

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL 703

By: Monson

COMMITTEE SUBSTITUTE

[revenue and taxation - Simplified Sales and Use Tax
Administration Act - Streamlined Sales and Use Tax
Agreement - codification - effective date -
emergency]

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.14 of Title 68, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 10 of this act shall be known and may be cited as the "Simplified Sales and Use Tax Administration Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.15 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Agreement" means the Streamlined Sales and Use Tax Agreement;

2. "Certified automated system" means software certified jointly by the states that are signatories to the Agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction;

3. "Certified service provider" means an agent certified jointly by the states that are signatories to the Agreement to perform all of the seller's sales tax functions;

4. "Commission" or "Tax Commission" means the Oklahoma Tax Commission;

5. "Person" means an individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation, or any other legal entity;

6. "Sales tax" means a tax levied by the state, by a county or by another entity under Section 1350 et seq. of Title 68 of the Oklahoma Statutes or a sales tax levied by a municipality under Section 2701 of Title 68 of the Oklahoma Statutes;

7. "Seller" means any person making sales, leases or rentals of personal property or services;

8. "State" means any state of the United States and the District of Columbia; and

9. "Use tax" means a tax levied under Section 1401 et seq. of Title 68 of the Oklahoma Statutes or a use tax levied by a county, municipality or other entity as provided by law.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.16 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Legislature finds that a simplified sales and use tax system will reduce and, over time, eliminate the burden and cost for all vendors to collect sales and use taxes levied by this state and its political subdivisions. The Legislature further finds that this state should participate in multistate discussions to review or amend the terms of the Agreement to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance for all sellers and for all types of commerce.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.17 of Title 68, unless there is created a duplication in numbering, reads as follows:

For the purposes of reviewing or amending the Agreement embodying the simplification requirements as contained in Section 7

of this act, the state shall enter into multistate discussions. For purposes of such discussions, the state shall be represented by one person appointed by the President Pro Tempore of the Senate, one person appointed by the Speaker of the House of Representatives, one person appointed by the Governor and one person appointed by the Oklahoma Tax Commission.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.18 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Tax Commission is authorized and directed to enter into the Streamlined Sales and Use Tax Agreement with one or more states to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance for all sellers and for all types of commerce. In furtherance of the Agreement, the Tax Commission is authorized to act jointly with other states that are members of the Agreement to establish standards for certification of a certified service provider and certified automated system and establish performance standards for multistate sellers.

The Tax Commission is further authorized to take other actions reasonably required to implement the provisions set forth in this act, including, but not limited to, the promulgation of rules and the joint procurement, with other member states, of goods and services in furtherance of the cooperative agreement.

The Tax Commission or the Tax Commission's designee is authorized to represent this state before the other states that are signatories to the Agreement.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.19 of Title 68, unless there is created a duplication in numbering, reads as follows:

No provision of the Agreement authorized by this act in whole or part invalidates or amends any provision of the law of this state.

Adoption of the Agreement by this state does not amend or modify any law of this state. Implementation of any condition of the Agreement in this state, whether adopted before, at, or after membership of this state in the Agreement, must be by the action of this state.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.20 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Tax Commission shall not enter into the Streamlined Sales and Use Tax Agreement unless the Agreement requires each state to abide by the following requirements:

1. Simplified State Rate. The Agreement must set restrictions to limit over time the number of state rates;

2. Uniform Standards. The Agreement must establish uniform standards for the following:

- a. the sourcing of transactions to taxing jurisdictions,
- b. the administration of exempt sales, and
- c. sales and use tax returns and remittances;

3. Central Registration. The Agreement must provide a central, electronic registration system that allows a seller to register to collect and remit sales and use taxes for all signatory states;

4. No Nexus Attribution. The Agreement must provide that registration with the central registration system and the collection of sales and use taxes in the signatory states will not be used as a factor in determining whether the seller has nexus with a state for any tax;

5. Local Sales and Use Taxes. The Agreement must provide for reduction of the burdens of complying with local sales and use taxes through the following:

- a. restricting variances between the state and local tax bases,
- b. requiring states to administer any sales and use taxes levied by local jurisdictions within the state so that

sellers collecting and remitting these taxes will not have to register or file returns with, remit funds to, or be subject to independent audits from local taxing jurisdictions,

- c. restricting the frequency of changes in the local sales and use tax rates and setting effective dates for the application of local jurisdictional boundary changes to local sales and use taxes, and
- d. providing notice of changes in local sales and use tax rates and of changes in the boundaries of local taxing jurisdictions;

6. Monetary Allowances. The Agreement must outline any monetary allowances that are to be provided by the states to sellers or certified service providers. The Agreement must allow for a joint public and private sector study of the compliance cost on sellers and certified service providers to collect sales and use taxes for state and local governments under various levels of complexity to be completed by July 1, 2002;

7. State Compliance. The Agreement must require each state to certify compliance with the terms of the Agreement prior to joining and to maintain compliance, under the laws of the member state, with all provisions of the Agreement while a member;

8. Consumer Privacy. The Agreement must require each state to adopt a uniform policy for certified service providers that protects the privacy of consumers and maintains the confidentiality of tax information; and

9. Advisory Councils. The Agreement must provide for the appointment of an advisory council of private sector representatives and an advisory council of non-member state representatives to consult with in the administration of the Agreement.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.21 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Agreement authorized by this act is an accord among individual cooperating sovereigns in furtherance of their governmental functions. The Agreement provides a mechanism among the member states to establish and maintain a cooperative, simplified system for the application and administration of sales and use taxes under the duly adopted law of each member state.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.22 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Agreement authorized by this act binds and inures only to the benefit of this state and the other member states. No person, other than a member state, is an intended beneficiary of the Agreement. Any benefit to a person other than a state is established by the law of this state and the other member states and not by the terms of the Agreement.

