

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

HOUSE BILL 2845

By: Calvey

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2001, Sections 221.1, 1352, as last amended by Section 64, Chapter 5, O.S.L. 2004, 1357, as last amended by Section 14, Chapter 479, O.S.L. 2005, 1359, as last amended by Section 1, Chapter 413, O.S.L. 2005, 2105, as amended by Section 3, Chapter 413, O.S.L. 2005, 2110, as amended by Section 17, Chapter 479, O.S.L. 2005, 2863, 2890, as amended by Section 8, Chapter 447, O.S.L. 2004 and 2495 (68 O.S. Supp. 2005, Sections 1352, 1357, 1359, 2105, 2110 and 2890), which relate to various state and local taxes; providing for applicability of certain provisions of the Uniform Tax Procedure Code; modifying definitions used in the Oklahoma Sales Tax Code; modifying exemption from sales tax; providing exemption for certain rental or lease of motor vehicles; modifying provisions related to sales tax exemption for manufacturing activity; providing exemption for certain property related to crushed stone or sand; stating intent; providing exemption from sales tax for certain isolated or occasional sales; modifying exemption from motor vehicle excise tax; providing exemption from motor vehicle excise tax for certain rental agreements; providing exemption from estate and certain other taxes for certain financial instruments; providing for certain approval by county excise board with respect to certain protests; modifying provisions related to county boards of equalization in counties with certain net assessed valuation; providing for certain approval by county excise board; modifying definition for purposes of certain additional homestead exemption; modifying term; providing for effect of statute with respect to appeals related to certain valuations; providing for applicability of certain provisions of the Uniform Tax Procedure Code; amending Section 11, Chapter 504, O.S.L. 2004, as amended by Section 3, Chapter 416, O.S.L. 2005 (47 O.S. Supp. 2005, Section 1135.2), which relates to special license plates; imposing limitation on cost of special license plate for certain disabled veterans; amending 47 O.S. 2001, Section 6-101, as last amended by Section 5, Chapter 521, O.S.L. 2004 (47 O.S. Supp. 2005, Section 6-101), which relates to driver licensing; providing exemption from license fee for certain disabled veterans; amending Section 21, Chapter 363, O.S.L. 2005 (74 O.S. Supp. 2005, Section 2220), which relates to certain day-use fees and charges for certain state facilities; providing exemption for certain disabled veterans; providing for

codification; providing effective dates; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2001, Section 221.1, is amended to read as follows:

Section 221.1 A. For any return, claim, statement, or other document required to be filed or any payment required to be made within a prescribed period or on or before a prescribed date under authority of any provision of a tax law of this state, the date of the postmark stamped on the cover in which the return, claim, statement, or other document or payment is mailed shall be deemed to be the date of delivery or the date of payment, as the case may be.

B. The provisions of this section shall apply only if:

1. The postmark date falls within the prescribed period or on or before the prescribed date for filing, including any extension, of the return, claim, statement, or other document or for making payment, including any extension granted for making such payment; and

2. The return, claim, statement, or other document or payment was, within the prescribed period or on or before the prescribed date for filing, deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the Oklahoma Tax Commission, agency, officer, or office with which the return, claim, statement, or other document is required to be filed, or to which the payment is required to be made.

C. The provisions of this section shall apply in the case of postmarks not made by the United States Postal Service only and to the extent provided by rules or regulations prescribed by the Tax Commission.

D. For purposes of this section, if any return, claim, statement, or other document or payment, is sent by United States registered mail, the registration shall be prima facie evidence that the return, claim, statement, or other document was delivered to the Tax Commission, agency, officer, or office to which addressed, and the date of registration shall be deemed the postmark date. The Tax Commission is authorized to provide by rules or regulations the extent to which the foregoing provisions of this subsection with respect to prima facie evidence of delivery and the postmark date shall apply to certified mail.

E. Without limiting the application of subsection A of this section, the provisions of this section shall apply to any tax law of this state, to include any law providing for the levy and collection of license, franchise, sales, use, excise, gross revenue, income, estate, inheritance, production, ad valorem, property or other taxes, and including application to any law in, and to any return, claim, statement, written complaint, appeal, application for or statement of exemption, or other document required or allowed to be filed with any agency, officer, office, board or other entity, and to any payment required to be made within a prescribed period or on or before a prescribed date, under authority of or pursuant to any provision of the Ad Valorem Tax Code contained in Articles 28, 29, 30 and 31 of this title.

F. The provisions of this section shall not apply with respect to the filing of a document in, or the making of payment to, any court, or to currency or other medium of payment unless actually received and accounted for, or returns, claims, statements or other documents or payments which are required under any provision of a tax law or rules of this state to be delivered by any method other than by mailing.

~~F.~~ G. Any reference in this section to the United States mail shall be treated as including a reference to any designated delivery

service, and any reference in this section to a postmark by the United States Postal Service shall be treated as including a reference to any date recorded or marked as described in this subsection by a designated delivery service. For purposes of this section, the term "designated delivery service" means a delivery service provided by a trade or business if the service is designated by a rule of the Tax Commission for purposes of this section. The Tax Commission may designate a delivery service under the preceding sentence only if the Tax Commission determines that the service is available to the general public, is at least as timely and reliable on a regular basis as the United States mail, records electronically to its data base kept in the regular course of its business or marks on the cover in which any item referred to in this section is to be delivered, the date on which the item was given to the service for delivery, and meets all other criteria prescribed by the Tax Commission. The Tax Commission may provide a rule similar to the rule stated in the first sentence of this subsection with respect to any service provided by a designated delivery service which is substantially equivalent to United States registered or certified mail.

SECTION 2. AMENDATORY 68 O.S. 2001, Section 1352, as last amended by Section 64, Chapter 5, O.S.L. 2004 (68 O.S. Supp. 2005, 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. "Computer" means an electronic device that accepts information in digital or similar form and manipulates it for a result based on a sequence of instructions;

4. "Computer software" means a set of coded instructions designed to cause a "computer" or automatic data processing equipment to perform a task;

5. "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;

6. "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;

7. "Drug" means a compound, substance or preparation, and any component of a compound, substance or preparation:

- a. recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them,
- b. intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, or
- c. intended to affect the structure or any function of the body;

8. "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;

9. "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;

10. "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;

11. a. "Gross receipts", "gross proceeds" or "sales price"

means the total amount of consideration, including cash, credit, property and services, for which personal property or services are sold, leased or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (1) the seller's cost of the property sold,
- (2) the cost of materials used, labor or service cost,
- (3) interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller,
- (4) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges,
- (5) delivery charges and installation charges, unless separately stated on the invoice, billing or similar document given to the purchaser, and

(6) the value of exempt personal property given to the purchaser where taxable and exempt personal property have been bundled together and sold by the seller as a single product or piece of merchandise.

b. Such term shall not include:

(1) discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale,

(2) interest, financing, and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale or similar document given to the purchaser, and

(3) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale or similar document given to the purchaser;

12. "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;

13. "Manufacturing" means ~~and includes the activity of the~~ production process as a whole, not each of its individual component parts, and includes all activities playing a necessary part of converting or conditioning tangible personal property by changing the form, composition, or quality of character of some existing material or materials, including natural resources, by procedures

commonly regarded by the average person 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, nor oil and gas field processes, such as natural pressure reduction, mechanical separation, heating, cooling, dehydration and compression;

14. "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. Extractive activities and field processes shall not be deemed to be a part of a manufacturing operation even when performed by a person otherwise engaged in manufacturing;

15. "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;

16. "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by 21 C.F.R., Section 201.66. The over-the-counter-drug label includes:

- a. a "Drug Facts" panel, or
- b. a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation;

17. "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;

18. "Prescription" means an order, formula or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed "practitioner" as defined in Section 1357.6 of this title;

19. "Prewritten computer software" means "computer software", including prewritten upgrades, which is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more prewritten computer software programs or prewritten portions thereof does not cause the combination to be other than prewritten computer software.

Prewritten software includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the purchaser.

Where a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of such person's modifications or enhancements. Prewritten software or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten software; provided, however, that where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, such modification or enhancement shall not constitute prewritten computer software;

20. "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;

21. "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;

22. "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;

23. "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched or that is in any other manner perceptible to the senses. "Tangible personal property" includes electricity, water, gas, steam and prewritten computer software. This definition shall be applicable only for purposes of the Oklahoma Sales Tax Code;

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

25. "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;

26. "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

27. "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 3. AMENDATORY 68 O.S. 2001, Section 1357, as last amended by Section 14, Chapter 479, O.S.L. 2005 (68 O.S. Supp. 2005, Section 1357), is amended to read as follows:

Section 1357. Exemptions - General.

