

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 CONFERENCE COMMITTEE
4 SUBSTITUTE
5 FOR ENGROSSED
6 HOUSE BILL NO. 1387

By: Terrill, Dorman, Key,
Covey, Liebmann, Auffet,
Jett, Nations, Kiesel,
McMullen, Luttrell and
Walker of the House

7 and

8 Wilson and Sparks of the
9 Senate

10
11 CONFERENCE COMMITTEE SUBSTITUTE

12 An Act relating to revenue and taxation; amending 68
13 O.S. 2001, Section 1001, as last amended by Section
14 1, Chapter 260, O.S.L. 2007 (68 O.S. Supp. 2007,
15 Section 1001), which relates to gross production tax;
16 providing oil price benchmark for making certain
17 determination; defining term; requiring updates;
18 allowing for alternative benchmark; providing gas
19 price benchmark for making certain determination;
20 defining term; requiring updates; allowing for
21 alternative benchmark; amending 68 O.S. 2001, Section
22 1356, as last amended by Section 5, Chapter 353,
23 O.S.L. 2007 (68 O.S. Supp. 2007, Section 1356), which
24 relates to Oklahoma sales tax; expanding exemption to
include Department of Central Services under certain
circumstances; modifying applicability of certain
sales tax exemptions; creating a sales tax exemption
for certain organizations; authorizing sales tax
exemption for construction of certain facility by
nonprofit entity; providing exemption for certain
hospital supporting organizations; providing
exemption for certain firearms-related organizations;
amending 68 O.S. 2001, Section 2110, as amended by
Section 17, Chapter 479, O.S.L. 2005 (68 O.S. Supp.
2007, Section 2110), which relates to rental tax;

1 allowing deduction for bad debt; defining term;
2 amending Section 1, Chapter 510, O.S.L. 2004, as
3 amended by Section 1, Chapter 442, O.S.L. 2005 (68
4 O.S. Supp. 2007, Section 2357.100), which relates to
5 tax credits for purchase and transportation of
6 poultry litter; extending duration of credit;
7 increasing amount of credit; authorizing certain
8 purchase agreement; providing agreement requirements;
9 creating the Oklahoma Tax Commission and Office of
10 State Finance Joint Computer Enhancement Fund;
11 providing for expenditure of funds; providing
12 permissible expenditure purposes; allowing certain
13 transfer of funds; amending 68 O.S. 2001, Section
14 1353, as last amended by Section 34 of Enrolled
15 Senate Bill No. 1830 of the 2nd Session of the 51st
16 Oklahoma Legislature, which relates to sales tax
17 apportionment; providing limited exception to general
18 purpose; amending 68 O.S. 2001, Section 1403, as last
19 amended by Section 4, Chapter 366, O.S.L. 2007 (68
20 O.S. Supp. 2007, Section 1403), which relates to use
21 tax; providing limited exception to general purpose;
22 amending 68 O.S. 2001, Section 2352, as last amended
23 by Section 5, Chapter 366, O.S.L. 2007 (68 O.S. Supp.
24 2007, Section 2352), which relates to income tax;
providing limited exceptions to general purpose;
providing for codification; providing for
noncodification; 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 1001, as
last amended by Section 1, Chapter 260, O.S.L. 2007 (68 O.S. Supp.
2007, Section 1001), is amended to read as follows:

Section 1001. A. There is hereby levied upon the production of
asphalt, ores bearing lead, zinc, jack, gold, silver and copper a

1 tax equal to three-fourths of one percent (3/4 of 1%) on the gross
2 value thereof.

3 B. 1. Effective January 1, 1999, through June 30, 2010, except
4 as otherwise exempted pursuant to subsections D, E, F, G, H, I and J
5 of this section, there is hereby levied upon the production of oil a
6 tax as set forth in this subsection on the gross value of the
7 production of oil based on a per barrel measurement of forty-two
8 (42) U.S. gallons of two hundred thirty-one (231) cubic inches per
9 gallon, computed at a temperature of sixty (60) degrees Fahrenheit.
10 If the average price of Oklahoma oil as determined by the Oklahoma
11 Tax Commission pursuant to the provisions of paragraph 3 of this
12 subsection equals or exceeds Seventeen Dollars (\$17.00) per barrel,
13 then the tax shall be seven percent (7%). If the average price of
14 Oklahoma oil as determined by the Tax Commission pursuant to
15 paragraph 3 of this subsection is less than Seventeen Dollars
16 (\$17.00) but is equal to or exceeds Fourteen Dollars (\$14.00) per
17 barrel, then the tax shall be four percent (4%). If the average
18 price of Oklahoma oil as determined by the Tax Commission pursuant
19 to paragraph 3 of this subsection is less than Fourteen Dollars
20 (\$14.00) per barrel, then the tax shall be one percent (1%).

21 2. Effective July 1, 2010, except as otherwise exempted
22 pursuant to subsections D, E, F, G, H, I and J of this section,
23 there shall be levied upon the production of oil a tax equal to
24 seven percent (7%) of the gross value of the production of oil based

1 on a per barrel measurement of forty-two (42) U.S. gallons of two
2 hundred thirty-one (231) cubic inches per gallon, computed at a
3 temperature of sixty (60) degrees Fahrenheit.

4 3. Effective January 1, 1999, through June 30, 2010, the
5 average price of Oklahoma oil for purposes of this section shall be
6 computed by the Tax Commission based on the total value of oil
7 reported each month that is subject to the tax levied under this
8 section. At the first of each month, the Tax Commission shall
9 compute the average price paid per barrel of oil reported on the
10 monthly tax report for the most current production month on file.
11 The average price as computed by the Tax Commission shall be used to
12 determine the applicable tax rate for the third month following
13 production. Effective July 1, 2002, through June 30, 2010, the
14 average price of gas for purposes of this section shall be computed
15 by the Tax Commission based on the total value of gas reported each
16 month that is subject to the tax levied by this section. At the
17 first of each month, the Tax Commission shall compute the average
18 price paid per thousand cubic feet (mcf) of gas as reported on the
19 monthly tax report for the most current production month on file.
20 The average price as computed by the Tax Commission shall be used to
21 determine the applicable tax rate for the third month following
22 production.

23 4. Effective July 1, 2002, through June 30, 2010, except as
24 otherwise exempted pursuant to subsections D, E, F, G, H, I and J of

1 this section, there is hereby levied upon the production of gas a
2 tax as set forth in this subsection on the gross value of the
3 production of gas. If the average price of gas as determined by the
4 Tax Commission pursuant to the provisions of paragraph 3 of this
5 subsection equals or exceeds Two Dollars and ten cents (\$2.10) per
6 thousand cubic feet (mcf), then the tax shall be seven percent (7%).
7 If the average price of gas as determined by the Tax Commission
8 pursuant to the provisions of paragraph 3 of this subsection is less
9 than Two Dollars and ten cents (\$2.10) per thousand cubic feet (mcf)
10 but is equal to or exceeds One Dollar and seventy-five cents (\$1.75)
11 per thousand cubic feet (mcf), then the tax shall be four percent
12 (4%). If the average price of gas as determined by the Tax
13 Commission pursuant to the provisions of paragraph 3 of this
14 subsection is less than One Dollar and seventy-five cents (\$1.75)
15 per thousand cubic feet (mcf), then the tax shall be one percent
16 (1%).

17 5. Effective July 1, 2010, except as otherwise exempted
18 pursuant to subsections D, E, F, G, H, I and J of this section,
19 there shall be levied a tax equal to seven percent (7%) of the gross
20 value of the production of gas.

21 C. The taxes hereby levied shall also attach to, and are levied
22 on, what is known as the royalty interest, and the amount of such
23 tax shall be a lien on such interest.

24

1 D. 1. Except as otherwise provided in this section, any
2 incremental production attributable to the working interest owners
3 which results from an enhanced recovery project shall be exempt from
4 the gross production tax levied pursuant to this section from the
5 project beginning date until project payback is achieved for new
6 enhanced recovery projects or until project payback is achieved but
7 not to exceed a period of thirty-six (36) months for tertiary
8 enhanced recovery projects existing on July 1, 1988. This exemption
9 shall take effect July 1, 1988, and shall apply to enhanced recovery
10 projects approved or having a project beginning date prior to July
11 1, 1993. Project payback pursuant to this paragraph for enhanced
12 recovery projects qualifying for this exemption on or after July 1,
13 1990, and on or before June 30, 1993, shall be determined by
14 appropriate payback indicators which will not include any expenses
15 beyond the completion date of the well. Project payback pursuant to
16 this paragraph for enhanced recovery projects qualifying for this
17 exemption on or after October 17, 1987, and on or before June 30,
18 1990, shall be determined by appropriate payback indicators as
19 previously established and allowed by the Tax Commission for
20 projects qualifying during such period.

21 2. Except as otherwise provided in this section, for secondary
22 recovery projects approved and having a project beginning date on or
23 after July 1, 1993, and before July 1, 2000, any incremental
24 production attributable to the working interest owners which results

1 from such secondary recovery projects shall be exempt from the gross
2 production tax levied pursuant to this section from the project
3 beginning date until project payback is achieved but not to exceed a
4 period of ten (10) years. Project payback pursuant to this
5 paragraph shall be determined by appropriate payback indicators
6 which will provide for the recovery of capital expenses and fifty
7 percent (50%) of operating expenses, in determining project payback.