B. Consistent with subsection A of this section, no person shall have any cause of action or defense under the Agreement or by virtue of this state's approval of the Agreement. No person may challenge, in any action brought under any provision of law, any action or inaction by any department, agency, or other instrumentality of this state, or any political subdivision of this state on the ground that the action or inaction is inconsistent with the Agreement.

C. No law of this state, or the application thereof, may be declared invalid as to any person or circumstance on the ground that the provision or application is inconsistent with the Agreement.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.23 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. A certified service provider is the agent of a seller, with whom the certified service provider has contracted, for the collection and remittance of sales and use taxes. As the seller's agent, the certified service provider is liable for sales and use tax due each member state on all sales transactions it processes for the seller except as set out in this section.

A seller that contracts with a certified service provider is not liable to the state for sales or use tax due on transactions processed by the certified service provider unless the seller misrepresented the type of items it sells or committed fraud. In the absence of probable cause to believe that the seller has committed fraud or made a material misrepresentation, the seller is not subject to audit on the transactions processed by the certified service provider. A seller is subject to audit for transactions not processed by the certified service provider. The member states acting jointly may perform a system check of the seller and review the seller's procedures to determine if the certified service provider's system is functioning properly and the extent to which the seller's transactions are being processed by the certified service provider.

B. A person that provides a certified automated system is responsible for the proper functioning of that system and is liable to the state for underpayments of tax attributable to errors in the functioning of the certified automated system. A seller that uses a certified automated system remains responsible and is liable to the state for reporting and remitting tax.

C. A seller that has a proprietary system for determining the amount of tax due on transactions and has signed an agreement establishing a performance standard for that system is liable for the failure of the system to meet the performance standard.

SECTION 11. AMENDATORY 68 O.S. 1991, Section 1352, as last amended by Section 3, Chapter 301, O.S.L. 1998 (68 O.S. Supp. 2000, Section 1352), is amended to read as follows:

Section 1352. As used in the Oklahoma Sales Tax Code:

1. "Business" means any activity engaged in or caused to be engaged in by any person with the object of gain, benefit, or advantage, either direct or indirect;

2. "Commission" or "Tax Commission" means the Oklahoma Tax Commission;

3. "Consumer" or "user" means a person to whom a taxable sale of tangible personal property is made or to whom a taxable service is furnished. "Consumer" or "user" includes all contractors to whom a taxable sale of materials, supplies, equipment, or other tangible personal property is made or to whom a taxable service is furnished to be used or consumed in the performance of any contract;

4. "Contractor" means any person who performs any improvement upon real property and who, as a necessary and incidental part of performing such improvement, incorporates tangible personal property belonging to or purchased by the person into the real property being improved;

5. "Established place of business" means the location at which any person regularly engages in, conducts, or operates a business in a continuous manner for any length of time, that is open to the public during the hours customary to such business, in which a stock of merchandise for resale is maintained, and which is not exempted by law from attachment, execution, or other species of forced sale barring any satisfaction of any delinquent tax liability accrued under the Oklahoma Sales Tax Code;

6. "Fair authority" means:

- a. any county, municipality, school district, public trust or any other political subdivision of this state, or

- b. any not-for-profit corporation acting pursuant to an agency, operating or management agreement which has been approved or authorized by the governing body of any of the entities specified in subparagraph a of this paragraph which conduct, operate or produce a fair commonly understood to be a county, district or state fair;

7. "Gross receipts" or "gross proceeds" means the total amount of consideration for the sale of any tangible personal property or service taxable under the Oklahoma Sales Tax Code, whether the consideration is in money or otherwise. "Gross receipts" or "gross proceeds" shall include, but not be limited to:

- a. cash paid,
- b. any amount for which payment is charged, deferred, or otherwise to be made in the future, regardless of the time or manner of payment,
- c. any amount for which credit or a discount is allowed by the vendor,
- d. any amount of deposit paid for transfer of possession, and
- e. any value of a trade-in or other property accepted by the vendor as consideration, except for used or trade-in parts excluding tires or batteries for a motor vehicle, bus, motorcycle, truck-tractor, trailer, semitrailer or implement of husbandry, as defined in Sections 1-105, 1-125, 1-134, 1-135, 1-162, 1-180 and 1-183 of Title 47 of the Oklahoma Statutes, if the used or trade-in parts are taken in trade as exchange on the sale of new or rebuilt parts.

There shall not be any deduction from the gross receipts or gross proceeds on account of cost of the property sold, labor service performed, interest paid, or losses, or of any expenses

whatsoever, whether or not the tangible personal property sold was produced, constructed, fabricated, processed, or otherwise assembled for or at the request of the consumer as part of the sale;

8. "Maintaining a place of business in this state" means and includes having or maintaining in this state, directly or by subsidiary, an office, distribution house, sales house, warehouse, or other physical place of business, or having agents operating in this state, whether the place of business or agent is within this state temporarily or permanently or whether the person or subsidiary is authorized to do business within this state;

9. "Manufacturing" means and includes the activity of converting or conditioning tangible personal property by changing the form, composition, or quality of character of some existing material or materials, by procedures commonly regarded as manufacturing, compounding, processing or assembling, into a material or materials with a different form or use. "Manufacturing" does not include extractive industrial activities such as mining, quarrying, logging, and drilling for oil, gas and water, but may include processes subsequent to extraction if such processes result in a change of the form or use of the material extracted;

10. "Manufacturing operation" means the designing, manufacturing, compounding, processing, assembling, warehousing, or preparing of articles for sale as tangible personal property. A manufacturing operation begins at the point where the materials enter the manufacturing site and ends at the point where a finished product leaves the manufacturing site. "Manufacturing operation" does not include administration, sales, distribution, transportation, site construction, or site maintenance;

11. "Manufacturing site" means a location where a manufacturing operation is conducted, including a location consisting of one or more buildings or structures in an area owned, leased, or controlled by a manufacturer;

12. "Person" means any individual, company, partnership, joint venture, joint agreement, association, mutual or otherwise, limited liability company, corporation, estate, trust, business trust, receiver or trustee appointed by any state or federal court or otherwise, syndicate, this state, any county, city, municipality, school district, any other political subdivision of the state, or any group or combination acting as a unit, in the plural or singular number;