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

1. Transportation of school pupils to and from elementary schools or high schools in motor or other vehicles;
2. Transportation of persons where the fare of each person does not exceed One Dollar (\$1.00), or local transportation of persons within the corporate limits of a municipality except by taxicabs;
3. Sales for resale to persons engaged in the business of reselling the articles purchased, whether within or without the state, provided that such sales to residents of this state are made to persons to whom sales tax permits have been issued as provided in Section 1350 et seq. of this title. This exemption shall not apply to the sales of articles made to persons holding permits when such persons purchase items for their use and which they are not regularly engaged in the business of reselling; neither shall this exemption apply to sales of tangible personal property to peddlers, solicitors and other salespersons who do not have an established place of business and a sales tax permit. The exemption provided by this paragraph shall apply to sales of motor fuel or diesel fuel to a Group Five vendor, but the use of such motor fuel or diesel fuel by the Group Five vendor shall not be exempt from the tax levied by Section 1350 et seq. of this title. The purchase of motor fuel or diesel fuel is exempt from sales tax when the motor fuel is for shipment outside this state and consumed by a common carrier by rail

in the conduct of its business. The sales tax shall apply to the purchase of motor fuel or diesel fuel in Oklahoma by a common carrier by rail when such motor fuel is purchased for fueling, within this state, of any locomotive or other motorized flanged wheel equipment;

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

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

6. Sale of natural or artificial gas and electricity, and associated delivery or transmission services, when sold exclusively for residential use. Provided, this exemption shall not apply to any sales tax levied by a city or town, or a county, or any other jurisdiction in this state;

7. In addition to the exemptions authorized by Section 1357.6 of this title, sales of drugs sold pursuant to a prescription written for the treatment of human beings by a person licensed to

prescribe the drugs, and sales of insulin and medical oxygen.

Provided, this exemption shall not apply to over-the-counter drugs;

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

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

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

11. Sales of food or food products, or any equipment or supplies used in the preparation of the food or food products to or by an organization which:

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

funding pursuant to the Older Americans Act of 1965, as amended, for the purpose of providing nutrition programs for the care and benefit of elderly persons;

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

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

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

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

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

16. Sales of any interstate telecommunications services which:

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

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

18. Sales of aircraft and aircraft parts provided such sales occur at a qualified aircraft maintenance facility. As used in this paragraph, "qualified aircraft maintenance facility" means a facility operated by an air common carrier at which there were employed at least two thousand (2,000) full-time-equivalent employees in the preceding year as certified by the Oklahoma

Employment Security Commission and which is primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, building or rebuilding of commercial aircraft or aircraft parts used in air common carriage. For purposes of this paragraph, "air common carrier" shall also include members of an affiliated group as defined by Section 1504 of the Internal Revenue Code, 26 U.S.C., Section 1504;

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

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

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

20. Sales of prosthetic devices to an individual for use by such individual. For purposes of this paragraph, "prosthetic device" shall have the same meaning as provided in Section 1357.6 of

this title, but shall not include corrective eye glasses, contact lenses or hearing aids;

21. Sales of tangible personal property or services to a motion picture or television production company to be used or consumed in connection with an eligible production. For purposes of this paragraph, "eligible production" means a documentary, special, music video, or a television program that will serve as a pilot for or be a segment of an ongoing dramatic or situation comedy series filmed or taped for network or national or regional syndication or a feature-length motion picture intended for theatrical release or for network or national or regional syndication or broadcast. The provisions of this paragraph shall apply to sales occurring on or after July 1, 1996;

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

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

24. Effective May 6, 1992, sales of wireless telecommunications equipment to a vendor who subsequently transfers the equipment at no charge or for a discounted charge to a consumer as part of a promotional package or as an inducement to commence or continue a contract for wireless telecommunications services;

25. Effective January 1, 1991, leases of rail transportation cars to haul coal to coal-fired plants located in this state which generate electric power;

26. Beginning July 1, 2002, sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification, and paint, and sales of services employed in the repair, modification and

replacement of parts of aircraft engines, aircraft frame and interior repair and modification, and paint. The exemption provided by this paragraph shall be limited to aircraft repairs, modification, and replacement parts for aircraft weighing more than nine thousand (9,000) pounds gross take-off weight and less than three hundred thousand (300,000) pounds gross take-off weight and which aircraft are brought into this state exclusively for such repairs or modification. The exemption provided by this paragraph shall be limited to repairs or modifications made by an aircraft repair facility. As used in this paragraph, the term "aircraft" shall have the same meaning as such term is defined in Section 6001 of this title. The term "aircraft repair facility" shall mean any facility which either is an aircraft manufacturer's authorized service facility or a facility which repairs, modifies or replaces aircraft parts in which more than Three Million Dollars (\$3,000,000.00) was invested to establish the new facility or expand an existing facility and which construction was commenced or was in progress on or after July 1, 1999; provided, amounts expended for research and development as defined in Sections 41 and 174 of the Internal Revenue Code with respect to modification of aircraft shall be included as amounts invested to establish a new facility or expand an existing facility for purposes of the investment threshold specified herein;

27. Sales of materials and supplies to the owner or operator of a ship, motor vessel or barge that is used in interstate or international commerce if the materials and supplies:

- a. are loaded on the ship, motor vessel or barge and used in the maintenance and operation of the ship, motor vessel or barge, or
- b. enter into and become component parts of the ship, motor vessel or barge;

28. Sales of tangible personal property made at estate sales at which such property is offered for sale on the premises of the former residence of the decedent by a person who is not required to be licensed pursuant to the Transient Merchant Licensing Act, Section 1601 et seq. of Title 19 of the Oklahoma Statutes, or who is not otherwise required to obtain a sales tax permit for the sale of such property pursuant to the provisions of Section 1364 of this title; provided:

- a. such sale or event may not be held for a period exceeding three (3) consecutive days,
- b. the sale must be conducted within six (6) months of the date of death of the decedent, and
- c. the exemption allowed by this paragraph shall not be allowed for property that was not part of the decedent's estate;

29. Beginning January 1, 2004, sales of electricity and associated delivery and transmission services, when sold exclusively for use by an oil and gas operator for reservoir dewatering projects and associated operations commencing on or after July 1, 2003, in which the initial water-to-oil ratio is greater than or equal to five-to-one water-to-oil, and such oil and gas development projects have been classified by the Corporation Commission as a reservoir dewatering unit;

30. Sales of prewritten computer software that is delivered electronically. For purposes of this paragraph, "delivered electronically" means delivered to the purchaser by means other than tangible storage media;

31. Sales of modular dwelling units when built at a production facility and moved in whole or in parts, to be assembled on-site, and permanently affixed to the real property and used for residential or commercial purposes. The exemption provided by this paragraph shall equal forty-five percent (45%) of the total sales

price of the modular dwelling unit. For purposes of this paragraph, "modular dwelling unit" means a structure that is not subject to the motor vehicle excise tax imposed pursuant to Section 2103 of this title; ~~and~~

32. Sales of intrastate charter and tour bus transportation. As used in this paragraph, "intrastate charter and tour bus transportation" means the transportation of persons from one location in this state to another location in this state in a motor vehicle which has been constructed in such a manner that it may lawfully carry more than eighteen persons, and which is ordinarily used or rented to carry persons for compensation. Provided, this exemption shall not apply to regularly scheduled bus transportation for the general public; and

33. The rental or lease of motor vehicles to customers of a licensed motor vehicle dealer whose vehicle is being repaired pursuant to the original product warranty of a manufacturer.

SECTION 4. AMENDATORY 68 O.S. 2001, Section 1359, as last amended by Section 1, Chapter 413, O.S.L. 2005 (68 O.S. Supp. 2005, Section 1359), is amended to read as follows:

Section 1359. Exemptions - Manufacturers.

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

1. Sales of goods, wares, merchandise, tangible personal property, machinery and equipment to a manufacturer for use in a manufacturing operation, including those used or consumed in overburden removal or explosive placement and detonation for the manufacturing of crushed stone and sand. Goods, wares, merchandise, property, machinery and equipment used in a nonmanufacturing activity or process as set forth in paragraph 9 of Section 1352 of this title shall not be eligible for the exemption provided for in this subsection by virtue of the activity or process being performed in conjunction with or integrated into a manufacturing operation.

It is the intent of this section to provide the foregoing exemptions as incentives to encourage the location of new manufacturing plants in Oklahoma, the expansion of existing manufacturing plants in Oklahoma, and the modernization of existing manufacturing plants in Oklahoma through the replacement of old, inefficient, or technologically obsolete machinery and equipment;

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. Except as otherwise provided by subsection I of Section 3658 of this title pursuant to which the exemption authorized by this paragraph may not be claimed, sales of tangible personal property to a qualified manufacturer or distributor to be consumed or incorporated in a new manufacturing or distribution facility or to expand an existing manufacturing or distribution 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 or distributor for construction or expansion of a manufacturing or distribution facility shall be considered sales made to a qualified manufacturer or distributor. For the purposes of this paragraph, "qualified manufacturer or distributor" means:

- a. any manufacturing 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 manufacturing 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,
- c. any manufacturing 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, or
- d. any enterprise primarily engaged in the general wholesale distribution of groceries defined or classified in the North American Industry Classification System (NAICS) Manual under Industry Groups No. 4244 and 4245 and which has at least seventy-five percent (75%) of its total sales to in-state customers or buyers and whose total cost of construction of a new or expanded facility exceeds the

sum of Forty Million Dollars (\$40,000,000.00) with such construction commencing on or after July 1, 2005, and before December 31, 2005, and which at least fifty 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.