8 3. Except as otherwise provided in this section, for secondary
9 recovery projects approved or having an initial project beginning
10 date on or after July 1, 2000, and before July 1, 2009, any
11 incremental production attributable to the working interest owners
12 which results from such secondary recovery projects shall be exempt
13 from the gross production tax levied pursuant to this section for a
14 period not to exceed five (5) years from the initial project
15 beginning date or for a period ending upon the termination of the
16 secondary recovery process, whichever occurs first.

17 4. Except as otherwise provided in this section, for tertiary
18 recovery projects approved and having a project beginning date on or
19 after July 1, 1993, and before July 1, 2009, any incremental
20 production attributable to the working interest owners which results
21 from such tertiary recovery projects shall be exempt from the gross
22 production tax levied pursuant to this section from the project
23 beginning date until project payback is achieved, but not to exceed
24 a period of ten (10) years. Project payback pursuant to this

1 paragraph shall be determined by appropriate payback indicators
2 which will provide for the recovery of capital expenses and
3 operating expenses, excluding administrative expenses, in
4 determining project payback. The capital expenses of pipelines
5 constructed to transport carbon dioxide to a tertiary recovery
6 project shall not be included in determining project payback
7 pursuant to this paragraph.

8 5. The provisions of this subsection shall also not apply to
9 any enhanced recovery project using fresh water as the primary
10 injectant, except when using steam.

11 6. For purposes of this subsection:

12 a. "incremental production" means the amount of crude oil
13 or other liquid hydrocarbons which is produced during
14 an enhanced recovery project and which is in excess of
15 the base production amount of crude oil or other
16 liquid hydrocarbons. The base production amount shall
17 be the average monthly amount of production for the
18 twelve-month period immediately prior to the project
19 beginning date minus the monthly rate of production
20 decline for the project for each month beginning one
21 hundred eighty (180) days prior to the project
22 beginning date. The monthly rate of production
23 decline shall be equal to the average extrapolated
24 monthly decline rate for the twelve-month period

1 immediately prior to the project beginning date as
2 determined by the Corporation Commission based on the
3 production history of the field, its current status,
4 and sound reservoir engineering principles, and

5 b. "project beginning date" means the date on which the
6 injection of liquids, gases, or other matter begins on
7 an enhanced recovery project.

8 7. The Corporation Commission shall promulgate rules for the
9 qualification for this exemption which shall include, but not be
10 limited to, procedures for determining incremental production as
11 defined in subparagraph a of paragraph 6 of this subsection, and the
12 establishment of appropriate payback indicators as approved by the
13 Tax Commission for the determination of project payback for each of
14 the exemptions authorized by this subsection.

15 8. For new secondary recovery projects and tertiary recovery
16 projects approved by the Corporation Commission on or after July 1,
17 1993, and before July 1, 2009, such approval shall constitute
18 qualification for an exemption.

19 9. Any person seeking an exemption shall file an application
20 for such exemption with the Tax Commission which, upon determination
21 of qualification by the Corporation Commission, shall approve the
22 application for such exemption.

1 10. The Tax Commission may require any person requesting such
2 exemption to furnish information or records concerning the exemption
3 as is deemed necessary by the Tax Commission.

4 11. Upon the expiration of the exemption granted pursuant to
5 this subsection, the Tax Commission shall collect the gross
6 production tax levied pursuant to this section.

7 E. 1. Except as otherwise provided in this section, the
8 production of oil, gas or oil and gas from a horizontally drilled
9 well producing prior to July 1, 2002, which production commenced
10 after July 1, 1995, shall be exempt from the gross production tax
11 levied pursuant to subsection B of this section from the project
12 beginning date until project payback is achieved but not to exceed a
13 period of twenty-four (24) months commencing with the month of
14 initial production from the horizontally drilled well. Except as
15 otherwise provided in this section, the production of oil, gas or
16 oil and gas from a horizontally drilled well producing prior to July
17 1, 2009, which production commenced after July 1, 2002, shall be
18 exempt from the gross production tax levied pursuant to subsection B
19 of this section from the project beginning date until project
20 payback is achieved but not to exceed a period of forty-eight (48)
21 months commencing with the month of initial production from the
22 horizontally drilled well. Provided, any incremental production
23 which results from a horizontally drilled well producing prior to
24 July 1, 1994, shall be exempt from the gross production tax levied

1 pursuant to subsection B of this section from the project beginning
2 date until project payback is achieved but not to exceed a period of
3 twenty-four (24) months commencing with the month of initial
4 production from the horizontally drilled well. For purposes of
5 subsection D of this section and this subsection, project payback
6 shall be determined as of the date of the completion of the well and
7 shall not include any expenses beyond the completion date of the
8 well, and subject to the approval of the Tax Commission.

9 2. As used in this subsection, "horizontally drilled well"
10 shall mean an oil, gas or oil and gas well drilled or recompleted in
11 a manner which encounters and subsequently produces from a
12 geological formation at an angle in excess of seventy (70) degrees
13 from vertical and which laterally penetrates a minimum of one
14 hundred fifty (150) feet into the pay zone of the formation.

15 F. 1. Except as otherwise provided by this section, the
16 severance or production of oil, gas or oil and gas from an inactive
17 well shall be exempt from the gross production tax levied pursuant
18 to subsection B of this section for a period of twenty-eight (28)
19 months from the date upon which production is reestablished. This
20 exemption shall take effect July 1, 1994, and shall apply to wells
21 for which work to reestablish or enhance production began on or
22 after July 1, 1994, and for which production is reestablished prior
23 to July 1, 2009. For all such production, a refund against gross
24

1 production taxes shall be issued as provided in subsection L of this
2 section.

3 2. As used in this subsection, for wells for which production
4 is reestablished prior to July 1, 1997, "inactive well" means any
5 well that has not produced oil, gas or oil and gas for a period of
6 not less than two (2) years as evidenced by the appropriate forms on
7 file with the Corporation Commission reflecting the well's status.
8 As used in this subsection, for wells for which production is
9 reestablished on or after July 1, 1997, and prior to July 1, 2009,
10 "inactive well" means any well that has not produced oil, gas or oil
11 and gas for a period of not less than one (1) year as evidenced by
12 the appropriate forms on file with the Corporation Commission
13 reflecting the well's status. Wells which experience mechanical
14 failure or loss of mechanical integrity, as defined by the
15 Corporation Commission, including but not limited to, casing leaks,
16 collapse of casing or loss of equipment in a wellbore, or any
17 similar event which causes cessation of production, shall also be
18 considered inactive wells.

19 G. 1. Except as otherwise provided by this section, any
20 incremental production which results from a production enhancement
21 project shall be exempt from the gross production tax levied
22 pursuant to subsection B of this section for a period of twenty-
23 eight (28) months from the date of first sale after project
24 completion of the production enhancement project. This exemption

1 shall take effect July 1, 1994, and shall apply to production
2 enhancement projects having a project beginning date on or after
3 July 1, 1994, and prior to July 1, 2009. For all such production, a
4 refund against gross production taxes shall be issued as provided in
5 subsection L of this section.

6 2. As used in this subsection:

7 a. (1) for production enhancement projects having a
8 project beginning date prior to July 1, 1997,
9 "production enhancement project" means any
10 workover as defined in this paragraph,
11 recompletion as defined in this paragraph, or
12 fracturing of a producing well, and

13 (2) for production enhancement projects having a
14 project beginning date on or after July 1, 1997,
15 and prior to July 1, 2009, "production
16 enhancement project" means any workover as
17 defined in this paragraph, recompletion as
18 defined in this paragraph, reentry of plugged and
19 abandoned wellbores, or addition of a well or
20 field compression,

21 b. "incremental production" means the amount of crude
22 oil, natural gas or other hydrocarbons which are
23 produced as a result of the production enhancement
24 project in excess of the base production,

1 c. "base production" means the average monthly amount of
2 production for the twelve-month period immediately
3 prior to the commencement of the project or the
4 average monthly amount of production for the twelve-
5 month period immediately prior to the commencement of
6 the project less the monthly rate of production
7 decline for the project for each month beginning one
8 hundred eighty (180) days prior to the commencement of
9 the project. The monthly rate of production decline
10 shall be equal to the average extrapolated monthly
11 decline rate for the twelve-month period immediately
12 prior to the commencement of the project based on the
13 production history of the well. If the well or wells
14 covered in the application had production for less
15 than the full twelve-month period prior to the filing
16 of the application for the production enhancement
17 project, the base production shall be the average
18 monthly production for the months during that period
19 that the well or wells produced,

20 d. (1) for production enhancement projects having a
21 project beginning date prior to July 1, 1997,
22 "recompletion" means any downhole operation in an
23 existing oil or gas well that is conducted to
24 establish production of oil or gas from any

1 geological interval not currently completed or
2 producing in such existing oil or gas well, and
3 (2) for production enhancement projects having a
4 project beginning date on or after July 1, 1997,
5 and prior to July 1, 2009, "recompletion" means
6 any downhole operation in an existing oil or gas
7 well that is conducted to establish production of
8 oil or gas from any geologic interval not
9 currently completed or producing in such existing
10 oil or gas well within the same or a different
11 geologic formation, and