13. ~~"Point of sale" means, for purposes of administration of any municipal or county sales tax levied in this state, the physical location at which a sale of tangible personal property or services taxable under the Oklahoma Sales Tax Code is made in the course of the vendor's business, to be determined by one of the following:~~

- ~~a. if the consumer identifies tangible personal property or services and pays the sale price, in cash or otherwise, at a place of business maintained by the vendor, the point of sale shall be the location of such place of business, regardless of the place of delivery,~~
- ~~b. if a consumer, from a location outside the jurisdiction in which the vendor is engaged in business, orders or requests, by mail or telephonic or telegraphic device, to buy tangible personal property or services, the point of sale shall be the place of delivery, regardless of the manner of transportation,~~
- ~~c. if the sale is made through solicitation at a place other than the place of business of the vendor, either by an employee, representative, or any other agent of the vendor, the point of sale shall be the place where the solicited offer to buy was accepted or approved by the vendor if the consumer does not have a right to accept or reject delivery,~~

- ~~d. if the sale is made through solicitation at a place other than the place of business of the vendor, either by an employee, representative, or any other agent of the vendor, and the consumer has a right to accept or reject delivery, the point of sale shall be the place of delivery, or~~
- ~~e. if the sale is of motor fuel or diesel fuel by a Group Five vendor, the point of sale shall be the location in the state at which the Group Five vendor withdrew the motor fuel or diesel fuel from the primary fuel storage facility of such vendor;~~

~~14.~~ "Repairman" means any person who performs any repair service upon tangible personal property of the consumer, whether or not the repairman, as a necessary and incidental part of performing the service, incorporates tangible personal property belonging to or purchased by the repairman into the tangible personal property being repaired;

~~15.~~ 14. "Sale" means the transfer of either title or possession of tangible personal property for a valuable consideration regardless of the manner, method, instrumentality, or device by which the transfer is accomplished in this state, or other transactions as provided by this paragraph, including but not limited to:

- a. the exchange, barter, lease, or rental of tangible personal property resulting in the transfer of the title to or possession of the property,
- b. the disposition for consumption or use in any business or by any person of all goods, wares, merchandise, or property which has been purchased for resale, manufacturing, or further processing,
- c. the sale, gift, exchange, or other disposition of admission, dues, or fees to clubs, places of

amusement, or recreational or athletic events or for the privilege of having access to or the use of amusement, recreational, athletic or entertainment facilities,

- d. the furnishing or rendering of services taxable under the Oklahoma Sales Tax Code, and
- e. any use of motor fuel or diesel fuel by a supplier, as defined in Section 500.3 of this title, upon which sales tax has not previously been paid, for purposes other than to propel motor vehicles over the public highways of this state. Motor fuel or diesel fuel purchased outside the state and used for purposes other than to propel motor vehicles over the public highways of this state shall not constitute a sale within the meaning of this paragraph;

~~16.~~ 15. "Sale for resale" means:

- a. a sale of tangible personal property to any purchaser who is purchasing tangible personal property for the purpose of reselling it within the geographical limits of the United States of America or its territories or possessions, in the normal course of business either in the form or condition in which it is purchased or as an attachment to or integral part of other tangible personal property,
- b. a sale of tangible personal property to a purchaser for the sole purpose of the renting or leasing, within the geographical limits of the United States of America or its territories or possessions, of the tangible personal property to another person by the purchaser, but not if incidental to the renting or leasing of real estate, or

c. a sale of tangible goods and products within this state if, simultaneously with the sale, the vendor issues an export bill of lading, or other documentation that the point of delivery of such goods for use and consumption is in a foreign country and not within the territorial confines of the United States;

~~17.~~ 16. "Tangible personal property" means personal property which may be seen, weighed, measured, felt, or touched or which is in any other manner perceptible to the senses;

~~18.~~ 17. "Taxpayer" means any person liable to pay a tax imposed by the Oklahoma Sales Tax Code;

~~19.~~ 18. "Tax period" or "taxable period" means the calendar period or the taxpayer's fiscal period for which a taxpayer has obtained a permit from the Tax Commission to use a fiscal period in lieu of a calendar period;

~~20.~~ 19. "Tax remitter" means any person required to collect, report, or remit the tax imposed by the Oklahoma Sales Tax Code. A tax remitter who fails, for any reason, to collect, report, or remit the tax shall be considered a taxpayer for purposes of assessment, collection, and enforcement of the tax imposed by the Oklahoma Sales Tax Code; and

~~21.~~ 20. "Vendor" means:

- a. any person making sales of tangible personal property or services in this state, the gross receipts or gross proceeds from which are taxed by the Oklahoma Sales Tax Code,
- b. any person maintaining a place of business in this state and making sales of tangible personal property or services, whether at the place of business or elsewhere, to persons within this state, the gross

receipts or gross proceeds from which are taxed by the Oklahoma Sales Tax Code,

- c. any person who solicits business by employees, independent contractors, agents, or other representatives or by distribution of catalogs or other advertising matter, and thereby makes sales to persons within this state of tangible personal property or services, the gross receipts or gross proceeds from which are taxed by the Oklahoma Sales Tax Code, or
- d. any person, pursuant to an agreement with the person with an ownership interest in or title to tangible personal property, who has been entrusted with the possession of any such property and has the power to designate who is to obtain title, to physically transfer possession of, or otherwise make sales of the property.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.24 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. In an effort to lessen the difficulties faced by vendors when there is a change in a state sales or use tax rate or base, the Legislature will make reasonable effort to do all of the following:

1. Through the Oklahoma Tax Commission, provide vendors with as much advance notice as practicable of a rate change;
2. Limit the effective date of a rate change to the first day of a calendar quarter; and
3. Through the Tax Commission, notify vendors of legislative changes in the tax base and amendments to sales and use tax rules.