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 or distribution facility that is related to or supported by the new or expanded manufacturing or distribution 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 or distribution 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 or distribution 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 or distribution facility is located. Only sales of tangible personal property made after June 1, 1988, shall be eligible for the exemption provided by this paragraph. The exemption authorized pursuant to subparagraph d of this paragraph shall only become effective when the governing body of the municipality in which the enterprise is located approves a resolution expressing the municipality's support for the construction for such new or expanded facility. Upon approval by the municipality, the municipality shall forward a copy of such resolution to the Oklahoma Tax Commission;

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;

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

14. Deposits, rent or other charges made for returnable cartons, crates, pallets, and containers used to transport mushrooms or mushroom products from a farm for resale to the consumer or processor.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1360.1 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. All isolated or occasional sales of tangible personal property or services, substances or things are exempted from any tax imposed by the Oklahoma Sales Tax Code.

B. In this section and Article, "isolated or occasional sale" means the nonrecurring sale of tangible personal property, or services taxable under the Oklahoma Sales Tax Code by a person not engaged at the time of such sale in the business of selling such property or services, and shall include the sale of all or substantially all of the operating assets of a business or of a separate division, branch, or identifiable segment of a business.

C. Within the meaning of subsection B of this section, a separate division, branch, or identifiable segment of a business exists if before its sale the income and expenses attributable to the separate division, branch, or segment could be separately ascertained from the books of account or record.

SECTION 6. AMENDATORY 68 O.S. 2001, Section 2105, as amended by Section 3, Chapter 413, O.S.L. 2005 (68 O.S. Supp. 2005, Section 2105), is amended to read as follows:

Section 2105. Exemptions.

An original or a transfer certificate of title shall be issued without the payment of the excise tax levied by Section 2101 et seq. of this title for:

1. Any vehicle owned by a nonresident person who operates principally in some other state but who is in Oklahoma only occasionally;

2. Any vehicle brought into this state by a person formerly living in another state, who has owned and registered the vehicle in such other state of residence at least sixty (60) days prior to the time it is required to be registered in this state; provided, however, this paragraph shall not apply to businesses engaged in renting cars without a driver;

3. Any vehicle registered by the State of Oklahoma, by any of the political subdivisions thereof, or by a fire department organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes to be used for the purposes of the fire department, or a vehicle which is the subject of a lease or lease-purchase agreement executed between the person seeking an original or transfer certificate of title for the vehicle and a municipality, county, school district, or fire protection district. The person seeking an original or transfer certificate of title shall provide adequate proof that the vehicle is subject to a lease or lease-purchase agreement with a municipality, county, school district, or fire protection district at the time the excise tax levied would otherwise be payable. The Oklahoma Tax Commission shall have the authority to determine what constitutes adequate proof as required by this section;

4. Any vehicle, the legal ownership of which is obtained by the applicant for a certificate of title by inheritance;

5. Any used motor vehicle, travel trailer, or commercial trailer which is owned and being offered for sale by a person licensed as a dealer to sell the same, under the provisions of Section 1101 et seq. of Title 47 of the Oklahoma Statutes:

- a. if such vehicle, travel trailer, or commercial trailer has been registered in Oklahoma and the excise tax paid thereon, or
- b. when such vehicle, travel trailer, or commercial trailer has been registered in some other state but is not the latest manufactured model.

Provided, the provisions of this paragraph shall not be construed as allowing an exemption to any person not licensed as a dealer of used motor vehicles, travel trailers, or commercial trailers, or as an automotive dismantler and parts recycler in this state;

6. Any vehicle which was purchased by a person licensed to sell new or used motor vehicles in another state:

- a. if such vehicle is not purchased for operation or resale in this state, and
- b. the state from which the dealer is licensed offers reciprocal privileges to a dealer licensed in this state, pursuant to a reciprocal agreement between the duly authorized agent of the Tax Commission and the licensing state;

7. Any vehicle, the ownership of which was obtained by the lienholder or mortgagee under or by foreclosure of a lien or mortgage in the manner provided by law or to the insurer under subrogated rights arising by reason of loss under an insurance contract;

8. Any vehicle which is taxed on an ad valorem basis;

9. Any vehicle or motor vehicle, the legal ownership of which is obtained by transfers:

- a. from one corporation to another corporation pursuant to a reorganization. As used in this subsection the term "reorganization" means:
 - (1) a statutory merger or consolidation, or
 - (2) the acquisition by a corporation of substantially all of the properties of another corporation when the consideration is solely all or a part of the voting stock of the acquiring corporation, or of its parent or subsidiary corporation,
- b. in connection with the winding up, dissolution, or liquidation of a corporation only when there is a distribution in kind to the shareholders of the property of such corporation,
- c. to a corporation where the former owners of the vehicle or motor vehicle transferred are, immediately

- after the transfer, in control of the corporation, and the stock or securities received by each is substantially in proportion to the interest in the vehicle or motor vehicle prior to the transfer,
- d. to a partnership if the former owners of the vehicle or motor vehicle transferred are, immediately after the transfer, members of such partnership and the interest in the partnership received by each is substantially in proportion to the interest in the vehicle or motor vehicle prior to the transfer,
 - e. from a partnership to the members thereof when made in the dissolution of such partnership,
 - f. to a limited liability company if the former owners of the vehicle or motor vehicle transferred are, immediately after the transfer, members of the limited liability company and the interest in the limited liability company received by each is substantially in proportion to the interest in the vehicle or motor vehicle prior to the transfer, or
 - g. from a limited liability company to the members thereof when made in the dissolution of such partnership;

10. Any vehicle which is purchased by a person to be used by a business engaged in renting motor vehicles without a driver, provided:

- a. the vehicle shall not be rented to the same person for a period exceeding ninety (90) days,
- b. any such vehicle exempted from the excise tax by these provisions shall not be placed under any type of lease agreement,
- c. on any such vehicle exempted from the excise tax by this subsection that is reregistered in this state,

without a prior sale or transfer to the persons specified in divisions (1) and (2) of this subparagraph, at any time prior to the expiration of twelve (12) months from the date of issuance of the original title, the seller shall pay immediately the amount of excise tax which would have been due had this exemption not been granted plus a penalty of twenty percent (20%). No such excise tax or penalty shall become due and payable if the vehicle is sold or transferred in a condition either physical or mechanical which would render it eligible for a salvage title pursuant to law or if the vehicle is sold and transferred in this state at any time prior to the expiration of twelve (12) months:

- (1) to the manufacturer of the vehicle or its controlled financing arm, or
- (2) to a factory authorized franchised new motor vehicle dealer which holds a franchise of the same line-make of the vehicle being purchased, or

d. when this exemption is claimed, the Tax Commission shall issue a special title which shall restrict the transfer of the title only within this state prior to the expiration of twelve (12) months unless:

- (1) payment of the excise tax plus penalty as provided in this section is made,
- (2) the sale is made to a person specified in division (1) or (2) of subparagraph c of this paragraph, or
- (3) the vehicle is eligible for a salvage title.

For all other tax purposes vehicles herein exempted shall be treated as though the excise tax has been paid;

11. Any vehicle of the latest manufactured model, registered from a title in the name of the original manufacturer or assigned to the original manufacturer and issued by any state and transferred to a licensed, franchised Oklahoma motor vehicle dealer, as defined by Section 1102 of Title 47 of the Oklahoma Statutes, which holds a franchise of the same line-make as the vehicle being registered;

12. Any new motor vehicle, registered in the name of a manufacturer or dealer of new motor vehicles, for which a license plate has been issued pursuant to Section 1116.1 of Title 47 of the Oklahoma Statutes, if such vehicle is authorized by the manufacturer or dealer for personal use by an individual. The authorization for such use shall not exceed four (4) months which shall not be renewed or the exemption provided by this subsection shall not be applicable. The exemption provided by this subsection shall not be applicable to a transfer of ownership or registration subsequent to the first registration of the vehicle by a manufacturer or dealer;

13. Any vehicle, travel trailer, or commercial trailer of the latest manufacturer model purchased by a franchised Oklahoma dealer licensed to sell the same which holds a franchise of the same line-make as the vehicle, travel trailer, or commercial trailer being registered;

14. Any vehicle which is the subject of a lease or lease-purchase agreement and which the ownership of such vehicle is being obtained by the lessee, if the vehicle excise tax was paid at the time of the initial lease or lease-purchase agreement;

15. Any vehicle which:

- a. is purchased by a private, nonprofit organization which is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which is primarily funded by a fraternal or civic service

organization with at least one hundred local chapters or clubs, and

- b. is designed and used to provide mobile health screening services to the general public at no cost to the recipient, and for which no reimbursement of any kind is received from any health insurance provider, health maintenance organization, or governmental program; or

16. Any vehicle which is purchased by an individual who has been honorably discharged from active service in any branch of the Armed Forces of the United States or Oklahoma National Guard and who has been certified by the United States Department of Veterans Affairs, its successor, or the Armed Forces of the United States to be a disabled veteran in receipt of compensation at the one-hundred-percent rate for a permanent disability sustained through military action or accident resulting from disease contracted while in such active service. Provided, this exemption may not be claimed by an individual for more than one new vehicle in a consecutive three-year period and may not be claimed by an individual for more than two used vehicles in a one-year period. This exemption shall be applicable to the spouse of the deceased person, if the spouse has not remarried.