12 e. "workover" means any downhole operation in an existing
13 oil or gas well that is designed to sustain, restore
14 or increase the production rate or ultimate recovery
15 in a geologic interval currently completed or
16 producing in the existing oil or gas well. For
17 production enhancement projects having a project
18 beginning date prior to July 1, 1997, "workover"
19 includes, but is not limited to, acidizing,
20 reperforating, fracture treating, sand/paraffin
21 removal, casing repair, squeeze cementing, or setting
22 bridge plugs to isolate water productive zones from
23 oil or gas productive zones, or any combination
24 thereof. For production enhancement projects having a

1 project beginning date on or after July 1, 1997, and
2 prior to July 1, 2009, "workover" includes, but is not
3 limited to:

- 4 (1) acidizing,
 - 5 (2) reperforating,
 - 6 (3) fracture treating,
 - 7 (4) sand/paraffin/scale removal or other wellbore
8 cleanouts,
 - 9 (5) casing repair,
 - 10 (6) squeeze cementing,
 - 11 (7) installation of compression on a well or group of
12 wells or initial installation of artificial lifts
13 on gas wells, including plunger lifts, rod pumps,
14 submersible pumps and coiled tubing velocity
15 strings,
 - 16 (8) downsizing existing tubing to reduce well
17 loading,
 - 18 (9) downhole commingling,
 - 19 (10) bacteria treatments,
 - 20 (11) upgrading the size of pumping unit equipment,
 - 21 (12) setting bridge plugs to isolate water production
22 zones, or
 - 23 (13) any combination thereof.
- 24

1 "Workover" shall not mean the routine maintenance,
2 routine repair, or like for like replacement of
3 downhole equipment such as rods, pumps, tubing,
4 packers, or other mechanical devices.

5 H. 1. For purposes of this subsection, "depth" means the
6 length of the maximum continuous string of drill pipe utilized
7 between the drill bit face and the drilling rig's kelly bushing.

8 2. Except as otherwise provided in subsection K of this
9 section:

10 a. the production of oil, gas or oil and gas from wells
11 spudded between July 1, 1997, and July 1, 2005, and
12 drilled to a depth of twelve thousand five hundred
13 (12,500) feet or greater and wells spudded between
14 July 1, 2005, and July 1, 2009, and drilled to a depth
15 between twelve thousand five hundred (12,500) feet and
16 fourteen thousand nine hundred ninety-nine (14,999)
17 feet shall be exempt from the gross production tax
18 levied pursuant to subsection B of this section from
19 the date of first sales for a period of twenty-eight
20 (28) months;

21 b. the production of oil, gas or oil and gas from wells
22 spudded between July 1, 2002, and July 1, 2005, and
23 drilled to a depth of fifteen thousand (15,000) feet
24 or greater and wells spudded between July 1, 2005, and

1 July 1, 2008, and drilled to a depth between fifteen
2 thousand (15,000) feet and seventeen thousand four
3 hundred ninety-nine (17,499) feet shall be exempt from
4 the gross production tax levied pursuant to subsection
5 B of this section from the date of first sales for a
6 period of forty-eight (48) months; and

7 c. the production of oil, gas or oil and gas from wells
8 spudded between July 1, 2002, and July 1, 2008, and
9 drilled to a depth of seventeen thousand five hundred
10 (17,500) feet or greater shall be exempt from the
11 gross production tax levied pursuant to subsection B
12 of this section from the date of first sales for a
13 period of sixty (60) months.

14 3. Except as otherwise provided for in this subsection, for all
15 such wells spudded, a refund against gross production taxes shall be
16 issued as provided in subsection L of this section.

17 4. For all wells spudded after July 1, 2005, and which are
18 exempt from gross production tax pursuant to subparagraphs b and c
19 of paragraph 2 of this subsection, the amount of refunds paid by the
20 Tax Commission shall be limited as follows:

21 a. for the fiscal year ending June 30, 2006, no claims
22 for refunds shall be paid,
23
24

- 1 b. for the fiscal year ending June 30, 2007, the total
2 amount of refunds paid shall be equal to or less than
3 Seventeen Million Dollars (\$17,000,000.00),
4 c. for the fiscal year ending June 30, 2008, the total
5 amount of refunds paid shall be equal to or less than
6 Twenty Million Dollars (\$20,000,000.00), and
7 d. for the fiscal year ending June 30, 2009, and any
8 fiscal year thereafter, the total amount of refunds
9 paid each fiscal year shall be equal to or less than
10 Twenty-five Million Dollars (\$25,000,000.00).

11 5. Except as otherwise provided for in paragraph 7 of this
12 subsection and paragraph 2 of subsection L of this section, for the
13 fiscal year ending June 30, 2006, and each fiscal year thereafter,
14 in order to qualify for a refund of gross production tax on wells
15 which are exempt pursuant to subparagraphs b and c of paragraph 2 of
16 this subsection, claims for refunds shall be filed within six (6)
17 months after the first day of the fiscal year in which the refund is
18 first available pursuant to subsection L of this section. When
19 processing applications for qualification for an exemption as
20 provided for in paragraph 2 of subsection M of this section, the
21 Corporation Commission shall give priority to those applications
22 filed for an exemption pursuant to subparagraphs b and c of
23 paragraph 2 of this subsection in order for applicants to comply
24 with the six-month filing period as provided for in this paragraph.

1 6. If the total amount of claims for refunds made during any
2 fiscal year are greater than the total amount of refunds allowed for
3 that fiscal year as provided for in paragraph 4 of this subsection,
4 the Tax Commission shall proportionately reduce the amount of each
5 claim so that the total amount of claims equal the total amount
6 allowed for refunds.

7 7. If the total amount of claims for a refund filed within the
8 six-month filing period for a fiscal year is less than the total
9 amount of refunds allowed for that fiscal year as provided for in
10 paragraph 4 of this subsection, the Tax Commission shall pay the
11 claims that have been filed. Then for any remaining funds, the Tax
12 Commission shall extend the claims-filing period for three (3)
13 months and shall pay any claims filed during the extended filing
14 period up to the total amount of remaining funds. If the amount of
15 claims for refunds filed during the extended filing period is
16 greater than the total amount of remaining funds, the Tax Commission
17 shall proportionately reduce the amount of each claim as provided
18 for in paragraph 6 of this subsection.

19 I. 1. Except as otherwise provided by this section, the
20 production of oil, gas or oil and gas from wells spudded or
21 reentered between July 1, 1995, and July 1, 2009, which qualify as a
22 new discovery pursuant to this subsection shall be exempt from the
23 gross production tax levied pursuant to subsection B of this section
24 from the date of first sales for a period of twenty-eight (28)

1 months. For all such wells spudded or reentered, a refund against
2 gross production taxes shall be issued as provided in subsection L
3 of this section. As used in this subsection, "new discovery" means
4 production of oil, gas or oil and gas from:

5 a. (1) for wells spudded or reentered on or after July
6 1, 1997, a well that discovers crude oil in
7 paying quantities that is more than one (1) mile
8 from the nearest oil well producing from the same
9 producing formation, and

10 (2) for wells spudded or reentered on or after July
11 1, 1997, and prior to July 1, 2009, a well that
12 discovers crude oil in paying quantities that is
13 more than one (1) mile from the nearest oil well
14 producing from the same producing interval of the
15 same formation,

16 b. (1) for wells spudded or reentered prior to July 1,
17 1997, a well that discovers crude oil in paying
18 quantities beneath current production in a deeper
19 producing formation that is more than one (1)
20 mile from the nearest oil well producing from the
21 same deeper producing formation, and

22 (2) for wells spudded or reentered on or after July
23 1, 1997, and prior to July 1, 2009, a well that
24 discovers crude oil in paying quantities beneath

1 current production in a deeper producing interval
2 that is more than one (1) mile from the nearest
3 oil well producing from the same deeper producing
4 interval,

5 c. (1) for wells spudded or reentered prior to July 1,
6 1997, a well that discovers natural gas in paying
7 quantities that is more than two (2) miles from
8 the nearest gas well producing from the same
9 producing formation, and

10 (2) for wells spudded or reentered on or after July
11 1, 1997, and prior to July 1, 2009, a well that
12 discovers natural gas in paying quantities that
13 is more than two (2) miles from the nearest gas
14 well producing from the same producing interval,
15 or

16 d. (1) for wells spudded or reentered prior to July 1,
17 1997, a well that discovers natural gas in paying
18 quantities beneath current production in a deeper
19 producing formation that is more than two (2)
20 miles from the nearest gas well producing from
21 the same deeper producing formation, and

22 (2) for wells spudded or reentered on and after July
23 1, 1997, and prior to July 1, 2009, a well that
24 discovers natural gas in paying quantities

1 beneath current production in a deeper producing
2 interval that is more than two (2) miles from the
3 nearest gas well producing from the same deeper
4 producing interval.

5 2. The Corporation Commission shall deliver to the Legislature
6 a report on the number of wells as defined by paragraph 1 of this
7 subsection that are drilled and the amount of production from those
8 wells. The first such report shall be delivered to the Legislature
9 no later than February 1, 1997, and each February 1, thereafter,
10 until the conclusion of the program.