Failure of a vendor to receive notice or failure of the Tax Commission to provide notice or limit the effective date of a rate

change shall not relieve the vendor of the obligation to collect sales or use taxes.

B. The effective date of rate changes for services covering a period starting before and ending after the statutory effective date shall be as follows:

1. For a rate increase, the new rate shall apply to the first billing period starting on or after the effective date; and

2. For a rate decrease, the new rate shall apply to bills rendered on or after the effective date.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1354.25 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Vendors shall source the sale, including the lease or rental, of products taxable under Section 1350 et seq. of Title 68 of the Oklahoma Statutes in accordance with the provisions of this section. These provisions apply regardless of the characterization of a product as tangible personal property, a digital good or a service, excluding telecommunications. These provisions only apply to determine a seller's obligation to pay or collect and remit a sales or use tax with respect to the seller's sale of a product. These provisions do not affect the obligation of a seller as purchaser to remit tax on the use of the product to the taxing jurisdictions of that use. Vendors shall source such sales as follows:

1. When the product is received by the purchaser at a business location of the seller, the sale is sourced to that business location;

2. When the product is not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser, or the purchaser's donee, designated as such by the purchaser, occurs, including the location indicated

by instructions for delivery to the purchaser or donee, known to the seller;

3. When the provisions of paragraphs 1 and 2 of this subsection do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

4. When the provisions of paragraphs 1, 2 and 3 of this subsection do not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and

5. When none of the previous rules of paragraphs 1 through 4 of this subsection apply, including the circumstance where the seller is without sufficient information to apply the previous rules, then the location will be determined by the address from which tangible personal property was shipped, from which the digital good was first available for transmission by the seller, or from which the service was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold.

B. 1. Notwithstanding the previously stated rules, a business purchaser that is not a holder of a direct payment permit that knows at the time of its purchase of a digital good or a service that the digital good or service will be concurrently available for use in more than one jurisdiction shall deliver to the seller in conjunction with its purchase a form disclosing this fact, to be known as a "Multiple Points of Use or MPU" Exemption Form.

2. Upon receipt of the MPU Exemption Form, the seller is relieved of all obligation to collect, pay, or remit the applicable

tax and the purchaser shall be obligated to collect, pay, or remit the applicable tax on a direct pay basis.

3. A purchaser delivering the MPU Exemption Form may use any reasonable, but consistent and uniform, method of apportionment that is supported by the purchaser's business records as they exist at the time of the consummation of the sale.

4. The MPU Exemption Form will remain in effect for all future sales by the seller to the purchaser, except as to the subsequent sale's specific apportionment that is governed by the principle of paragraph 3 of this subsection and the facts existing at the time of the sale until it is revoked in writing.

5. A holder of a direct payment permit shall not be required to deliver an MPU Exemption Form to the seller. A direct payment permit holder shall follow the provisions of paragraph 3 of this subsection in apportioning the tax due on a digital good or a service that will be concurrently available for use in more than one jurisdiction.

C. As used in this section, the terms "receive" and "receipt" mean:

1. Taking possession of tangible personal property;
2. Making first use of services; or
3. Taking possession or making first use of digital goods,

whichever comes first.

The terms "receive" and "receipt" do not include possession by a shipping company on behalf of the purchaser.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1364.2 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Notwithstanding the provisions of Section 1364 of Title 68 of the Oklahoma Statutes, a vendor that registers under the Streamlined Sales and Use Tax Agreement shall be registered to do business in this state. Provided, registration under the Agreement

shall not relieve a vendor of any obligation imposed by the provisions of Title 18 of the Oklahoma Statutes. No permit fee shall be charged a vendor that is registered pursuant to the Agreement.

B. Registration with this state under the Agreement will not be used as a factor in determining whether the vendor has nexus with this state for any tax.

C. Amnesty for uncollected or unpaid sales or use tax is granted to a vendor who registers to pay or to collect and remit applicable sales or use tax on sales made to purchasers in this state in accordance with the terms of the Agreement, provided that the vendor was not so registered in this state in the twelve-month period preceding the commencement of this state's participation in the Agreement.

D. The amnesty will preclude assessment for uncollected or unpaid sales or use tax together with penalty or interest for sales made during the period the vendor was not registered in this state, provided registration occurs within twelve months of the effective date of this state's participation in the Agreement.

E. The amnesty is not available to a vendor with respect to any matter or matters for which the vendor received notice of the commencement of an audit and which audit is not yet finally resolved including any related administrative and judicial processes.

F. The amnesty is not available for sales or use taxes already paid or remitted to the state or to taxes collected by the vendor.

G. The amnesty is fully effective absent the vendor's fraud or intentional misrepresentation of a material fact as long as the vendor continues registration and continues payment or collection and remittance of applicable sales or use taxes for a period of at least thirty-six (36) months. The statute of limitations applicable to asserting a tax liability is tolled during this thirty-six-month period.

H. The amnesty is applicable only to sales or use taxes due from a vendor in its capacity as a vendor and not to sales or use taxes due from a vendor in its capacity as a purchaser.

SECTION 15. AMENDATORY 68 O.S. 1991, Section 1365, as last amended by Section 1, Chapter 420, O.S.L. 2000 (68 O.S. Supp. 2000, 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 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. Effective July 1, 2003, the tax reports shall be filed on or before the twentieth day of the 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 fifteenth of such month, the tax shall be delinquent from such date. Effective July 1, 2003, the tax shall be delinquent if not paid on or before the twentieth day of the month. 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. Effective March 1, 2001, every person owing an average of One Hundred Thousand Dollars (\$100,000.00) or more per month in total sales taxes in the previous fiscal year shall remit the tax due and shall participate in the Tax Commission's electronic data interchange program, according to the following schedule:

1. For sales from the first day through the fifteenth day of each month, the tax shall be due and payable on the twentieth day of such month; and

2. For sales from the sixteenth day through the end of each month, the tax shall be due and payable on the tenth day of the following month.

