

3 Senate Bill No. 1941
4 As Amended

5 SENATE BILL NO. 1941 - By: ALDRIDGE of the Senate and CASE of the
6 House.

7 [revenue and taxation - providing exemption - fuel -
8 effective date -
9 emergency]

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

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

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

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

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

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

23 2. Motor fuel which was acquired by an unlicensed exporter and
24 as to which the tax imposed by Section 500.4 of this title has
25 previously been paid or accrued and was subsequently exported by

1 transport truck by or on behalf of the licensed exporter in a
2 diversion across state boundaries properly reported in conformity
3 with Section 500.46 of this title;

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

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

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

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

1 school children, ~~or~~ in the operation of vehicles used in driver
2 training, or in the operation of vehicles used for maintenance;

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

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

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

20 10. Motor fuel sold within an Indian reservation or within
21 Indian country by a federally recognized Indian tribe to a member of
22 that tribe and used in motor vehicles owned by that member of the
23 tribe. This exemption does not apply to sales within an Indian

1 reservation or within Indian country by a federally recognized
2 Indian tribe to non-Indian consumers or to Indian consumers who are
3 not members of the tribe selling the motor fuel;

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

6 a. used to operate equipment attached to a motor vehicle,
7 if the diesel fuel was placed into the fuel supply
8 tank of a motor vehicle that has a common fuel
9 reservoir for travel on a highway and for the
10 operation of equipment, or

11 b. consumed by the vehicle while the vehicle is parked
12 off the highways of this state;

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

16 13. Diesel fuel used as heating oil, or in railroad locomotives
17 or any other motorized flanged-wheel rail equipment, or used for
18 other nonhighway purposes other than as expressly exempted under
19 another provision;

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

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

4 16. Dyed diesel fuel; and

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

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

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

13 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-21-06 - DO PASS,
14 As Amended and Coauthored.