11 J. Except as otherwise provided by this section, the production
12 of oil, gas or oil and gas from any well, drilling of which is
13 commenced after July 1, 2000, and prior to July 1, 2009, located
14 within the boundaries of a three-dimensional seismic shoot and
15 drilled based on three-dimensional seismic technology, shall be
16 exempt from the gross production tax levied pursuant to subsection B
17 of this section from the date of first sales as follows:

18 1. If the three-dimensional seismic shoot is shot prior to July
19 1, 2000, for a period of eighteen (18) months; and

20 2. If the three-dimensional seismic shoot is shot on or after
21 July 1, 2000, for a period of twenty-eight (28) months.

22 For all such production, a refund against gross production taxes
23 shall be issued as provided in subsection L of this section.

1 K. 1. The exemptions provided for in subsections F, G, I and J
2 of this section, the exemption provided for in subparagraph a of
3 paragraph 2 of subsection H of this section, and the exemptions
4 provided for in subparagraphs b and c of paragraph 2 of subsection H
5 of this section for production from wells spudded before July 1,
6 2005, shall not apply:

7 a. to the severance or production of oil, upon
8 determination by the Tax Commission that the weighted
9 average annual index price of Oklahoma oil exceeds
10 Thirty Dollars (\$30.00) per barrel calculated on an
11 annual calendar year basis.

12 (1) The "average annual index price" will be
13 calculated by multiplying the West Texas
14 Intermediate closing price by the "index price
15 ratio". The index price ratio is defined as the
16 immediate preceding three-year historical average
17 ratio of the actual weighted average wellhead
18 price to the West Texas Intermediate close price
19 published on the last business day of each month.

20 (2) The average annual index price will be updated
21 annually by the Oklahoma Tax Commission no later
22 than March 31 of each year.

23 (3) If the West Texas Intermediate Crude price is
24 unavailable for any reason, an industry benchmark

1 price may be substituted and used for the
2 calculation of the index price as determined by
3 the Oklahoma Tax Commission,

4 b. to the severance or production of oil or gas upon
5 which gross production taxes are paid at a rate of one
6 percent (1%) pursuant to the provisions of subsection
7 B of this section, and

8 c. to the severance or production of gas, upon
9 determination by the Tax Commission that the ~~weighted~~
10 average ~~wellhead~~ annual index price of Oklahoma gas
11 exceeds Five Dollars (\$5.00) per thousand cubic feet
12 (mcf) calculated on an annual calendar year basis.

13 (1) The "average annual index price" will be
14 calculated by multiplying the Henry Hub 3-Day
15 Average Close price by the "index price ratio".
16 The index price ratio is defined as the immediate
17 preceding three-year historical average ratio of
18 the actual weighted average wellhead price to the
19 Henry Hub 3-Day Average Close price published on
20 the last business day of each month.

21 (2) The average annual index price will be updated
22 annually by the Oklahoma Tax Commission no later
23 than March 31 of each year.

1 (3) If the Henry Hub 3-Day Average Close price is
2 unavailable for any reason, an industry benchmark
3 price may be substituted and used for the
4 calculation of the index price as determined by
5 the Oklahoma Tax Commission.

6 2. Notwithstanding the exemptions granted pursuant to
7 subsections E, F, G, H, I and J of this section, there shall
8 continue to be levied upon the production of petroleum or other
9 crude or mineral oil or natural gas or casinghead gas, as provided
10 in subsection B of this section, from any wells provided for in
11 subsection E, F, G, H, I or J of this section, a tax equal to one
12 percent (1%) of the gross value of the production of petroleum or
13 other crude or mineral oil or natural gas or casinghead gas. The
14 tax hereby levied shall be apportioned as follows:

- 15 a. fifty percent (50%) of the sum collected shall be
16 apportioned to the County Highway Fund as provided in
17 subparagraph b of paragraph 1 of Section 1004 of this
18 title, and
19 b. fifty percent (50%) of the sum collected shall be
20 apportioned to the appropriate school district as
21 provided in subparagraph c of paragraph 1 of Section
22 1004 of this title.

1 Upon the expiration of the exemption granted pursuant to
2 subsection E, F, G, H, I or J of this section, the provisions of
3 this paragraph shall have no force or effect.

4 L. For all oil and gas production exempt from gross production
5 taxes pursuant to subsections E, F, G, H, I and J of this section
6 during a given fiscal year, a refund of gross production taxes shall
7 be issued to the well operator or a designee in the amount of such
8 gross production taxes paid during such period, subject to the
9 following provisions:

10 1. A refund shall not be claimed until after the end of such
11 fiscal year. As used in this subsection, a fiscal year shall be
12 deemed to begin on July 1 of one calendar year and shall end on June
13 30 of the subsequent calendar year;

14 2. No claims for refunds pursuant to the provisions of this
15 subsection shall be filed more than eighteen (18) months after the
16 first day of the fiscal year in which the refund is first available;

17 3. No claims for refunds pursuant to the provisions of this
18 subsection shall be filed by or on behalf of persons other than the
19 operator or a working interest owner of record at the time of
20 production;

21 4. No refunds shall be claimed or paid pursuant to the
22 provisions of this subsection for oil or gas production upon which a
23 tax is paid at a rate of one percent (1%) as specified in subsection
24 B of this section; and

1 5. No refund shall be paid unless the person making the claim
2 for refund demonstrates by affidavit or other means prescribed by
3 the Tax Commission that an amount equal to or greater than the
4 amount of the refund has been invested in the exploration for or
5 production of crude oil or natural gas in this state by such person
6 not more than three (3) years prior to the date of the claim. No
7 amount of investment used to qualify for a refund pursuant to the
8 provisions of this paragraph may be used to qualify for another
9 refund pursuant to the provisions of this paragraph.

10 If there are insufficient funds collected from the production of
11 oil to satisfy the refunds claimed for oil production pursuant to
12 subsection E, F, G, H, I or J of this section, the Tax Commission
13 shall pay the balance of the refund claims out of the gross
14 production taxes collected from the production of gas.

15 M. 1. The Corporation Commission and the Tax Commission shall
16 promulgate joint rules for the qualification for the exemptions
17 provided for in subsections E, F, G, H, I and J of this section and
18 the rules shall contain provisions for verification of any wells
19 from which production may be qualified for the exemptions.

20 2. Any person requesting any exemption shall file an
21 application for qualification for the exemption with the Corporation
22 Commission which, upon finding that the well meets the requirements
23 of subsection E, F, G, H, I or J of this section, shall approve the
24 application for qualification.

1 3. Any person seeking an exemption shall:

2 a. file an application for the exemption with the Tax
3 Commission which, upon determination of qualification
4 by the Corporation Commission, shall approve the
5 application for an exemption, and

6 b. provide a copy of the approved application to the
7 remitter of the gross production tax.

8 4. The Tax Commission may require any person requesting an
9 exemption to furnish necessary financial and other information or
10 records in order to determine and justify the refund.

11 5. Upon the expiration of the exemption granted pursuant to
12 subsection E, F, G, H, I or J of this section, the Tax Commission
13 shall collect the gross production tax levied pursuant to this
14 section. If a person who qualifies for the exemption elects to
15 remit his or her own gross production tax during the exemption
16 period, the first purchaser shall not be liable to withhold or remit
17 the tax until the first day of the month following the receipt of
18 written notification from the person who is qualified for such
19 exemption stating that such exemption has expired and directing the
20 first purchaser to resume tax remittance on his or her behalf.

21 N. All persons shall only be entitled to either the exemption
22 granted pursuant to subsection D of this section or the exemption
23 granted pursuant to subsection E, F, G, H, I or J of this section
24 for each oil, gas or oil and gas well drilled or recompleted in this

1 state. However, any person who qualifies for the exemption granted
2 pursuant to subsection E, F, G, H, I or J of this section shall not
3 be prohibited from qualification for the exemption granted pursuant
4 to subsection D of this section, if the exemption granted pursuant
5 to subsection E, F, G, H, I or J of this section has expired.

6 O. The Tax Commission shall have the power to require any such
7 person engaged in mining or the production or the purchase of such
8 asphalt, mineral ores aforesaid, oil, or gas, or the owner of any
9 royalty interest therein to furnish any additional information by it
10 deemed to be necessary for the purpose of correctly computing the
11 amount of the tax; and to examine the books, records and files of
12 such person; and shall have power to conduct hearings and compel the
13 attendance of witnesses, and the production of books, records and
14 papers of any person.

15 P. Any person or any member of any firm or association, or any
16 officer, official, agent or employee of any corporation who shall
17 fail or refuse to testify; or who shall fail or refuse to produce
18 any books, records or papers which the Tax Commission shall require;
19 or who shall fail or refuse to furnish any other evidence or
20 information which the Tax Commission may require; or who shall fail
21 or refuse to answer any competent questions which may be put to him
22 or her by the Tax Commission, touching the business, property,
23 assets or effects of any such person relating to the gross
24 production tax imposed by this article or exemption authorized

1 pursuant to this section or other laws, shall be guilty of a
2 misdemeanor, and, upon conviction thereof, shall be punished by a
3 fine of not more than Five Hundred Dollars (\$500.00), or
4 imprisonment in the jail of the county where such offense shall have
5 been committed, for not more than one (1) year, or by both such fine
6 and imprisonment; and each day of such refusal on the part of such
7 person shall constitute a separate and distinct offense.