SECTION 7. AMENDATORY 68 O.S. 2001, Section 2110, as amended by Section 17, Chapter 479, O.S.L. 2005 (68 O.S. Supp. 2005, Section 2110), is amended to read as follows:

Section 2110. A. There is hereby levied a rental tax of six percent (6%) on the gross receipts of all motor vehicle rental agreements as provided in this section. This tax shall be levied on any rental agreement of ninety (90) days or less duration on any motor vehicle that is rented to a person by a business engaged in renting motor vehicles without a driver in Oklahoma, irrespective of

the state in which the vehicle is registered. This rental tax shall not apply to the following:

1. Any lease agreements;

2. Any truck or truck-tractor registered pursuant to the provisions of Section 1120 or Section 1133 of Title 47 of the Oklahoma Statutes having a laden weight or a combined laden weight of eight thousand (8,000) pounds or more; ~~or~~

3. Any trailer or semi trailer registered pursuant to the provisions of Section 1133 of Title 47 of the Oklahoma Statutes. For purposes of this section, "vehicle" and "person" shall have the same meanings as defined in Section 2101 of this title; or

4. Any rental agreement that is not subject to sales tax under Article 13 of this title.

B. The rental tax specified in subsection A of this section shall be apportioned in the manner as provided in Section 2102 of this title.

C. The tax hereby levied shall be collected at the time of the payment of the rental agreement and shall be due and payable to the Oklahoma Tax Commission by the business engaged in renting these vehicles on the twentieth day of each month following the month in which payments for rental agreements subject to tax are made. The Tax Commission shall implement such rules and regulations and devise such forms as it deems necessary for the orderly collection of this tax and the excise tax and penalty provided for in subsection ~~(i)~~ 10 of Section 2105 of this title.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2358.5A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. All bonds, notes, debentures, evidences of indebtedness, lease purchase agreements, certificates of participation, commercial paper, or other obligations issued by the State of Oklahoma, the Oklahoma Capitol Improvement Authority, the Oklahoma Municipal Power

Authority, the Oklahoma Student Loan Authority, and the Oklahoma Transportation Authority, the income therefrom, including, without limitation, any profit made on the sale thereof, and the transfer thereof, including, without limitation, estate or inheritance taxes, shall at all times be free from taxation within this state.

B. The provisions of this section shall be supplemental to, and not limiting or restrictive of, any law involving the taxation of such obligations within the State of Oklahoma.

SECTION 9. AMENDATORY 68 O.S. 2001, Section 2863, is amended to read as follows:

Section 2863. A. The county boards of equalization shall hold sessions commencing on April 1, or the first working day thereafter, and ending not later than May 31, for the purpose of correcting and adjusting the assessment rolls in their respective counties to conform to the fair cash value of the property assessed, as defined by law. However, in counties having an assessed valuation in excess of One Billion Dollars (\$1,000,000,000.00), sessions shall commence on the fourth Monday in January and end not later than May 31. If the number of protests pending would in the estimation of the board make it impracticable for the county board of equalization to complete hearing and adjudication of such protests on or before May 31, a special session may be called, for such time as is necessary to complete consideration of the protests, subject to the approval of the county budget board or the county excise board, between June 1 and no later than July 31. Such approval of the county budget board or the county excise board must be requested no later than May 15. The county board of equalization may meet in special session between March 1 and March 31 for the purpose of considering protests pending on or before the date of notice of such special session, if the number of protests pending would in the estimation of the board make it impracticable for the county board of equalization to complete hearing and adjudication of such protests on or before May

31. At any such special session called between March 1 and March 31, the board shall conduct no other business than the hearing or adjudication of such protests pending pursuant to the provisions of Section 2801 et seq. of this title. Except for special sessions, the meetings of each board shall be called by the chair or, in the event of the refusal or inability of the chair, by a majority membership of the board. The secretary of the board of equalization shall fix the dates of the extended special session hearings provided for in this section.

B. It shall be the duty of the boards and they shall have the authority to:

1. Raise or lower appraisals to conform to the fair cash value of the property, as defined by law in response to a protest filed as prescribed by law;

2. Add omitted property;

3. Cancel assessments of property not taxable; and

4. Hear all grievances and protests filed with the board secretary as outlined in Section 2877 of this title.

C. It shall be the duty of each county board of equalization to cooperate with and assist the county assessor in performing the duties imposed upon the assessor by the provisions of Section 2840 of this title, to the end that the records required by the provisions of such section shall be fully and accurately prepared and maintained and shall reflect the assessed valuations of the real property of the county. After such records have been prepared and the assessed valuations adjusted in accordance with the provisions of this section, the county board of equalization shall not raise or lower the assessed valuation of any parcel or tract of real estate without hearing competent evidence justifying such change or until at least one member of the board or a person designated by the board has made a personal inspection of such property and submitted a written report to the board. In no event shall any such change be

made by the county board of equalization if such change would be inconsistent with the equalized value of other similar property in the county.

D. ~~In counties with a net assessed valuation in excess of Five Hundred Million Dollars (\$500,000,000.00), the~~ The county board of equalization may, subject to the approval of the county budget board or the county excise board, appoint sufficient hearing officers to assist in the hearing of protests filed before the county board of equalization. Such hearing officers shall be knowledgeable in the field of mass appraisal, real estate or related experience. Hearing officers shall receive the same compensation as county board of equalization members. The secretary of the county budget board or the county excise board shall appoint such personnel necessary to assist the hearing officers in the performance of their duties.

Such hearing officers shall review protests assigned to them by the board of equalization, hold hearings, receive testimony from the taxpayer and county assessor and submit a written recommendation to the county board of equalization as to the fair market value of the protested property. Upon submission of the hearing officer's written recommendation, the county board of equalization shall take final action on the protest by either adopting, amending or rejecting the final report. The county board of equalization may also re-hear the protest itself, request additional testimony from the taxpayer or county assessor or request additional review by a hearing officer.

All proceedings before any hearing officer shall be subject to the provisions of the Oklahoma Open Records Act and the Oklahoma Open Meeting Act.

SECTION 10. AMENDATORY 68 O.S. 2001, Section 2890, as amended by Section 8, Chapter 447, O.S.L. 2004 (68 O.S. Supp. 2005, Section 2890), is amended to read as follows:

Section 2890. A. In addition to the amount of the homestead exemption authorized and allowed in Section 2889 of this title, an additional exemption is hereby granted, to the extent of One Thousand Dollars (\$1,000.00) of the assessed valuation on each homestead of heads of households whose ~~gross~~ household income from all sources for the preceding calendar year did not exceed Twenty Thousand Dollars (\$20,000.00).

B. The term "~~gross~~ household income" as used in this section means the ~~gross~~ amount of income of every type, regardless of the source, received by all persons occupying the same household, whether such income was taxable or nontaxable for federal or state income tax purposes, including pensions, annuities, federal Social Security, unemployment payments, ~~veterans' disability compensation,~~ public assistance payments, alimony, support money, workers' compensation, loss-of-time insurance payments, capital gains and any other type of income received, and excluding gifts. The term "head of household" as used in this section means a person who as owner or joint owner maintains a home and furnishes support for the home, furnishings, and other material necessities.

C. The application for the additional homestead exemption shall be made each year on or before March 15 or within thirty (30) days from and after receipt by the taxpayer of notice of valuation increase, whichever is later, and upon the form prescribed by the Oklahoma Tax Commission, which shall require the taxpayer to certify as to the amount of ~~gross~~ income. Upon request of the county assessor, the Oklahoma Tax Commission shall assist in verifying the correctness of the amount of the gross income.

D. For persons sixty-five (65) years of age or older as of March 15 and who have previously qualified for the additional homestead exemption, no annual application shall be required in order to receive the exemption provided by this section; however, any person whose ~~gross~~ household income in any calendar year exceeds

the amount specified in this section in order to qualify for the additional homestead exemption shall notify the county assessor and the additional exemption shall not be allowed for the applicable year. Any executor or administrator of an estate within which is included a homestead property exempt pursuant to the provisions of this section 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 exemption provided by this section.

