any property in this state for the two (2) succeeding years.

SECTION 30. REPEALER Sections 3 and 4 of Enrolled Senate Bill No. 857 of the 2nd Session of the 47th Oklahoma Legislature, are hereby repealed.

SECTION 31. REPEALER 68 O.S. 1991, Sections 2385.8 and 2385.12, are hereby repealed.

SECTION 32. Sections 1 through 26, 28 and 31 of this act shall become effective July 1, 2000.

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.