8 Q. The Tax Commission shall have the power and authority to
9 ascertain and determine whether or not any report herein required to
10 be filed with it is a true and correct report of the gross products,
11 and of the value thereof, of such person engaged in the mining or
12 production or purchase of asphalt and ores bearing minerals
13 aforesaid and of oil and gas. If any person has made an untrue or
14 incorrect report of the gross production or value or volume thereof,
15 or shall have failed or refused to make such report, the Tax
16 Commission shall, under the rules prescribed by it, ascertain the
17 correct amount of either, and compute the tax.

18 R. The payment of the taxes herein levied shall be in full, and
19 in lieu of all taxes by the state, counties, cities, towns, school
20 districts and other municipalities upon any property rights attached
21 to or inherent in the right to the minerals, upon producing leases
22 for the mining of asphalt and ores bearing lead, zinc, jack, gold,
23 silver or copper, or for oil, or for gas, upon the mineral rights
24 and privileges for the minerals aforesaid belonging or appertaining

1 to land, upon the machinery, appliances and equipment used in and
2 around any well producing oil, or gas, or any mine producing asphalt
3 or any of the mineral ores aforesaid and actually used in the
4 operation of such well or mine. The payment of gross production tax
5 shall also be in lieu of all taxes upon the oil, gas, asphalt or
6 ores bearing minerals hereinbefore mentioned during the tax year in
7 which the same is produced, and upon any investment in any of the
8 leases, rights, privileges, minerals or other property described
9 herein. Any interest in the land, other than that herein
10 enumerated, and oil in storage, asphalt and ores bearing minerals
11 hereinbefore named, mined, produced and on hand at the date as of
12 which property is assessed for general and ad valorem taxation for
13 any subsequent tax year, shall be assessed and taxed as other
14 property within the taxing district in which such property is
15 situated at the time.

16 S. No equipment, material or property shall be exempt from the
17 payment of ad valorem tax by reason of the payment of the gross
18 production tax except such equipment, machinery, tools, material or
19 property as is actually necessary and being used and in use in the
20 production of asphalt or of ores bearing lead, zinc, jack, gold,
21 silver or copper or of oil or gas. It is expressly declared that no
22 ice plants, hospitals, office buildings, garages, residences,
23 gasoline extraction or absorption plants, water systems, fuel
24 systems, rooming houses and other buildings, nor any equipment or

1 material used in connection therewith, shall be exempt from ad
2 valorem tax.

3 T. The exemption from ad valorem tax set forth in subsections R
4 and S of this section shall continue to apply to all property from
5 which production of oil, gas or oil and gas is exempt from gross
6 production tax pursuant to subsection D, E, F, G, H, I or J of this
7 section.

8 SECTION 2. AMENDATORY 68 O.S. 2001, Section 1356, as
9 last amended by Section 5, Chapter 353, O.S.L. 2007 (68 O.S. Supp.
10 2007, Section 1356), is amended to read as follows:

11 Section 1356. Exemptions - Governmental and nonprofit entities.

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

14 1. Sale of tangible personal property or services to the United
15 States government or to the State of Oklahoma, any political
16 subdivision of this state or any agency of a political subdivision
17 of this state; provided, all sales to contractors in connection with
18 the performance of any contract with the United States government,
19 State of Oklahoma or any of its political subdivisions shall not be
20 exempted from the tax levied by Section 1350 et seq. of this title,
21 except as hereinafter provided;

22 2. Sales of property to agents appointed by or under contract
23 with agencies or instrumentalities of the United States government
24

1 if ownership and possession of such property transfers immediately
2 to the United States government;

3 3. Sales of property to agents appointed by or under contract
4 with a political subdivision of this state if the sale of such
5 property is associated with the development of a qualified federal
6 facility, as provided in the Oklahoma Federal Facilities Development
7 Act, and if ownership and possession of such property transfers
8 immediately to the political subdivision or the state;

9 4. Sales made directly by county, district or state fair
10 authorities of this state, upon the premises of the fair authority,
11 for the sole benefit of the fair authority or sales of admission
12 tickets to such fairs or fair events at any location in the state
13 authorized by county, district or state fair authorities; provided,
14 the exemption provided by this paragraph for admission tickets to
15 fair events shall apply only to any portion of the admission price
16 that is retained by or distributed to the fair authority. As used
17 in this paragraph, "fair event" shall be limited to an event held on
18 the premises of the fair authority in conjunction with and during
19 the time period of a county, district or state fair;

20 5. Sale of food in cafeterias or lunch rooms of elementary
21 schools, high schools, colleges or universities which are operated
22 primarily for teachers and pupils and are not operated primarily for
23 the public or for profit;

24

1 6. Dues paid to fraternal, religious, civic, charitable or
2 educational societies or organizations by regular members thereof,
3 provided, such societies or organizations operate under what is
4 commonly termed the lodge plan or system, and provided such
5 societies or organizations do not operate for a profit which inures
6 to the benefit of any individual member or members thereof to the
7 exclusion of other members and dues paid monthly or annually to
8 privately owned scientific and educational libraries by members
9 sharing the use of services rendered by such libraries with students
10 interested in the study of geology, petroleum engineering or related
11 subjects;

12 7. Sale of tangible personal property or services to or by
13 churches, except sales made in the course of business for profit or
14 savings, competing with other persons engaged in the same or a
15 similar business or sale of tangible personal property or services
16 by an organization exempt from federal income tax pursuant to
17 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,
18 made on behalf of or at the request of a church or churches if the
19 sale of such property is conducted not more than once each calendar
20 year for a period not to exceed three (3) days by the organization
21 and proceeds from the sale of such property are used by the church
22 or churches or by the organization for charitable purposes;

23 8. The amount of proceeds received from the sale of admission
24 tickets which is separately stated on the ticket of admission for

1 the repayment of money borrowed by any accredited state-supported
2 college or university or any public trust of which a county in this
3 state is the beneficiary, for the purpose of constructing or
4 enlarging any facility to be used for the staging of an athletic
5 event, a theatrical production, or any other form of entertainment,
6 edification or cultural cultivation to which entry is gained with a
7 paid admission ticket. Such facilities include, but are not limited
8 to, athletic fields, athletic stadiums, field houses, amphitheaters
9 and theaters. To be eligible for this sales tax exemption, the
10 amount separately stated on the admission ticket shall be a
11 surcharge which is imposed, collected and used for the sole purpose
12 of servicing or aiding in the servicing of debt incurred by the
13 college or university to effect the capital improvements
14 hereinbefore described;

15 9. Sales of tangible personal property or services to the
16 council organizations or similar state supervisory organizations of
17 the Boy Scouts of America, Girl Scouts of U.S.A. and ~~the Campfire~~
18 ~~Boys and Girls~~ Camp Fire USA;

19 10. Sale of tangible personal property or services to any
20 county, municipality, rural water district, public school district,
21 the institutions of The Oklahoma State System of Higher Education,
22 the Grand River Dam Authority, the Northeast Oklahoma Public
23 Facilities Authority, the Oklahoma Municipal Power Authority, City
24 of Tulsa-Rogers County Port Authority, Muskogee City-County Port

1 Authority, the Oklahoma Department of Veterans Affairs, the Broken
2 Bow Economic Development Authority, Ardmore Development Authority,
3 Durant Industrial Authority, Oklahoma Ordnance Works Authority,
4 Department of Central Services only when carrying out a public
5 construction contract on behalf of the Oklahoma Department of
6 Veterans Affairs or to any person with whom any of the above-named
7 subdivisions or agencies of this state has duly entered into a
8 public contract pursuant to law, necessary for carrying out such
9 public contract or to any subcontractor to such a public contract.
10 Any person making purchases on behalf of such subdivision or agency
11 of this state shall certify, in writing, on the copy of the invoice
12 or sales ticket to be retained by the vendor that the purchases are
13 made for and on behalf of such subdivision or agency of this state
14 and set out the name of such public subdivision or agency. Any
15 person who wrongfully or erroneously certifies that purchases are
16 for any of the above-named subdivisions or agencies of this state or
17 who otherwise violates this section shall be guilty of a misdemeanor
18 and upon conviction thereof shall be fined an amount equal to double
19 the amount of sales tax involved or incarcerated for not more than
20 sixty (60) days or both;

21 11. Sales of tangible personal property or services to private
22 institutions of higher education and private elementary and
23 secondary institutions of education accredited by the State
24 Department of Education or registered by the State Board of

1 Education for purposes of participating in federal programs or
2 accredited as defined by the Oklahoma State Regents for Higher
3 Education which are exempt from taxation pursuant to the provisions
4 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
5 including materials, supplies, and equipment used in the
6 construction and improvement of buildings and other structures owned
7 by the institutions and operated for educational purposes.