For such persons participating in the Tax Commission's electronic funds transfer program, the reports and payments shall be due and payable five (5) calendar days after the due dates specified in this subsection.

Taxes not paid on or before the due dates specified in this subsection shall be delinquent from such dates.

C. Effective July 1, 2001, every person owing an average of One Hundred Thousand Dollars (\$100,000.00) or more per month in total sales taxes in the previous fiscal year shall remit the tax due and shall participate in the Tax Commission's electronic funds transfer and electronic data interchange program, according to the following schedule:

1. For sales from the first day through the fifteenth day of each month, the tax shall be due and payable on the fifteenth day of such month and remitted to the Tax Commission by electronic funds transfer. A taxpayer will be considered to have complied with the requirements of this paragraph if, on or before the fifteenth day of such month, the taxpayer paid ninety percent (90%) of the liability for that fifteen-day period or fifty percent (50%) of the taxpayer's

liability in the immediate preceding calendar year for the same month as the month in which the fifteen-day period occurs; and

2. For sales from the sixteenth day through the end of each month, the tax shall be due and payable on the fifteenth day of the following month and remitted to the Tax Commission by electronic funds transfer.

Every person required to remit the tax due pursuant to this subsection shall file its monthly sales tax report in accordance with the Tax Commission's electronic data interchange program on the fifteenth day of the month following the month the sales occurred.

Taxes not paid on or before the due dates specified in this subsection shall be delinquent from such dates.

D. Effective July 1, 2003, every person owing an average of One Hundred Thousand Dollars (\$100,000.00) or more per month in total sales taxes in the previous fiscal year shall remit the tax due and shall participate in the Tax Commission's electronic funds transfer and electronic data interchange program, according to the following schedule:

1. For sales from the first day through the fifteenth day of each month, the tax shall be due and payable on the twentieth day of such month and remitted to the Tax Commission by electronic funds transfer. A taxpayer will be considered to have complied with the requirements of this paragraph if, on or before the twentieth day of such month, the taxpayer paid ninety percent (90%) of the liability for that fifteen-day period or fifty percent (50%) of the taxpayer's liability in the immediate preceding calendar year for the same month as the month in which the fifteen-day period occurs; and

2. For sales from the sixteenth day through the end of each month, the tax shall be due and payable on the twentieth day of the following month and remitted to the Tax Commission by electronic funds transfer.

Every person required to remit the tax due pursuant to this subsection shall file its monthly sales tax report in accordance with the Tax Commission's electronic data interchange program on the twentieth day of the month following the month the sales occurred.

Taxes not paid on or before the due dates specified in this subsection shall be delinquent from such dates.

E. 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 fifteenth day of January and July of each year for the preceding six-month period. If not paid on or before the fifteenth day of such month, the tax shall be delinquent.

~~D.~~ F. 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.

~~E.~~ G. 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.

~~F.~~ H. 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 E 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.

I. Notwithstanding the other provisions of this section, a vendor remitting who voluntarily registered with the state under the Streamlined Sales and Use Tax Agreement may report and remit the taxes collected on an annual basis. Provided, vendors must report and remit in the month following any month in which they have accumulated state and local tax collections of One Thousand Dollars (\$1,000.00) or more.

SECTION 16. AMENDATORY 68 O.S. 1991, Section 1370, as last amended by Section 9, Chapter 301, O.S.L. 1998 (68 O.S. Supp. 2000, Section 1370), is amended to read as follows:

Section 1370. A. Any county of this state may levy a sales tax of not to exceed two percent (2%) upon the gross proceeds or gross receipts derived from all sales or services in the county upon which a consumer's sales tax is levied by this state. Before a sales tax may be levied by the county, the imposition of the tax shall first be approved by a majority of the registered voters of the county voting thereon at a special election called by the board of county commissioners or by initiative petition signed by not less than five percent (5%) of the registered voters of the county who were registered at the time of the last general election. However, if a majority of the registered voters of a county voting fail to approve such a tax, the board of county commissioners shall not call another special election for such purpose for six (6) months. Any sales tax approved by the registered voters of a county shall be applicable only when the point of sale is within the territorial limits of such county as determined pursuant to the provisions of Sections 13 and 19 of this act.

B. Any sales tax levied or any change in the rate of a sales tax levied pursuant to the provisions of this section shall become effective on the first day of the calendar quarter following approval by the voters of the county unless another effective date, which shall also be on the first day of a calendar quarter, is specified in the ordinance or resolution levying the sales tax or changing the rate of sales tax.

~~B.~~ C. Provided, no rate change shall be effective unless notice has been given to vendors at least sixty (60) days prior to the effective date. Rate changes for purchases from printed catalogs wherein the purchaser computed the tax based upon local tax rates published in the catalog shall be effective only after a minimum of one hundred twenty (120) days' notice to applicable vendors.

D. All items that are exempt from the state sales tax shall be exempt from any sales tax levied by a county.

~~C.~~ E. Any sales tax which may be levied by a county shall be designated for a particular purpose. Such purposes may include, but are not limited to, economic development, general operations, capital improvements, county roads, weather modification or any other purpose deemed, by a majority vote of the county commissioners, to be necessary to promote safety, security and the general well being of the people. The county shall identify the purpose of the sales tax when it is presented to the voters pursuant to the provisions of subsection A of this section. The proceeds of any sales tax levied by a county shall be deposited in the general revenue or sales tax revolving fund of the county and shall be used only for the purpose for which such sales tax was designated. If the proceeds of any sales tax levied by a county pursuant to this section are pledged for the purpose of retiring indebtedness incurred for the specific purpose for which the sales tax is imposed, the sales tax shall not be repealed until such time as the indebtedness is retired. However, in no event shall the life of the

tax be extended beyond the duration approved by the voters of the county.

~~D.~~ F. The life of the tax could be limited or unlimited in duration. The county shall identify the duration of the tax when it is presented to the voters pursuant to the provisions of subsection A of this section.