SECTION 11. AMENDATORY 68 O.S. 2001, Section 2945, is amended to read as follows:

Section 2945. A. If any person shall knowingly and willfully make or give under oath or affirmation a false and fraudulent list of his taxable personal property, or a false and fraudulent list of any taxable personal property under his control or required to be listed by him, or shall knowingly and willfully make false answer to any question which may be put to him under oath by any person, board or commission authorized to examine persons under oath in relation to the value or amount of any taxable personal property, such person shall be deemed guilty of the felony of perjury, and upon conviction thereof shall be punished therefor as is provided by law for the punishment of the felony of perjury.

B. If any ~~taxpayer~~ person, or any official, employee, or agent of such taxpayer, shall fail or refuse, upon proper request, to permit the inspection of any property or the examination of any books, records and papers by any person authorized by the Ad Valorem Tax Code to do so, or shall fail or refuse to comply with any subpoena duces tecum legally issued under authority of this Code, such taxpayer shall be stopped from questioning or contesting the amount or validity of any assessment placed upon his property before the Board of Equalization. Nothing in this section impairs or impedes the right of the taxpayer to appeal any order of the Board

of Equalization to district court pursuant to Section 2880.1 of this title.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2951 of Title 68, unless there is created a duplication in numbering, reads as follows:

The provisions of Section 221.1 of Title 68 of the Oklahoma Statutes shall apply to any return, claim, statement, written complaint, appeal, application for or statement of exemption, or other document required or allowed to be filed with any agency, officer, office, board or other entity, and to any payment required to be made within a prescribed period or on or before a prescribed date under authority of or pursuant to any provision of the Ad Valorem Tax Code in the Oklahoma Statutes.

SECTION 13. AMENDATORY Section 11, Chapter 504, O.S.L. 2004, as amended by Section 3, Chapter 416, O.S.L. 2005 (47 O.S. Supp. 2005, Section 1135.2), is amended to read as follows:

Section 1135.2 A. The Oklahoma Tax Commission is hereby authorized to design and issue appropriate official special license plates to persons in recognition of their service or awards as provided by this section.

Special license plates shall not be transferred to any other person but shall be removed from the vehicle upon transfer of ownership and retained. The special license plate may then be used on another vehicle but only after such other vehicle has been registered for the current year.

Special license plates shall be renewed each year by the Tax Commission or a motor license agent. The Tax Commission shall annually notify by mail all persons issued special license plates. The notice shall contain all necessary information and shall contain instructions for the renewal procedure upon presentation to a motor license agent or the Tax Commission. The license plates shall be

issued on a staggered system except for legislative plates and amateur radio operator license plates.

The Tax Commission is hereby directed to develop and implement a system whereby motor license agents are permitted to accept applications for special license plates authorized under this section. The motor license agent shall confirm the applicant's eligibility, if applicable, collect and deposit any amount specifically authorized by law, accept and process the necessary information directly into such system and generate a receipt accordingly. For performance of these duties, motor license agents shall retain the fee provided in Section 1141.1 of this title for registration of a motor vehicle. The motor license agent fees for acceptance of applications and renewals shall be paid out of the Oklahoma Tax Commission Reimbursement Fund.

B. The special license plates provided by this section are as follows:

1. Prisoner of War License Plates - such plates shall be designed for honorably discharged or present members of the United States Armed Forces and civilians who were former prisoners of war held by a foreign country and who can provide proper certification of that status. Such persons may apply for a prisoner of war license plate for no more than two vehicles with each vehicle having a rated carrying capacity of one (1) ton or less. The surviving spouse of any deceased former prisoner of war, if the spouse has not since remarried, or if remarried, the remarriage is terminated by death, divorce, or annulment, may apply for a prisoner of war license plate for one vehicle with a rated carrying capacity of one (1) ton or less. The fee provided by this section for the special license plate authorized by this paragraph shall be in addition to all other registration fees provided by law, except the registration fees levied by Section 1132 of this title;

2. National Guard License Plates - such plates shall be designed for active or retired members of the Oklahoma National Guard. Retirees who are eligible for such plates shall provide proof of eligibility upon initial application, but shall not be required to provide proof of eligibility annually;

3. Air National Guard License Plates - such plates shall be designed for active or retired members of the Oklahoma Air National Guard. Retirees who are eligible for such plates shall provide proof of eligibility upon initial application, but shall not be required to provide proof of eligibility annually;

4. United States Armed Forces - such plates shall be designed for active, retired, former or reserve members of the United States Armed Forces, and shall identify which branch of service, and carry the emblem and name of either the Army, Navy, Air Force, Marines or Coast Guard, according to the branch of service to which the member belongs or did belong. Former members who have been dishonorably discharged shall not be eligible for such plates. Persons applying for such license plate must show proof of present or past military service by presenting a valid Uniformed Services Identity Card or the United States Department of Defense Form (DD)214. Retired or former members who are eligible for such plates shall provide proof of eligibility upon initial application, but shall not be required to provide proof of eligibility annually;

5. Congressional Medal of Honor Recipient License Plates - such plates shall be designed for any resident of this state who has been awarded the Congressional Medal of Honor. Such persons may apply for a Congressional Medal of Honor recipient license plate for each vehicle with a rated carrying capacity of one (1) ton or less. There shall be no registration fee for the issuance of this plate;

6. Missing In Action License Plates - such plates shall be designed to honor members of the United States Armed Forces who are missing in action. The spouse of such missing person, if the spouse

has not since remarried, or if remarried, the remarriage is terminated by death, divorce, or annulment, and each parent of the missing person may apply for a missing in action license plate upon presenting proper certification that the person is missing in action and that the person making the application is the qualifying spouse or the parent of the missing person. The qualifying spouse and each parent of the missing person may each apply for the missing in action license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

7. Purple Heart Recipient License Plates - such plates shall be designed for any resident of this state presenting proper certification from the United States Department of Veterans Affairs or the Armed Forces of the United States certifying that such resident has been awarded the Purple Heart military decoration. Such persons may apply for a Purple Heart recipient license plate for vehicles having a rated carrying capacity of one (1) ton or less. The surviving spouse of any deceased veteran who has been awarded the Purple Heart military decoration, if such spouse has not since remarried, or if remarried, the remarriage has been terminated by death, divorce or annulment, may apply for such plate for one vehicle with a rated carrying capacity of one (1) ton or less;

8. Pearl Harbor Survivor License Plates - such plates shall be designed for any resident of this state who can be verified by the United States Department of Veterans Affairs or the Armed Forces of the United States as being:

- a. a member of the United States Armed Forces on December 7, 1941,
- b. stationed on December 7, 1941, during the hours of 7:55 a.m. to 9:45 a.m. Hawaii time at Pearl Harbor, the island of Oahu, or offshore at a distance not to exceed three (3) miles, and

- c. a recipient of an honorable discharge from the United States Armed Forces.

Such person may apply for a Pearl Harbor Survivor license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

9. Iwo Jima License Plates - such plates shall be designed for any resident of this state who can be verified by the United States Department of Veterans Affairs or the Armed Forces of the United States as being:

- a. a member of the United States Armed Forces in February of 1945,
- b. stationed in February of 1945 on or in the immediate vicinity of the island of Iwo Jima, and
- c. a recipient of an honorable discharge from the United States Armed Forces.

Such person may apply for an Iwo Jima license plate for each vehicle with a rated carrying capacity of one (1) ton or less.

Such license plate shall have the legend "Oklahoma OK" and shall contain three letters and three numbers. Between the letters and numbers shall be a logo of the flag-raising at Iwo Jima. Below the letters, logo and numbers, the plate shall contain the words "FEB." at the left, "Iwo Jima" in the center and "1945" at the right. Such plates shall not be subject to the design requirements of any other license plates prescribed by law other than the space for the placement of the yearly decals for each succeeding year of registration after the initial issue;

10. D-Day Survivor License Plates - such plates shall be designed for any resident of this state who can be verified by the United States Department of Veterans Affairs or the Armed Forces of the United States as being:

- a. a member of the United States Armed Forces on June 6, 1944,

- b. a participant in the Allied invasion of the coast of Normandy on June 6, 1944; provided, if such participation cannot be verified by the United States Department of Veterans Affairs or the Armed Forces of the United States, the Tax Commission may, in its discretion, accept evidence of such participation from the person applying for the license plate, and
- c. a recipient of an honorable discharge from the United States Armed Forces.