8 Any person, firm, agency or entity making purchases on behalf of
9 any institution, agency or subdivision in this state, shall certify
10 in writing, on the copy of the invoice or sales ticket the nature of
11 the purchases, and violation of this paragraph shall be a
12 misdemeanor as set forth in paragraph 10 of this section;

13 12. Tuition and educational fees paid to private institutions
14 of higher education and private elementary and secondary
15 institutions of education accredited by the State Department of
16 Education or registered by the State Board of Education for purposes
17 of participating in federal programs or accredited as defined by the
18 Oklahoma State Regents for Higher Education which are exempt from
19 taxation pursuant to the provisions of the Internal Revenue Code, 26
20 U.S.C., Section 501(c)(3);

21 13. a. Sales of tangible personal property made by:
22 (1) a public school,
23 (2) a private school offering instruction for grade
24 levels kindergarten through twelfth grade,

- 1 (3) a public school district,
2 (4) a public or private school board,
3 (5) a public or private school student group or
4 organization,
5 (6) a parent-teacher association or organization
6 other than as specified in subparagraph b of this
7 paragraph, or
8 (7) public or private school personnel for purposes
9 of raising funds for the benefit of a public or
10 private school, public school district, public or
11 private school board or public or private school
12 student group or organization, or

13 b. Sales of tangible personal property made by or to
14 nonprofit parent-teacher associations or organizations
15 exempt from taxation pursuant to the provisions of the
16 Internal Revenue Code, 26 U.S.C., Section 501(c)(3).

17 The exemption provided by this paragraph for sales made by a
18 public or private school shall be limited to those public or private
19 schools accredited by the State Department of Education or
20 registered by the State Board of Education for purposes of
21 participating in federal programs. Sale of tangible personal
22 property in this paragraph shall include sale of admission tickets
23 and concessions at athletic events;

24 14. Sales of tangible personal property by:

- 1 a. local 4-H clubs,
- 2 b. county, regional or state 4-H councils,
- 3 c. county, regional or state 4-H committees,
- 4 d. 4-H leader associations,
- 5 e. county, regional or state 4-H foundations, and
- 6 f. authorized 4-H camps and training centers.

7 The exemption provided by this paragraph shall be limited to
8 sales for the purpose of raising funds for the benefit of such
9 organizations. Sale of tangible personal property exempted by this
10 paragraph shall include sale of admission tickets;

11 15. The first Seventy-five Thousand Dollars (\$75,000.00) each
12 year from sale of tickets and concessions at athletic events by each
13 organization exempt from taxation pursuant to the provisions of the
14 Internal Revenue Code, 26 U.S.C., Section 501(c)(4);

15 16. Items or services which are subsequently given away by the
16 Oklahoma Tourism and Recreation Department as promotional items
17 pursuant to Section 1834 of Title 74 of the Oklahoma Statutes and
18 the sale of advertising in travel brochures and other promotional
19 materials produced at the direction of the Department;

20 17. Sales of tangible personal property or services to fire
21 departments organized pursuant to Section 592 of Title 18 of the
22 Oklahoma Statutes which items are to be used for the purposes of the
23 fire department. Any person making purchases on behalf of any such
24 fire department shall certify, in writing, on the copy of the

1 invoice or sales ticket to be retained by the vendor that the
2 purchases are made for and on behalf of such fire department and set
3 out the name of such fire department. Any person who wrongfully or
4 erroneously certifies that the purchases are for any such fire
5 department or who otherwise violates the provisions of this section
6 shall be deemed guilty of a misdemeanor and upon conviction thereof,
7 shall be fined an amount equal to double the amount of sales tax
8 involved or incarcerated for not more than sixty (60) days, or both;

9 18. Complimentary or free tickets for admission to places of
10 amusement, sports, entertainment, exhibition, display or other
11 recreational events or activities which are issued through a box
12 office or other entity which is operated by a state institution of
13 higher education with institutional employees or by a municipality
14 with municipal employees;

15 19. The first Fifteen Thousand Dollars (\$15,000.00) each year
16 from sales of tangible personal property by fire departments
17 organized pursuant to Titles 11, 18, or 19 of the Oklahoma Statutes
18 for the purposes of raising funds for the benefit of the fire
19 department. Fire departments selling tangible personal property for
20 the purposes of raising funds shall be limited to no more than six
21 (6) days each year to raise such funds in order to receive the
22 exemption granted by this paragraph;

23 20. Sales of tangible personal property or services to any Boys
24 & Girls Clubs of America affiliate in this state which is not

1 affiliated with the Salvation Army and which is exempt from taxation
2 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
3 Section 501(c)(3);

4 21. Sales of tangible personal property or services to any
5 organization, which takes court-adjudicated juveniles for purposes
6 of rehabilitation, and which is exempt from taxation pursuant to the
7 provisions of the Internal Revenue Code, 26 U.S.C., Section
8 501(c)(3), provided that at least fifty percent (50%) of the
9 juveniles served by such organization are court adjudicated and the
10 organization receives state funds in an amount less than ten percent
11 (10%) of the annual budget of the organization;

12 22. Sales of tangible personal property or services to:

13 a. any federally qualified community health center as
14 defined in Section 254c of Title 42 of the United
15 States Code,

16 b. any migrant health center as defined in Section 254b
17 of Title 42 of the United States Code,

18 c. any clinic receiving disbursements of state monies
19 from the Indigent Health Care Revolving Fund pursuant
20 to the provisions of Section 66 of Title 56 of the
21 Oklahoma Statutes,

22 d. any community based health center which meets all of
23 the following criteria:
24

1 (1) provides primary care services at no cost to the
2 recipient, and

3 (2) is exempt from taxation pursuant to the
4 provisions of Section 501(c)(3) of the Internal
5 Revenue Code, 26 U.S.C., Section 501(c)(3), and

6 e. any community mental health center as defined in
7 Section 3-302 of Title 43A of the Oklahoma Statutes;

8 23. Dues or fees, including free or complimentary dues or fees
9 which have a value equivalent to the charge that could have
10 otherwise been made, to YMCAs, YWCAs or municipally-owned recreation
11 centers for the use of facilities and programs;

12 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
13 from sales of tangible personal property or services to or by a
14 cultural organization established to sponsor and promote
15 educational, charitable and cultural events for disadvantaged
16 children, and which organization is exempt from taxation pursuant to
17 the provisions of the Internal Revenue Code, 26 U.S.C., Section
18 501(c)(3);

19 25. Sales of tangible personal property or services to museums
20 or other entities which have been accredited by the American
21 Association of Museums. Any person making purchases on behalf of
22 any such museum or other entity shall certify, in writing, on the
23 copy of the invoice or sales ticket to be retained by the vendor
24 that the purchases are made for and on behalf of such museum or

1 other entity and set out the name of such museum or other entity.
2 Any person who wrongfully or erroneously certifies that the
3 purchases are for any such museum or other entity or who otherwise
4 violates the provisions of this paragraph shall be deemed guilty of
5 a misdemeanor and, upon conviction thereof, shall be fined an amount
6 equal to double the amount of sales tax involved or incarcerated for
7 not more than sixty (60) days, or by both such fine and
8 incarceration;

9 26. Sales of tickets for admission by any museum accredited by
10 the American Association of Museums. In order to be eligible for
11 the exemption provided by this paragraph, an amount equivalent to
12 the amount of the tax which would otherwise be required to be
13 collected pursuant to the provisions of Section 1350 et seq. of this
14 title shall be separately stated on the admission ticket and shall
15 be collected and used for the sole purpose of servicing or aiding in
16 the servicing of debt incurred by the museum to effect the
17 construction, enlarging or renovation of any facility to be used for
18 entertainment, edification or cultural cultivation to which entry is
19 gained with a paid admission ticket;

20 27. Sales of tangible personal property or services occurring
21 on or after June 1, 1995, to children's homes which are supported or
22 sponsored by one or more churches, members of which serve as
23 trustees of the home;

24

1 28. Sales of tangible personal property or services to the
2 organization known as the Disabled American Veterans, Department of
3 Oklahoma, Inc., and subordinate chapters thereof;

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

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

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

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

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

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

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

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

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

1 registered, licensed, titled, or documented in this state or by the
2 United States government, or any other property not specifically
3 suited to supporting space activity. The term "in support of space
4 flight", for purposes of this paragraph, means the altering,
5 monitoring, controlling, regulating, adjusting, servicing, or
6 repairing of any space facility, space propulsion systems or space
7 vehicle, satellite, or station possessing space flight capacity,
8 including the components thereof;

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

1 accessories only to the extent that the exemption thereof is
2 consistent with the provisions of this paragraph;

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

8 39. Sales of tangible personal property or services which are
9 directly used in or for the benefit of a state park in this state,
10 which are made to an organization which is exempt from taxation
11 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
12 Section 501(c) (3) and which is organized primarily for the purpose
13 of supporting one or more state parks located in this state;

14 40. The sale, lease or use of parking privileges by an
15 institution of The Oklahoma State System of Higher Education;

16 41. Sales of tangible personal property or services for use on
17 campus or school construction projects for the benefit of
18 institutions of The Oklahoma State System of Higher Education,
19 private institutions of higher education accredited by the Oklahoma
20 State Regents for Higher Education or any public school or school
21 district when such projects are financed by or through the use of
22 nonprofit entities which are exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c) (3);

1 42. Sales of tangible personal property or services by an
2 organization which is exempt from taxation pursuant to the
3 provisions of the Internal Revenue Code, 26 U.S.C., Section
4 501(c)(3), in the course of conducting a national championship
5 sports event, but only if all or a portion of the payment in
6 exchange therefor would qualify as the receipt of a qualified
7 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
8 Section 513(i). Sales exempted pursuant to this paragraph shall be
9 exempt from all Oklahoma sales, use, excise and gross receipts
10 taxes;

11 43. Sales of tangible personal property or services to or by an
12 organization which:

- 13 a. is exempt from taxation pursuant to the provisions of
14 the Internal Revenue Code, 26 U.S.C., Section
15 501(c)(3),
- 16 b. is affiliated with a comprehensive university within
17 The Oklahoma State System of Higher Education, and
- 18 c. has been organized primarily for the purpose of
19 providing education and teacher training and
20 conducting events relating to robotics;

21 44. The first Fifteen Thousand Dollars (\$15,000.00) each year
22 from sales of tangible personal property to or by youth athletic
23 teams which are part of an athletic organization exempt from
24 taxation pursuant to the provisions of the Internal Revenue Code, 26

1 U.S.C., Section 501(c)(4), for the purposes of raising funds for the
2 benefit of the team;

3 45. Sales of tickets for admission to a collegiate athletic
4 event that is held in a facility owned or operated by a municipality
5 or a public trust of which the municipality is the sole beneficiary
6 and that actually determines or is part of a tournament or
7 tournament process for determining a conference tournament
8 championship, a conference championship, or a national championship;

9 46. Sales of tangible personal property or services to or by an
10 organization which is exempt from taxation pursuant to the
11 provisions of the Internal Revenue Code, 26 U.S.C., Section
12 501(c)(3) and is operating the Oklahoma City National Memorial and
13 Museum, an affiliate of the National Park System;

14 47. Sales of tangible personal property or services to
15 organizations which are exempt from federal taxation pursuant to the
16 provisions of Section 501(c)(3) of the Internal Revenue Code, 26
17 U.S.C., Section 501(c)(3), the memberships of which are limited to
18 honorably discharged veterans, and which furnish financial support
19 to area veterans' organizations to be used for the purpose of
20 constructing a memorial or museum;

21 48. Sales of tangible personal property or services on or after
22 January 1, 2003, to an organization which is exempt from taxation
23 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
24 Section 501(c)(3) that is expending monies received from a private

1 foundation grant in conjunction with expenditures of local sales tax
2 revenue to construct a local public library;

3 49. Sales of tangible personal property or services to a state
4 that borders this state or any political subdivision of that state,
5 but only to the extent that the other state or political subdivision
6 exempts or does not impose a tax on similar sales of items to this
7 state or a political subdivision of this state;

8 50. Effective July 1, 2005, sales of tangible personal property
9 or services to the Career Technology Student Organizations under the
10 direction and supervision of the Oklahoma Department of Career and
11 Technology Education;

12 51. Sales of tangible personal property to a public trust
13 having either a single city, town or county or multiple cities,
14 towns or counties or combination thereof as beneficiary or
15 beneficiaries or a nonprofit organization which is exempt from
16 taxation pursuant to the provisions of the Internal Revenue Code, 26
17 U.S.C., Section 501(c)(3) for the purpose of constructing
18 improvements to or expanding a hospital or nursing home owned and
19 operated by any such public trust or nonprofit entity prior to the
20 effective date of this act in counties with a population of less
21 than one hundred thousand (100,000) persons, according to the most
22 recent Federal Decennial Census. As used in this paragraph,
23 "constructing improvements to or expanding" shall not mean any
24 expense for routine maintenance or general repairs and shall require

1 a project cost of at least One Hundred Thousand Dollars
2 (\$100,000.00). For purposes of this paragraph, sales made to a
3 contractor or subcontractor that enters into a contractual
4 relationship with a public trust or nonprofit entity as described by
5 this paragraph shall be considered sales made to the public trust or
6 nonprofit entity. The exemption authorized by this paragraph shall
7 be administered in the form of a refund from the sales tax revenues
8 apportioned pursuant to Section 1353 of this title and the vendor
9 shall be required to collect the sales tax otherwise applicable to
10 the transaction. The purchaser may apply for a refund of the sales
11 tax paid in the manner prescribed by this paragraph. Within thirty
12 (30) days after the end of each fiscal year, any purchaser that is
13 entitled to make application for a refund based upon the exempt
14 treatment authorized by this paragraph may file an application for
15 refund of the sales taxes paid during such preceding fiscal year.
16 The Tax Commission shall prescribe a form for purposes of making the
17 application for refund. The Tax Commission shall determine whether
18 or not the total amount of sales tax exemptions claimed by all
19 purchasers is equal to or less than Six Hundred Fifty Thousand
20 Dollars (\$650,000.00). If such claims are less than or equal to
21 that amount, the Tax Commission shall make refunds to the purchasers
22 in the full amount of the documented and verified sales tax amounts.
23 If such claims by all purchasers are in excess of Six Hundred Fifty
24 Thousand Dollars (\$650,000.00), the Tax Commission shall determine

1 the amount of each purchaser's claim, the total amount of all claims
2 by all purchasers, and the percentage each purchaser's claim amount
3 bears to the total. The resulting percentage determined for each
4 purchaser shall be multiplied by Six Hundred Fifty Thousand Dollars
5 (\$650,000.00) to determine the amount of refundable sales tax to be
6 paid to each purchaser. The pro rata refund amount shall be the
7 only method to recover sales taxes paid during the preceding fiscal
8 year and no balance of any sales taxes paid on a pro rata basis
9 shall be the subject of any subsequent refund claim pursuant to this
10 paragraph;

11 52. Effective July 1, 2006, sales of tangible personal property
12 or services to any organization which assists, trains, educates, and
13 provides housing for physically and mentally handicapped persons and
14 which is exempt from taxation pursuant to the provisions of the
15 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
16 receives at least eighty-five percent (85%) of its annual budget
17 from state or federal funds. In order to receive the benefit of the
18 exemption authorized by this paragraph, the taxpayer shall be
19 required to make payment of the applicable sales tax at the time of
20 sale to the vendor in the manner otherwise required by law.

21 Notwithstanding any other provision of the Oklahoma Uniform Tax
22 Procedure Code to the contrary, the taxpayer shall be authorized to
23 file a claim for refund of sales taxes paid that qualify for the
24 exemption authorized by this paragraph for a period of one (1) year

1 after the date of the sale transaction. The taxpayer shall be
2 required to provide documentation as may be prescribed by the
3 Oklahoma Tax Commission in support of the refund claim. The total
4 amount of sales tax qualifying for exempt treatment pursuant to this
5 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
6 (\$175,000.00) each fiscal year. Claims for refund shall be
7 processed in the order in which such claims are received by the
8 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
9 the total amount of refunds payable for a fiscal year, such claim
10 shall be barred;

11 53. The first Two Thousand Dollars (\$2,000.00) each year of
12 sales of tangible personal property or services to, by, or for the
13 benefit of a qualified neighborhood watch organization that is
14 endorsed or supported by or working directly with a law enforcement
15 agency with jurisdiction in the area in which the neighborhood watch
16 organization is located. As used in this paragraph, "qualified
17 neighborhood watch organization" means an organization that is a
18 not-for-profit corporation under the laws of the State of Oklahoma
19 that was created to help prevent criminal activity in an area
20 through community involvement and interaction with local law
21 enforcement and which is one of the first two thousand organizations
22 which makes application to the Oklahoma Tax Commission for the
23 exemption after the effective date of this act;

24

1 54. Sales of tangible personal property to a nonprofit
2 organization, exempt from taxation pursuant to the provisions of the
3 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
4 primarily for the purpose of providing services to homeless persons
5 during the day and located in a metropolitan area with a population
6 in excess of five hundred thousand (500,000) persons according to
7 the latest Federal Decennial Census. The exemption authorized by
8 this paragraph shall be applicable to sales of tangible personal
9 property to a qualified entity occurring on or after January 1,
10 2005;

11 55. Sales of tangible personal property or services to or by an
12 organization which is exempt from taxation pursuant to the
13 provisions of the Internal Revenue Code, 26 U.S.C., Section
14 501(c)(3) ~~made during auction~~ for events the principal purpose of
15 which is to provide funding for the preservation of wetlands and
16 habitat for wild ducks;

17 56. Sales of tangible personal property or services to or by an
18 organization which is exempt from taxation pursuant to the
19 provisions of the Internal Revenue Code, 26 U.S.C., Section
20 501(c)(3) ~~made during auction~~ for events the principal purpose of
21 which is to provide funding for the preservation and conservation of
22 wild turkeys;

23 57. Sales of tangible personal property or services to an
24 organization which:

1 a. is exempt from taxation pursuant to the provisions of
2 the Internal Revenue Code, 26 U.S.C., Section
3 501(c)(3), and

4 b. is part of a network of community-based, autonomous
5 member organizations that meets the following
6 criteria:

7 (1) serves people with workplace disadvantages and
8 disabilities by providing job training and
9 employment services, as well as job placement
10 opportunities and post-employment support,

11 (2) has locations in the United States and at least
12 twenty other countries,

13 (3) collects donated clothing and household goods to
14 sell in retail stores and provides contract labor
15 services to business and government, and

16 (4) provides documentation to the Oklahoma Tax
17 Commission that over seventy-five percent (75%)
18 of its revenues are channeled into employment,
19 job training and placement programs and other
20 critical community services;

21 58. Sales of tickets made on or after September 21, 2005, and
22 complimentary or free tickets for admission issued on or after
23 September 21, 2005, which have a value equivalent to the charge that
24 would have otherwise been made, for admission to a professional

