

EHB 2362

1 THE STATE SENATE
2 Monday, April 10, 2006

3 ENGROSSED
4 House Bill No. 2362
5 As Amended

6 ENGROSSED HOUSE BILL NO. 2362 - By: BANZ, DANK and TERRILL of the
7 House and ALDRIDGE of the Senate.

8 [revenue and taxation - amending 68 O.S., Section 500.10 -
9 motor fuel taxation - effective date -
10 emergency]

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

12 SECTION 1. AMENDATORY 68 O.S. 2001, Section 500.10, is
13 amended to read as follows:

14 Section 500.10 Subject to the procedural requirements and
15 conditions set out in this section and Sections 500.11 through
16 500.17 of this title, the following are exempt from the tax imposed
17 by Section 500.4 of this title on motor fuel:

18 1. Motor fuel for which proof of export is available in the
19 form of a terminal-issued destination state shipping paper:

20 a. exported by a supplier who is licensed in the
21 destination state, or

22 b. sold by a supplier to a licensed exporter for
23 immediate export;

24 2. Motor fuel which was acquired by an unlicensed exporter and
25 as to which the tax imposed by Section 500.4 of this title has

1 previously been paid or accrued and was subsequently exported by
2 transport truck by or on behalf of the licensed exporter in a
3 diversion across state boundaries properly reported in conformity
4 with Section 500.46 of this title;

5 3. Motor fuel exported out of a bulk plant in this state in a
6 tank wagon if the destination of that vehicle does not exceed
7 twenty-five (25) miles from the border of this state and as to which
8 the tax imposed by Section 500.4 of this title has previously been
9 paid or accrued, subject to gallonage limits and other conditions
10 established by the Oklahoma Tax Commission;

11 4. K-1 kerosene sold at retail through dispensers which have
12 been designed and constructed to prevent delivery directly from the
13 dispenser into a vehicle fuel supply tank, and K-1 kerosene sold at
14 retail through nonbarricaded dispensers in quantities of not more
15 than twenty-one (21) gallons for use other than for highway
16 purposes, under such rules as the Tax Commission shall reasonably
17 require;

18 5. Motor fuel sold to the United States or any agency or
19 instrumentality thereof;

20 6. Motor fuel used solely and exclusively in district-owned
21 public school vehicles or FFA and 4-H Club trucks for the purpose of
22 legally transporting public school children, and motor fuel
23 ~~purchased by any school district for use~~ used solely and exclusively

1 ~~in school buses leased or hired for the purpose of legally~~
2 ~~transporting public school children, or in the operation of as fuel~~
3 ~~to propel motor vehicles used in driver training on the public roads~~
4 ~~and highways of this state, when leased or owned and being operated~~
5 ~~for the sole benefit of a school district;~~

6 7. Motor fuel used solely and exclusively as fuel to propel
7 motor vehicles on the public roads and highways of this state, when
8 leased or owned and being operated for the sole benefit of a county,
9 city, town, a volunteer fire department with a state certification
10 and rating, rural electric cooperatives, rural water and sewer
11 districts, rural ambulance service districts, or federally
12 recognized Indian tribes;

13 8. Motor fuel used as fuel for farm tractors or stationary
14 engines owned or leased and operated by any person and used
15 exclusively for agricultural purposes, except as to two and eight
16 one-hundredths cents (\$0.0208) per gallon of gasoline as provided in
17 subsection C of Section 500.4 of this title;

18 9. Gasoline, diesel fuel and kerosene sold for use as fuel to
19 generate power in aircraft engines, whether in aircraft or for
20 training, testing or research purposes of aircraft engines, except
21 as to eight one-hundredths of one cent (\$0.0008) per gallon as
22 provided in subsection B of Section 500.4 of this title;

1 10. Motor fuel sold within an Indian reservation or within
2 Indian country by a federally recognized Indian tribe to a member of
3 that tribe and used in motor vehicles owned by that member of the
4 tribe. This exemption does not apply to sales within an Indian
5 reservation or within Indian country by a federally recognized
6 Indian tribe to non-Indian consumers or to Indian consumers who are
7 not members of the tribe selling the motor fuel;

8 11. Subject to determination by the Tax Commission, that
9 portion of diesel fuel:

- 10 a. used to operate equipment attached to a motor vehicle,
11 if the diesel fuel was placed into the fuel supply
12 tank of a motor vehicle that has a common fuel
13 reservoir for travel on a highway and for the
14 operation of equipment, or
15 b. consumed by the vehicle while the vehicle is parked
16 off the highways of this state;

17 12. Motor fuel acquired by a consumer out of state and carried
18 into this state, retained within and consumed from the same vehicle
19 fuel supply tank within which it was imported;

20 13. Diesel fuel used as heating oil, or in railroad locomotives
21 or any other motorized flanged-wheel rail equipment, or used for
22 other nonhighway purposes other than as expressly exempted under
23 another provision;

1 14. Motor fuel which was lost or destroyed as a direct result
2 of a sudden and unexpected casualty;

3 15. Taxable diesel which had been accidentally contaminated by
4 dye so as to be unsaleable as highway fuel as proved by proper
5 documentation;

6 16. Dyed diesel fuel; and

7 17. Motor fuel sold to the Oklahoma Space Industry Development
8 Authority or any spaceport user as defined in the Oklahoma Space
9 Industry Development Act.

10 SECTION 2. This act shall become effective July 1, 2006.

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

15 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 4-4-06 - DO PASS,
16 As Amended.