Such person may apply for a D-Day Survivor license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

11. Killed in Action License Plates - such plates shall be designed to honor members of the United States Armed Forces who were killed in action. The spouse of the deceased person, if the spouse has not remarried, or if remarried, the remarriage is terminated by death, divorce, or annulment, may apply for a killed in action license plate upon presenting proper certification that the person was killed in action and that the person making the application is the qualifying spouse of the deceased person. The qualifying spouse may apply for a killed in action license plate for no more than two vehicles with each vehicle with a rated carrying capacity of one (1) ton or less. The fee provided by this section for the special license plate authorized by this paragraph shall be in addition to all other registration fees provided by law, except the registration fees levied by Section 1132 of this title;

12. Gold Star Parents License Plates - such plates shall be designed to honor members of the United States Armed Forces who were killed during a war. The parents of the deceased person may apply for a gold star license plate upon presenting proper certification that the person was killed during a war and that the person making the application is the parent of the deceased person. The parent may apply for a gold star parent license plate for no more than two

vehicles with each vehicle having a rated carrying capacity of one (1) ton or less. The fee provided by this section for the special license plate authorized by this paragraph shall be in addition to all other registration fees provided by law, except the registration fees levied by Section 1132 of this title;

13. Military Decoration License Plates - such plates shall be designed for any resident of this state who has been awarded the Distinguished Service Medal, the Distinguished Service Cross, the Distinguished Flying Cross, the Bronze Star military decoration or the Silver Star military decoration. Such persons may apply for a military decoration license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

14. Vietnam Veteran License Plates - such plates shall be designed for honorably discharged or present members of the United States Armed Forces who served in the Vietnam Conflict. Such persons may apply for a Vietnam veteran license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

15. Police Officer License Plates - such plates shall be designed for any currently employed or retired municipal police officer. Police officers may apply for police officer license plates for vehicles with a rated capacity of one (1) ton or less upon proof of employment by or retirement from a municipal police department by either an identification card or letter from the chief of the police department or the Oklahoma Police Pension and Retirement Board. Retirees who are eligible for such plates shall provide proof of eligibility upon initial application, but shall not be required to provide proof of eligibility annually. The license plates shall be designed in consultation with municipal police departments of this state;

16. World War II Veteran License Plates - such plates shall be designed to honor honorably discharged former members of the United States Armed Forces who are residents of this state and who can be

verified by the Oklahoma Military Department, the Department of Veterans Affairs or the Armed Forces of the United States as having served on federal active duty anytime during the period from September 16, 1940, to December 7, 1945. The former members may apply for a World War II Veteran license plate for vehicles with a rated carrying capacity of one (1) ton or less.

The license plate shall have the legend "Oklahoma" and shall contain, in the center of the plate, either the Thunderbird Insignia of the 45th Infantry Division in the prescribed red and gold coloring or the emblem of the Army, Navy, Air Force, Marines or Coast Guard according to the branch of service to which the member belonged. For the purpose of license plate identification, the plate shall contain four digits, two digits at the left and two digits at the right of the insignia or emblem. Centered on the bottom of the license plate shall be the words "WORLD WAR II";

17. Korean War Veteran License Plates - such plates shall be designed to honor honorably discharged former members of the United States Armed Forces who are residents of this state and who can be verified by the Oklahoma Military Department, the Department of Veterans Affairs or the Armed Forces of the United States as having served on federal active duty anytime during the period from June 27, 1950, to January 31, 1955, both dates inclusive. The former members may apply for a Korean War Veteran license plate for vehicles with a rated carrying capacity of one (1) ton or less.

The license plate shall have the legend "OKLAHOMA" and shall contain, in the center of the plate, either the Thunderbird Insignia of the 45th Infantry Division in the prescribed red and gold coloring or the emblem of the Army, Navy, Air Force, Marines or Coast Guard according to the branch of service to which the member belonged. For the purpose of license plate identification, the plate shall contain four digits, two digits at the left and two

digits at the right of the insignia or emblem. Centered on the bottom of the license plate shall be the word "KOREA";

18. Municipal Official License Plates - such plates shall be designed for persons elected to a municipal office in this state and shall designate the name of the municipality and the district or ward in which the municipal official serves. The plates shall only be produced upon application;

19. Red Cross Volunteer License Plates - such plates shall be designed to honor American Red Cross volunteers and staff who are residents of this state. Such persons must present an identification card issued by the American Red Cross and bearing a photograph of the person. The license plate shall be designed with the assistance of the American Red Cross and shall have the legend "Oklahoma OK!" in the color Pantone 186C Red. Below the legend the symbol of the American Red Cross and no more than three letters and three numbers shall be in the color Pantone 186C Red. Below the symbol and letters and numbers shall be the words "American Red Cross" in black. The plates shall not be subject to the design requirements of any other license plates prescribed by law other than the space for the placement of the yearly decals for each succeeding year of registration after the initial issue;

20. Veterans of Foreign Wars License Plates - such plates shall be designed to honor the veterans of foreign wars and issued to any resident of this state who is a member of a Veterans of Foreign Wars organization in this state. Such persons may apply for Veterans of Foreign Wars license plates upon proof of membership in a Veterans of Foreign Wars organization. The license plate shall be designed in consultation with the Veterans of Foreign Wars organization;

21. Desert Storm License Plates - such plates shall be designed and issued to any honorably discharged or present member of the United States Armed Forces who served in the Persian Gulf Crisis and the Desert Storm operation. Such persons may apply for a Desert

Storm license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

22. Military Reserve Unit License Plates - such plates shall be designed and issued to any honorably discharged or present member of a reserve unit of the United States Armed Forces. Such persons may apply for a Military Reserve Unit license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

23. Oklahoma City Bombing Victims and Survivors License Plates - such plates shall be designed and issued to any victim or survivor of the bombing attack on the Alfred P. Murrah Federal Building in downtown Oklahoma City on April 19, 1995;

24. Civil Air Patrol License Plates - such plates shall be designed and issued to any person who is a member of the Civil Air Patrol. Such persons may apply for a Civil Air Patrol license plate for each vehicle with a rated carrying capacity of one (1) ton or less upon proof of membership in the Civil Air Patrol. The license plate shall be designed in consultation with the Civil Air Patrol;

25. Ninety-Nines License Plates - such plates shall be designed and issued to members of the Ninety-Nines. Persons applying for such license plate must show proof of membership in the Ninety-Nines. The license plates shall be designed in consultation with the Ninety-Nines;

26. Combat Infantryman Badge License Plates - such plates shall be designed to honor recipients of the Combat Infantryman Badge. The plate shall have the legend "Oklahoma OK". Below the legend shall be the Combat Infantryman Badge and three numbers. Below the badge and the numbers shall be the words "Combat Infantryman Badge". Such persons may apply for a Combat Infantryman Badge license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

27. Somalia Combat Veterans License Plates - such plates shall be designed and issued to any honorably discharged or present member

of the United States Armed Forces who saw combat in the United Nations relief effort. Such persons may apply for a Somalia Combat Veteran license plate for each vehicle with a rated carrying capacity of one (1) ton or less;

28. Police Chaplain License Plates - such plates shall be designed and issued to members of the International Conference of Police Chaplains (ICPC) who have completed the ICPC requirements for basic certification as a police chaplain. The license plates shall be designed in consultation with the ICPC;

29. Joint Service Commendation Medal License Plates - such plates shall be designed and issued to any resident of this state who has been awarded the Joint Service Commendation Medal by the United States Secretary of Defense;

30. Merchant Marine License Plates - such plates shall be designed, subject to criteria to be presented to the Tax Commission by the Oklahoma Department of Veterans Affairs, and issued to any person who during combat was a member of the Merchant Marines as certified by the Oklahoma Department of Veterans Affairs. Such license plate may be issued for each vehicle with a rated carrying capacity of one (1) ton or less;

31. Legislative License Plates - such plates shall be designed for persons elected to the Oklahoma Legislature and shall designate the house of the Legislature in which the legislator serves and the district number;

32. Disabled Veterans License Plates - such plates shall be designed for persons presenting proper certification from the United States Department of Veterans Affairs or the Armed Forces of the United States certifying such veteran has a service-connected disability rating of fifty percent (50%) or more, regardless which agency pays the disability benefits, or that such veteran has been awarded a vehicle by the United States government or receives a grant from the United States Department of Veterans Affairs for the

purchase of an automobile due to a service-connected disability rating or due to the loss of use of a limb or an eye. Such persons may apply to the Tax Commission for a disabled veterans license plate or to a motor license agent for a regular license plate for no more than two vehicles with each vehicle having a rated carrying capacity of one (1) ton or less. The surviving spouse of any deceased disabled veteran, if the spouse has not since remarried, or if remarried, the remarriage is terminated by death, divorce, or annulment, may apply for a disabled veterans license plate for one vehicle with a rated carrying capacity of one (1) ton or less. The fee provided by this section for the special license plate authorized by this paragraph shall be in addition to all other registration fees provided by law, except the registration fees levied by Section 1132 of this title. The total expense of this license plate shall not exceed Five Dollars (\$5.00).