~~E.~~ G. There are hereby created one or more county sales tax revolving funds in each county which levies a sales tax under this section if any or all of the proceeds of such tax are not to be deposited in the general revenue fund of the county. Each such revolving fund shall be designated for a particular purpose and shall consist of all monies generated by such sales tax which are designated for such purpose. Monies in such funds shall only be expended for the purposes specifically designated as required by this section. A county sales tax revolving fund shall be a continuing fund, not subject to fiscal year limitations.

SECTION 17. AMENDATORY Section 1, Chapter 332, O.S.L. 1995 (68 O.S. Supp. 2000, Section 1370.7), is amended to read as follows:

Section 1370.7 A. Any combination of cities, towns and counties, by resolution of their governing boards, may jointly create a transportation authority pursuant to the provisions of Section 176 of Title 60 of the Oklahoma Statutes for the purpose of planning, financing and constructing transportation-related projects located within the boundaries of such cities, towns or counties. An authority created pursuant to the provisions of this subsection shall have the powers granted pursuant to the provisions of Section 176 of Title 60 of the Oklahoma Statutes in addition to the powers granted pursuant to the provisions of this section. The combination of cities, towns and counties creating the authority shall be designated the beneficiary of the authority. The boundaries of the

authority shall be coterminous with the boundaries of the cities, towns or counties creating the authority.

B. Any transportation authority created pursuant to the provisions of subsection A of this section may levy a sales tax of not to exceed two percent (2%) upon the gross proceeds or gross receipts derived from all sales or services in the cities, towns and counties comprising the authority upon which a consumer's sales tax is levied by this state. Before a sales tax may be levied by the authority, the imposition of the tax shall first be approved by a majority of the registered voters within the boundaries of each of the cities, towns and counties comprising the authority voting thereon at a special election jointly called by the governing boards of the cities, towns and counties comprising the authority. Provided, if a majority of the registered voters of an authority voting fail to approve such a tax, the governing boards of such cities, towns and counties shall not jointly call another special election for such purpose for at least six (6) months. Any sales tax approved by the registered voters of an authority shall be applicable only when the point of sale is within the boundaries or limits of the authority as determined pursuant to the provisions of Sections 13 and 19 of this act.

C. Any sales tax levied or any change in the rate of a sales tax levied pursuant to the provisions of this section shall become effective on the first day of the calendar quarter following approval by the voters within the authority unless another effective date, which shall also be on the first day of a calendar quarter, is specified in the ordinance or resolution levying the sales tax or changing the rate of sales tax.

D. Provided, no rate change shall be effective unless notice has been given to vendors at least sixty (60) days prior to the effective date. Rate changes for purchases from printed catalogs wherein the purchaser computed the tax based upon local tax rates

published in the catalog shall be effective only after a minimum of one hundred twenty (120) days' notice to applicable vendors.

E. All items that are exempt from the state sales tax shall be exempt from any sales tax levied pursuant to the provisions of this section.

~~D.~~ F. Any sales tax which may be levied pursuant to the provisions of this section shall be designated for the purposes of planning, financing and constructing transportation-related projects within the boundaries of the authority. The authority shall identify the purpose of the sales tax when it is presented to the voters pursuant to the provisions of this section. The proceeds of any sales tax levied by an authority shall be used only for the purposes for which the sales tax was designated.

~~E.~~ G. The authority shall identify the duration of the tax when it is presented to the voters pursuant to the provisions of this section.

~~F.~~ H. An authority created pursuant to the provisions of subsection A of this section may utilize the provisions of the Local Development Act, Section 850 et seq. of Title 62 of the Oklahoma Statutes, as it relates to the financing of such transportation-related projects.

~~G.~~ I. An authority created pursuant to the provisions of subsection A of this section shall be dissolved:

1. At such time as the planning, financing and constructing of the transportation-related project within the boundaries of the authority is completed; and

2. At such time as the revenue collected from any taxes levied by the authority is sufficient for payment of any and all expenses incurred by the authority in the planning, financing and constructing of a transportation-related project.

~~H.~~ J. If the proceeds of any tax levied by an authority pursuant to this section are pledged for the purpose of retiring

indebtedness incurred for the specific purpose for which the tax is imposed, the tax shall not be repealed until such time as the indebtedness is retired. In no event shall the life of the tax be extended beyond the duration approved by the voters of the authority.

~~I.~~ K. If the revenue collected from any taxes levied by the authority exceeds the amount necessary for payment of any and all expenses incurred by the authority in the planning, financing and constructing of transportation-related projects, the excess funds shall be apportioned to the general funds of the cities, towns and counties comprising the authority in proportion to the population of each city, town and county.

SECTION 18. AMENDATORY Section 1, Chapter 86, O.S.L. 1996 (68 O.S. Supp. 2000, Section 1370.8), is amended to read as follows:

Section 1370.8 A. Any combination of cities, towns and counties, by resolution of their governing boards, may jointly create a hospital authority pursuant to the provisions of Section 176 of Title 60 of the Oklahoma Statutes for the purpose of planning, financing and constructing hospitals or related medical facilities located within the boundaries of such cities, towns or counties. An authority created pursuant to the provisions of this subsection shall have the powers granted pursuant to the provisions of Section 176 of Title 60 of the Oklahoma Statutes in addition to the powers granted pursuant to the provisions of this section. The combination of cities, towns and counties creating the authority shall be designated the beneficiary of the authority. The boundaries of the authority shall be coterminous with the boundaries of the cities, towns or counties creating the authority.

B. Any hospital authority created pursuant to the provisions of subsection A of this section may levy a sales tax of not to exceed two percent (2%) upon the gross proceeds or gross receipts derived

from all sales or services in the cities, towns and counties comprising the authority upon which a consumer's sales tax is levied by this state. Before a sales tax may be levied by the authority, the imposition of the tax shall first be approved by a majority of the registered voters within the boundaries of each of the cities, towns and counties comprising the authority voting thereon at a special election jointly called by the governing boards of the cities, towns and counties comprising the authority. Provided, if a majority of the registered voters of an authority voting fail to approve such a tax, the governing boards of such cities, towns and counties shall not jointly call another special election for such purpose for at least six (6) months. Any sales tax approved by the registered voters of an authority shall be applicable only when the point of sale is within the boundaries or limits of the authority as determined pursuant to the provisions of Sections 13 and 19 of this act.