If the person qualifies for a disabled veterans license plate and is also eligible for an insignia as a physically disabled person under the provisions of Section 15-112 of this title, the person shall be eligible to receive a disabled veterans license plate that also displays the international accessibility symbol, which is a stylized human figure in a wheelchair. Upon the death of the disabled veteran with a disabled veterans license plate with the international accessibility symbol, the plate shall be returned to the Tax Commission;

33. United States Air Force Association License Plates - such plates shall be designed for members of the United States Air Force Association. Persons applying for such license plate must show proof of membership in the Association. The license plates shall be designed in consultation with the Association;

34. Oklahoma Military Academy Alumni License Plates - such plates shall be designed and issued to any resident of this state who is an alumnus of the Oklahoma Military Academy. Such persons

may apply for an Oklahoma Military Academy Alumnus license plate for each vehicle with a rated carrying capacity of one (1) ton or less. The license plates shall be designed in consultation with the Oklahoma Military Academy and shall contain the shield of the Academy;

35. Amateur Radio Operator License Plates - such plates shall be designed and issued to any person, holding a valid operator's license, technician class or better, issued by the Federal Communications Commission, and who is also the owner of a motor vehicle currently registered in Oklahoma, in which has been installed amateur mobile transmitting and receiving equipment. Eligible persons shall be entitled to two special vehicle identification plates as herein provided. Application for such identification plates shall be on a form prescribed by the Oklahoma Tax Commission and the plates issued to such applicant shall have stamped thereon the word "Oklahoma" and bear the official call letters of the radio station assigned by the Federal Communications Commission to the individual amateur operator thereof. All applications for such plates must be made to the Oklahoma Tax Commission on or before the first day of October of any year for such plates for the following calendar year and must be accompanied by the fee required in this section together with a certificate, or such other evidence as the Tax Commission may require, of proof that applicant has a valid technician class or better amateur operator's license and proof of his ownership of a vehicle in which radio receiving and transmitting equipment is installed. Applicants shall only be entitled to one set of special identification plates in any one (1) year, and such calendar year shall be stamped thereon. The right to such special identification plates herein provided for shall continue until the amateur radio operator's license of the person to whom such plates are issued expires or is revoked;

36. American Legion License Plates - such plates shall be designed for members of the American Legion. Persons applying for such license plate must show proof of membership. The license plates shall be designed in consultation with the American Legion of Oklahoma;

37. Deputy Sheriff License Plates - such plates shall be designed for any currently employed or retired county sheriff or deputy sheriff. County sheriffs or deputy sheriffs may apply for such plates for vehicles with a rated capacity of one (1) ton or less upon proof of employment by or retirement from a county sheriff's office by either an identification card or letter from the county sheriff or a government-sponsored retirement board from which the county sheriff or deputy sheriff may be receiving a pension. Retirees who are eligible for such plates shall provide proof of eligibility upon initial application, but shall not be required to provide proof of eligibility annually. The license plates shall be designed in consultation with the county sheriff offices of this state; and

38. Surviving Spouse License Plates - such plates shall be designed for any resident of this state who is the surviving spouse of an honorably discharged veteran who died due to or as a consequence of a service-connected disability. Such surviving spouse may, if not since remarried, or if remarried, the remarriage is terminated by death, divorce or annulment, apply for a Surviving Spouse license plate for one vehicle with a rated carrying capacity of one (1) ton or less.

C. Unless otherwise provided by this section, the fee for such plates shall be Eight Dollars (\$8.00) and shall be in addition to all other registration fees provided by the Oklahoma Vehicle License and Registration Act. Such fees shall be deposited in the Oklahoma Tax Commission Reimbursement Fund to be used for the administration of the Oklahoma Vehicle License and Registration Act.

SECTION 14. AMENDATORY 47 O.S. 2001, Section 6-101, as last amended by Section 5, Chapter 521, O.S.L. 2004 (47 O.S. Supp. 2005, Section 6-101), is amended to read as follows:

Section 6-101. A. No person, except those hereinafter expressly exempted in Section 6-102 of this title, shall operate any motor vehicle upon a highway in this state unless the person has a valid Oklahoma driver license for the class of vehicle being operated under the provisions of this title. No person shall be permitted to possess more than one valid license at any time.

B. 1. No person shall operate a Class A commercial motor vehicle unless the person is eighteen (18) years of age or older and holds a valid Class A commercial license, except as provided in paragraph 5 of this subsection. Any person holding a valid Class A commercial license shall be permitted to operate motor vehicles in Classes A, B, C and D, except as provided for in paragraph 4 of this subsection.

2. No person shall operate a Class B commercial motor vehicle unless the person is eighteen (18) years of age or older and holds a valid Class B commercial license. Any person holding a valid Class B commercial license shall be permitted to operate motor vehicles in Classes B, C and D, except as provided for in paragraph 4 of this subsection.

3. No person shall operate a Class C commercial motor vehicle unless the person is eighteen (18) years of age or older and holds a valid Class C commercial license. Any person holding a valid Class C commercial license shall be permitted to operate motor vehicles in Classes C and D, except as provided for in paragraph 4 of this subsection.

4. No person under twenty-one (21) years of age shall be licensed to operate any motor vehicle which is required to be placarded for hazardous materials pursuant to 49 C.F.R., Part 172, subpart F; provided, a person eighteen (18) years of age or older

may be licensed to operate a farm vehicle which is required to be placarded for hazardous materials pursuant to 49 C.F.R., Part 172, subpart F.

5. A person at least seventeen (17) years of age who successfully completes all examinations required by law may be issued by the Department:

- a. a restricted Class A commercial license which shall grant to the licensee the privilege to operate a Class A or Class B commercial motor vehicle for harvest purposes or a Class D motor vehicle, or
- b. a restricted Class B commercial license which shall grant to the licensee the privilege to operate a Class B commercial motor vehicle for harvest purposes or a Class D motor vehicle.

6. No person shall operate a Class D motor vehicle unless the person is sixteen (16) years of age or older and holds a valid Class D license, except as provided for in Section 6-102 or 6-105 of this title. Any person holding a valid Class D license shall be permitted to operate motor vehicles in Class D only.

C. Any person issued a driver license pursuant to this section may exercise the privilege thereby granted upon all streets and highways in this state.

D. No person shall operate a motorcycle or motor-driven cycle without having a valid Class A, B, C or D license with a motorcycle endorsement. Except as otherwise provided by law, any new applicant for an original driver license shall be required to successfully complete a written examination, vision examination, and driving examination for a motorcycle as prescribed by the Department of Public Safety to be eligible for a motorcycle endorsement thereon. The driving examination for a motorcycle may be waived by the Department of Public Safety upon verification that the person has

completed a certified Motorcycle Safety Foundation rider course approved by the Department.

E. Except as otherwise provided by law, any person who lawfully possesses a valid Oklahoma driver license which is eligible for renewal shall be required to successfully complete a written examination, vision examination, and driving examination for a motorcycle as prescribed by the Department to be eligible for a motorcycle endorsement; provided, however, the Department may waive all such examinations until July 1, 2000, upon satisfactory proof that the applicant has regularly operated a motorcycle or motor-driven cycle for a minimum of two (2) years immediately preceding the application.

F. 1. Any person eighteen (18) years of age or older may apply for a restricted Class A, B or C commercial license. The Department, after the applicant has passed all parts of the examination for a Class D license and has successfully passed all parts of the examination for a Class A, B or C commercial license other than the driving examination, may issue to the applicant a restricted driver license which shall entitle the applicant having immediate possession of the license to operate a Class A, B or C commercial motor vehicle upon the public highways solely for the purpose of behind-the-wheel training in accordance with rules promulgated by the Department.

2. This restricted driver license shall be issued for a period of not more than four (4) years; provided, such restricted license may be suspended, revoked, canceled, or denied at the discretion of the Department for violation of the restrictions, for failing to give the required or correct information on the application, or for violation of any traffic laws of this state pertaining to the operation of a motor vehicle. Except as otherwise provided, the lawful possessor of a restricted license who has been issued a restricted license for a minimum of thirty (30) days may have the

restriction requiring an accompanying driver removed by satisfactorily completing a driver's examination; provided, the removal of a restriction shall not authorize the operation of a Class A, B or C commercial motor vehicle if such operation is otherwise prohibited by law.

G. 1. The fee charged for an approved application for an original Oklahoma driver license or an approved application for the addition of an endorsement to a current valid Oklahoma driver license shall be assessed in accordance with the following schedule:

Class A Commercial License	\$25.00
Class B Commercial License	\$15.00
Class C Commercial License	\$15.00
Class D License	\$ 4.00
Motorcycle Endorsement	\$ 4.00

2. Notwithstanding the provisions of Section 1104 of this title, all monies collected from the fees charged for Class A, B and C commercial licenses pursuant to the provisions of this subsection shall be deposited in the General Revenue Fund of this state.

H. The fee charged for any failed examination shall be Four Dollars (\$4.00) for any license classification. Notwithstanding the provisions of Section 1104 of this title, all monies collected from such examination fees pursuant to the provisions of this subsection shall be deposited in the General Revenue Fund of this state.

I. 1. In addition to any fee charged pursuant to the provisions of subsection G of this section, the fee charged for the issuance or renewal of an Oklahoma license which is not in a computerized image format shall be in accordance with the following schedule:

Class A Commercial License	\$40.50
Class B Commercial License	\$40.50
Class C Commercial License	\$30.50
Class D License	\$20.50

Notwithstanding the provisions of Section 1104 of this title, of each fee charged pursuant to this paragraph:

- a. Five Dollars and fifty cents (\$5.50) shall be deposited to the Trauma Care Assistance Revolving Fund created in Section ~~330.97~~ 1-2530.9 of Title 63 of the Oklahoma Statutes, and
- b. Five Dollars and seventy-five cents (\$5.75) shall be deposited to the Department of Public Safety Computer Imaging System Revolving Fund to be used solely for the purpose of administration and maintenance of the computerized imaging system of the Department.

2. In addition to any fee charged pursuant to the provisions of subsection G of this section, the fee charged for the issuance or renewal of an Oklahoma license which is in a computerized image format shall be in accordance with the following schedule:

Class A Commercial License	\$41.50
Class B Commercial License	\$41.50
Class C Commercial License	\$31.50
Class D License	\$21.50

Notwithstanding the provisions of Section 1104 of this title, of each fee charged pursuant to the provisions of this paragraph:

- a. Five Dollars and fifty cents (\$5.50) shall be deposited to the Trauma Care Assistance Revolving Fund created in Section 330.97 of Title 63 of the Oklahoma Statutes, and
- b. Six Dollars and seventy-five cents (\$6.75) shall be deposited to the Department of Public Safety Computer Imaging System Revolving Fund to be used solely for the purpose of administration and maintenance of the computerized imaging system of the Department.

J. All original and renewal driver licenses shall expire no more than four (4) years from the last day of the month in which the license was issued, as provided by law.

K. Any person sixty-two (62) years of age or older during the calendar year of issuance of a Class D license or motorcycle endorsement shall be charged the following prorated fee:

Age 62	\$11.25
Age 63	\$ 7.50
Age 64	\$ 3.75
Age 65	-0-

L. No person who has been honorably discharged from active service in any branch of the Armed Forces of the United States or Oklahoma National Guard and who has been certified by the United States Department of Veterans Affairs, its successor, or the Armed Forces of the United States to be a disabled veteran in receipt of compensation at the one-hundred-percent rate for a permanent disability sustained through military action or accident resulting from disease contracted while in such active service shall be charged a fee for the issuance or renewal of an Oklahoma driver license.

M. The Department of Public Safety and the Oklahoma Tax Commission are authorized to promulgate rules for the issuance and renewal of driver licenses authorized pursuant to the provisions of Sections 6-101 through 6-309 of this title. Applications, upon forms approved by the Department of Public Safety, for such licenses shall be handled by the motor license agents; provided, the Department of Public Safety is authorized to assume these duties in any county of this state. Each motor license agent accepting applications for driver licenses shall receive Two Dollars (\$2.00) to be deducted from the total collected for each license or renewal application accepted. The two-dollar fee received by the motor license agent shall be used for operating expenses.

~~M.~~ N. Notwithstanding the provisions of Section 1104 of this title and subsection ~~L~~ M of this section and except as provided in subsections G and I of this section, the first Sixty Thousand Dollars (\$60,000.00) of all monies collected pursuant to this section shall be paid by the Oklahoma Tax Commission to the State Treasurer to be deposited in the General Revenue Fund of the State Treasury.

The next Five Hundred Thousand Dollars (\$500,000.00) of monies collected pursuant to this section shall be paid by the Tax Commission to the State Treasurer to be deposited each fiscal year under the provisions of this section to the credit of the Department of Public Safety Revolving Fund for the purpose of the Statewide Law Enforcement Communications System. All other monies collected in excess of Five Hundred Sixty Thousand Dollars (\$560,000.00) each fiscal year shall be apportioned as provided in Section 1104 of this title, except as otherwise provided in this section.

~~N.~~ O. The Department of Public Safety shall implement a procedure whereby images displayed on licenses and identification cards issued pursuant to the provisions of Sections 6-101 through 6-309 of this title are maintained by the Department to create photographs or computerized images which may be used only:

1. By a law enforcement agency for purposes of criminal investigations, missing person investigations, or any law enforcement purpose which is deemed necessary by the Commissioner of Public Safety;

2. By the driver licensing agency of another state for its official purpose; and

3. As provided in Section 2-110 of this title.

The computer system and related equipment acquired for this purpose must conform to industry standards for interoperability and open architecture. The Department of Public Safety may promulgate rules to implement the provisions of this subsection.

SECTION 15. AMENDATORY Section 21, Chapter 363, O.S.L. 2005 (74 O.S. Supp. 2005, Section 2220), is amended to read as follows:

Section 2220. A. The Commission may prescribe and collect reasonable rates and fees pursuant to the provisions of this section for the services, facilities and commodities rendered by all property of the Commission.

1. The Commission may establish maximum rates for rooms at the state lodges and cabins, for recreational activities, for recreational vehicles and camping sites, and for community facilities under control of the Commission. The method whereby the rates are determined shall be promulgated pursuant to Article I of the Administrative Procedures Act. At least twenty (20) days prior to the adoption or approval of any rate changes by the Commission, the Department shall submit a copy of the proposed rates, for informational purposes, to the Governor, Speaker of the House of Representatives and President Pro Tempore of the Senate. Any change in the rates during the year when the Legislature is not in session shall be reported in writing to the Governor, Speaker of the House of Representatives and President Pro Tempore of the Senate within five (5) business days of such Commission action.

2. The Commission may establish maximum charges for all activities at state-owned golf courses. The charges may vary among the different golf courses according to the practices of the golf industry. The method whereby the maximum charges are determined shall be in accordance with rules promulgated pursuant to Article I of the Administrative Procedures Act. At least twenty (20) days prior to the adoption or approval of any rate changes by the Commission, the Department shall submit a copy of such proposed charges, for informational purposes, to the Governor, Speaker of the House of Representatives and President Pro Tempore of the Senate.

3. The Commission may establish entrance or day-use charges for the state park system. All monies collected from entrance or day-use charges shall be used for the capital improvements at the state parks where the charges were collected. The Commission may establish an annual pass for visitors. The method whereby the maximum charges are determined, sold, and collected shall be in accordance with rules promulgated pursuant to Article I of the Administrative Procedures Act. At least twenty (20) days prior to the adoption or approval of any rate changes by the Commission, the Department shall submit a copy of such proposed charges, for informational purposes, to the Governor, Speaker of the House of Representatives and President Pro Tempore of the Senate.

4. Fees shall be promulgated pursuant to Article I of the Administrative Procedures Act.

5. Fees may reflect the seasonal usage of the parks and facilities and for promotional purposes and goals.

B. All fees, licenses and other charges shall be posted in a convenient place in each park. Every person using any of the facilities in a park shall be charged the same fees, licenses and every other charge except:

1. Residents of this state sixty-two (62) years of age and over and their spouses, and nonresidents sixty-two (62) years of age and over and their spouses. The Commission may promulgate rules establishing different fees for residents and nonresidents specified in this paragraph. Identification may be established by presentation of proof of age, residency, a state driver license, a state license for identification only, birth certificate or any other form of identification authorized by the Commission;

2. Individuals who have been certified as totally disabled under state or federal law and their spouses shall be entitled to a fifty percent (50%) reduction of fees which apply to recreational use facilities;

3. Individuals who have been honorably discharged from active service in any branch of the Armed Forces of the United States or Oklahoma National Guard and who have been certified by the United States Department of Veterans Affairs or its successor to be in receipt of disability compensation at the one-hundred-percent rate and the disability is permanent and was sustained through military action or accident or resulting from disease contracted while in such active service shall be entitled to a waiver of all entrance and day-use fees and charges for the state park system;

4. Children's groups, volunteer groups as specified by the Commission, or governmental entities that provide beneficial services at the facility for which the fee may be reduced or waived; and

~~4.~~ 5. Special discount rates as authorized in this section may be waived for individuals who are members of a group being provided a special group rate as allowed by law.

C. The failure to collect such fees, licenses and other charges shall subject an employee of the Commission to a fine of Twenty-five Dollars (\$25.00) for each and every violation.

SECTION 16. Sections 2, 3, 4, 5, 6, 7, 8, 13, 14 and 15 of this act shall become effective July 1, 2006.

SECTION 17. Sections 1, 11 and 12 of this act shall become effective November 1, 2006.

SECTION 18. Section 10 of this act shall become effective January 1, 2007.

SECTION 19. 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.