C. Any sales tax levied or any change in the rate of a sales tax levied pursuant to the provisions of this section shall become effective on the first day of the calendar quarter following approval by the voters within the authority unless another effective date, which shall also be on the first day of a calendar quarter, is specified in the ordinance or resolution levying the sales tax or changing the rate of sales tax.

D. Provided, no rate change shall be effective unless notice has been given to vendors at least sixty (60) days prior to the effective date. Rate changes for purchases from printed catalogs wherein the purchaser computed the tax based upon local tax rates published in the catalog shall be effective only after a minimum of one hundred twenty (120) days' notice to applicable vendors.

E. All items that are exempt from the state sales tax shall be exempt from any sales tax levied pursuant to the provisions of this section.

~~D.~~ F. Any sales tax which may be levied pursuant to the provisions of this section shall be designated for the purposes of planning, financing and constructing hospitals or related medical facilities within the boundaries of the authority. The authority shall identify the purpose of the sales tax when it is presented to the voters pursuant to the provisions of this section. The proceeds of any sales tax levied by an authority shall be used only for the purposes for which the sales tax was designated.

~~E.~~ G. The authority shall identify the duration of the tax when it is presented to the voters pursuant to the provisions of this section.

~~F.~~ H. An authority created pursuant to the provisions of subsection A of this section may utilize the provisions of the Local Development Act, Section 850 et seq. of Title 62 of the Oklahoma Statutes, as it relates to the financing of such hospitals or related medical facilities.

~~G.~~ I. An authority created pursuant to the provisions of subsection A of this section shall be dissolved:

1. At such time as the planning, financing and constructing of the hospitals or related medical facilities within the boundaries of the authority is completed; and

2. At such time as the revenue collected from any taxes levied by the authority is sufficient for payment of any and all expenses incurred by the authority in the planning, financing and constructing of a hospital or related medical facility.

~~H.~~ J. If the proceeds of any tax levied by an authority pursuant to this section are pledged for the purpose of retiring indebtedness incurred for the specific purpose for which the tax is imposed, the tax shall not be repealed until such time as the indebtedness is retired. In no event shall the life of the tax be extended beyond the duration approved by the voters of the authority.

~~I.~~ K. If the revenue collected from any taxes levied by the authority exceeds the amount necessary for payment of any and all expenses incurred by the authority in the planning, financing and constructing of hospitals or related medical facilities, the excess funds shall be apportioned to the general funds of the cities, towns and counties comprising the authority in proportion to the population of each city, town and county.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1376 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Tax Commission shall provide and maintain a database that describes boundary changes for all taxing jurisdictions within the state. This database must include a description of the change and the effective date of the change for sales and use tax purposes.

B. The Tax Commission shall provide and maintain a database of all sales and use tax rates for all of the jurisdictions levying taxes within the state. For the identification of states, counties and cities, codes corresponding to the rates must be provided according to Federal Information Processing Standards (FIPS) as developed by the National Institute of Standards and Technology. For the identification of all other jurisdictions, codes corresponding to the rates must be in the format provided under the Streamlined Sales and Use Tax Agreement.

C. Further, the Tax Commission shall provide and maintain a database that assigns each five-digit and nine-digit zip code within the state to the proper tax rates and jurisdictions. If the area includes more than one tax rate in any level of taxing jurisdictions, the vendor shall charge and collect the lowest combined tax rate imposed in the zip code area. If a nine-digit zip code designation is not available for a street address or if a vendor is unable to determine the nine-digit zip code designation of

a purchaser after exercising due diligence to determine the designation, the vendor may apply the rate for the five-digit zip code area. For the purposes of this section, there is a rebuttable presumption that a vendor has exercised due diligence if the vendor has attempted to determine the nine-digit zip code designation by utilizing software approved by the state that makes this designation from the street address and the five-digit zip code of the purchaser.

D. The Tax Commission shall participate with other states in the Streamlined Sales and Use Tax Agreement in the development of an address-based system for assigning taxing jurisdictions. The system must meet the requirements developed pursuant to the federal Mobile Telecommunications Sourcing Act, 4 U.S.C.A. § 119. If the Tax Commission develops an address-based assignment system pursuant to the Mobile Telecommunications Sourcing Act, a vendor may use that system in place of the system provided for in subsection C of this section.

E. The provisions of subsections C and D of this section do not apply when the purchased product is received at the business location of the seller.

F. Vendors and certified service providers are relieved from liability to the state or local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the vendor or service provider relying on erroneous data provided by a state on tax rates, boundaries or taxing jurisdiction assignments. However, if the Tax Commission provides an address-based system for assigning taxing jurisdictions pursuant to subsection D of this section or pursuant to the federal Mobile Telecommunications Sourcing Act, vendors will not be relieved of liability for errors resulting from reliance on the information provided by the State under the provisions of subsection C of this section.

SECTION 20. AMENDATORY 68 O.S. 1991, Section 1405, is amended to read as follows:

Section 1405. The tax levied by this article is due and payable on the first day of each month for the preceding calendar month, and if not paid on or before the ~~15th~~ fifteenth day of each month shall thereafter be delinquent. Effective July 1, 2003, the tax shall be delinquent if not paid on or before the twentieth day of the month. Each taxpayer subject to the provisions of ~~this article~~ Section 1401 et seq. of this title shall, on or before the ~~15th~~ fifteenth day of every calendar month, file with the Tax Commission on forms to be furnished by the Oklahoma Tax Commission, a return verified by affidavit showing in detail the total purchase price of tangible personal property used by ~~him~~ the taxpayer within the state during the preceding calendar month subject to the tax herein levied and such other information as the Tax Commission may require. Effective July 1, 2003, the return shall be required to be filed on or before the twentieth day of every calendar month. With each such return each taxpayer shall remit to the Tax Commission the amount of tax shown therein to be due. 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.

SECTION 21. AMENDATORY 68 O.S. 1991, Section 1411, as amended by Section 12, Chapter 301, O.S.L. 1998 (68 O.S. Supp. 2000, Section 1411), is amended to read as follows:

Section 1411. The board of county commissioners of a county levying a county sales tax or the governing body of a municipality levying a municipal sales tax may levy an additional excise tax, at a rate ~~that does not exceed~~ equal to the county or municipal sales tax rate of such county or municipality, whichever is applicable, on the storage, use or other consumption of tangible personal property used, stored or consumed within the county or municipality. This

authorization to levy and impose a county or municipal use tax shall be in addition to the tax levied by Section 1402 of this title.

Such tax shall be paid by every person storing, using or otherwise consuming, within the county or municipality, tangible personal property purchased or brought into the county or municipality.

The tax levy permitted in this section shall not be levied against tangible personal property intended solely for use outside the county or municipality, but which is stored in the county or municipality pending shipment outside the county or municipality or which is temporarily retained in the county or municipality for the purpose of fabrication, repair, testing, alteration, maintenance or other service.

The additional tax levied pursuant to this section shall be paid at the time of importation or storage of the property within the county or municipality. This tax shall be assessed to only property purchased outside Oklahoma.

Any person liable for payment of the tax authorized pursuant to this section, may deduct from such tax any local, county, or municipal sales tax previously paid on such goods or services. However, the amount deducted shall not exceed the amount that would have been due if the taxes imposed by the county or municipality had been levied on the sale of such goods or services.

SECTION 22. AMENDATORY 68 O.S. 1991, Section 2701, as last amended by Section 14, Chapter 301, O.S.L. 1998 (68 O.S. Supp. 2000, Section 2701), is amended to read as follows:

Section 2701. A. Any incorporated city or town in this state is hereby authorized to assess, levy, and collect taxes for general and special purposes of municipal government as the Legislature may levy and collect for purposes of state government except ad valorem property taxes. Provided:

1. Taxes shall be uniform upon the same class subjects, and any tax, charge, or fee levied upon or measured by income or receipts

from the sale of products or services shall be uniform upon all classes of taxpayers;

2. Motor vehicles may be taxed by the city or town only when such vehicles are primarily used or located in such city or town for a period of time longer than six (6) months of a taxable year;

3. The provisions of this section shall not be construed to authorize imposition of any tax upon persons, firms, or corporations exempted from other taxation under the provisions of Sections 348.1, 624 and 321 of Title 36 of the Oklahoma Statutes, by reason of payment of taxes imposed under such sections;

4. Cooperatives and communications companies are hereby authorized to pass on to their subscribers in the incorporated city or town involved, the amount of any special municipal fee, charge or tax hereafter assessed or levied on or collected from such cooperatives or communications companies;

5. No earnings, payroll or income taxes may be levied on nonresidents of the cities or towns levying such tax;

6. The governing body of any city or town shall be prohibited from proposing taxing ordinances more often than three times in any calendar year, or twice in any six-month period;

7. Any revenues derived from a tax authorized by this subsection not dedicated to a limited purpose shall be deposited in the municipal general fund; and

8. Any taxes collected from a vendor that registers under the Streamlined Sales and Use Tax Agreement may only be collected pursuant to the provisions of Section 2702 of this title.

B. A sales tax authorized in subsection A of this section may be levied for limited purposes specified in the ordinance levying the tax. Such ordinance shall be submitted to the voters for approval as provided in Section 2705 of this title. ~~Any sales tax levied or any change in the rate of a sales tax levied pursuant to the provisions of this section shall become effective on the first~~

~~day of the calendar quarter following approval by the voters of the city or town unless another effective date, which shall also be on the first day of a calendar quarter, is specified in the ordinance levying the sales tax or changing the rate of sales tax.~~ Such ordinance shall describe with specificity the projects or expenditures for which the limited-purpose tax levy would be made. The municipal governing body shall create a limited-purpose fund and deposit therein any revenue generated by any tax levied pursuant to this subsection. Money in the fund shall be accumulated from year to year. The fund shall be placed in an insured interest-bearing account and the interest which accrues on the fund shall be retained in the fund. The fund shall be nonfiscal and shall not be considered in computing any levy when the municipality makes its estimate to the excise board for needed appropriations. Money in the limited-purpose tax fund shall be expended only as accumulated and only for the purposes specifically described in the taxing ordinance as approved by the voters.

C. Any sales tax levied or any change in the rate of a sales tax levied pursuant to the provisions of this section shall become effective on the first day of the calendar quarter following approval by the voters of the city or town unless another effective date, which shall also be on the first day of a calendar quarter, is specified in the ordinance levying the sales tax or changing the rate of sales tax.

D. Provided, no rate change shall be effective unless notice has been given to vendors at least sixty (60) days prior to the effective date. Rate changes for purchases from printed catalogs wherein the purchaser computed the tax based upon local tax rates published in the catalog shall be effective only after a minimum of one hundred twenty (120) days' notice to applicable vendors.

E. If the proceeds of any sales tax levied by a municipality pursuant to subsection B of this section are being used by the

municipality for the purpose of retiring indebtedness incurred by the municipality or by a public trust of which the municipality is a beneficiary for the specific purpose for which the sales tax was imposed, the sales tax shall not be repealed until such time as the indebtedness is retired. However, in no event shall the life of the tax be extended beyond the duration approved by the voters of the municipality. The provisions of this subsection shall apply to all sales tax levies imposed by a municipality and being used by the municipality for the purposes set forth in this subsection prior to or after July 1, 1995.

SECTION 23. Sections 11 through 21 of this act shall become effective on the date that the Oklahoma Tax Commission enters into the Streamlined Sales and Use Tax Agreement pursuant to the provisions of Section 5 of this act.

SECTION 24. 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.

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