1 athletic event in which a team in the National Basketball
2 Association is a participant, which is held in a facility owned or
3 operated by a municipality, a county or a public trust of which a
4 municipality or a county is the sole beneficiary, and sales of
5 tickets made on or after the effective date of this act, and
6 complimentary or free tickets for admission issued on or after the
7 effective date of this act, which have a value equivalent to the
8 charge that would have otherwise been made, for admission to a
9 professional athletic event in which a team in the National Hockey
10 League is a participant, which is held in a facility owned or
11 operated by a municipality, a county or a public trust of which a
12 municipality or a county is the sole beneficiary;

13 59. Sales of tickets for admission and complimentary or free
14 tickets for admission which have a value equivalent to the charge
15 that would have otherwise been made to a professional sporting event
16 involving ice hockey, baseball, basketball, football or arena
17 football, or soccer. As used in this paragraph, "professional
18 sporting event" means an organized athletic competition between
19 teams that are members of an organized league or association with
20 centralized management, other than a national league or national
21 association, that imposes requirements for participation in the
22 league upon the teams, the individual athletes or both, and which
23 uses a salary structure to compensate the athletes;

24

1 60. Sales of tickets for admission to an annual event sponsored
2 by an educational and charitable organization of women which is
3 exempt from taxation pursuant to the provisions of the Internal
4 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission
5 promoting volunteerism, developing the potential of women and
6 improving the community through the effective action and leadership
7 of trained volunteers;

8 61. Sales of tangible personal property or services to an
9 organization, which is exempt from taxation pursuant to the
10 provisions of the Internal Revenue Code, 26 U.S.C., Section
11 501(c)(3), and which is itself a member of an organization which is
12 exempt from taxation pursuant to the provisions of the Internal
13 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
14 organization is primarily engaged in advancing the purposes of its
15 member organizations through fundraising, public awareness or other
16 efforts for the benefit of its member organizations, and if the
17 member organization is primarily engaged either in providing
18 educational services and programs concerning health-related diseases
19 and conditions to individuals suffering from such health-related
20 diseases and conditions or their caregivers and family members or
21 support to such individuals, or in health-related research as to
22 such diseases and conditions, or both. In order to qualify for the
23 exemption authorized by this paragraph, the member nonprofit

24

1 organization shall be required to provide proof to the Oklahoma Tax
2 Commission of its membership status in the membership organization;

3 62. Sales of tangible personal property or services to or by an
4 organization which is part of a national volunteer women's service
5 organization dedicated to promoting patriotism, preserving American
6 history and securing better education for children and which has at
7 least 168,000 members in 3,000 chapters across the United States;

8 63. Sales of tangible personal property or services to or by a
9 YWCA or YMCA organization which is part of a national nonprofit
10 community service organization working to meet the health and social
11 service needs of its members across the United States;

12 64. Sales of tangible personal property or services to or by a
13 veteran's organization which is exempt from taxation pursuant to the
14 provisions of the Internal Revenue Code, 26 U.S.C., Section 501
15 (c)(19) and which is known as the Veterans of Foreign Wars of the
16 United States, Oklahoma Chapters;

17 65. Sales of boxes of food by a church or by an organization,
18 which is exempt from taxation pursuant to the provisions of the
19 Internal Revenue Code, 26 U.S.C., Section 501 (c)(3). To qualify
20 under the provisions of this paragraph, the organization must be
21 organized for the primary purpose of feeding needy individuals or to
22 encourage volunteer service by requiring such service in order to
23 purchase food. These boxes shall only contain edible staple food
24 items;

1 66. Sales of tangible personal property or services to any
2 person with whom a church has duly entered into a construction
3 contract, necessary for carrying out such contract or to any
4 subcontractor to such a construction contract;

5 67. Sales of tangible personal property or services used
6 exclusively for charitable or educational purposes, to or by an
7 organization which:

8 a. is exempt from taxation pursuant to the provisions of
9 the Internal Revenue Code, 26 U.S.C., Section
10 501(c)(3),

11 b. has filed a Not-for-Profit Certificate of
12 Incorporation in this state, and

13 c. is organized for the purpose of:

14 (1) providing training and education to
15 developmentally disabled individuals,

16 (2) educating the community about the rights,
17 abilities and strengths of developmentally
18 disabled individuals, and

19 (3) promoting unity among developmentally disabled
20 individuals in their community and geographic
21 area;

22 68. Sales of tangible personal property or services to any
23 organization which is a shelter for abused, neglected, or abandoned
24 children and which is exempt from taxation pursuant to the

1 provisions of the Internal Revenue Code, 26 U.S.C., Section
2 501(c)(3); provided, until July 1, 2008, such exemption shall apply
3 only to eligible shelters for children from birth to age twelve (12)
4 and after July 1, 2008, such exemption shall apply to eligible
5 shelters for children from birth to age eighteen (18);

6 69. Sales of tangible personal property or services to a child
7 care center which is licensed pursuant to the Oklahoma Child Care
8 Facilities Licensing Act and which:

- 9 a. possesses a 3-star rating from the Department of Human
10 Services Reaching for the Stars Program or a national
11 accreditation, and
- 12 b. allows on site universal pre-kindergarten education to
13 be provided to four-year-old children through a
14 contractual agreement with any public school or school
15 district.

16 For the purposes of this paragraph, sales made to any person,
17 firm, agency or entity that has entered previously into a
18 contractual relationship with a child care center for construction
19 and improvement of buildings and other structures owned by the child
20 care center and operated for educational purposes shall be
21 considered sales made to a child care center. Any such person,
22 firm, agency or entity making purchases on behalf of a child care
23 center shall certify in writing, on the copy of the invoice or sales
24 ticket the nature of the purchase. Any such person, or person

1 acting on behalf of a firm, agency or entity making purchases on
2 behalf of a child care center in violation of this paragraph shall
3 be guilty of a misdemeanor and upon conviction thereof shall be
4 fined an amount equal to double the amount of sales tax involved or
5 incarcerated for not more than sixty (60) days or both; ~~and~~

6 70. a. Sales of tangible personal property to a service
7 organization of mothers who have children who are
8 serving or who have served in the military, which
9 service organization is exempt from taxation pursuant
10 to the provisions of the Internal Revenue Code, 26
11 U.S.C., Section 501(c)(19) and which is known as the
12 Blue Star Mothers of America, Inc. The exemption
13 provided by this paragraph shall only apply to the
14 purchase of tangible personal property actually sent
15 to United States military personnel overseas who are
16 serving in a combat zone and not to any other tangible
17 personal property purchased by the organization.
18 Provided, this exemption shall not apply to any sales
19 tax levied by a city, town, county, or any other
20 jurisdiction in this state.

21 b. The exemption authorized by this paragraph shall be
22 administered in the form of a refund from the sales
23 tax revenues apportioned pursuant to Section 1353 of
24 this title, and the vendor shall be required to

1 collect the sales tax otherwise applicable to the
2 transaction. The purchaser may apply for a refund of
3 the state sales tax paid in the manner prescribed by
4 this paragraph. Within sixty (60) days after the end
5 of each calendar quarter, any purchaser that is
6 entitled to make application for a refund based upon
7 the exempt treatment authorized by this paragraph may
8 file an application for refund of the state sales
9 taxes paid during such preceding calendar quarter.
10 The Tax Commission shall prescribe a form for purposes
11 of making the application for refund.

12 c. A purchaser who applies for a refund pursuant to this
13 paragraph shall certify that the items were actually
14 sent to military personnel overseas in a combat zone.
15 Any purchaser that applies for a refund for the
16 purchase of items that are not authorized for
17 exemption under this paragraph shall be subject to a
18 penalty in the amount of Five Hundred Dollars
19 (\$500.00);

20 71. Sales of food and snack items to or by an organization
21 which is exempt from taxation pursuant to the provisions of the
22 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), whose primary
23 and principal purpose is providing funding for scholarships in the
24 medical field;

1 72. Sales of tangible personal property or services for use
2 solely on construction projects for organizations which are exempt
3 from taxation pursuant to the provisions of the Internal Revenue
4 Code, 26 U.S.C., Section 501(c) (3) and whose purpose is providing
5 end-of-life care and access to hospice services to low-income
6 individuals who live in a facility owned by the organization. The
7 exemption provided by this paragraph applies to sales to the
8 organization as well as to sales to any person with whom the
9 organization has duly entered into a construction contract,
10 necessary for carrying out such contract or to any subcontractor to
11 such a construction contract. Any person making purchases on behalf
12 of such organization shall certify, in writing, on the copy of the
13 invoice or sales ticket to be retained by the vendor that the
14 purchases are made for and on behalf of such organization and set
15 out the name of such organization. Any person who wrongfully or
16 erroneously certifies that purchases are for any of the above-named
17 organizations or who otherwise violates this section shall be guilty
18 of a misdemeanor and upon conviction thereof shall be fined an
19 amount equal to double the amount of sales tax involved or
20 incarcerated for not more than sixty (60) days or both;

21 73. Sales of tickets for admission to events held by
22 organizations exempt from taxation pursuant to the provisions of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c) (3) that are
24

1 organized for the purpose of supporting general hospitals licensed
2 by the State Department of Health; and

3 74. Sales of tangible personal property or services:

4 a. to a foundation which is exempt from taxation pursuant
5 to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3) and which raises tax-
7 deductible contributions in support of a wide range of
8 firearms-related public interest activities of the
9 National Rifle Association of America and other
10 organizations that defend and foster Second Amendment
11 rights, and

12 b. to or by a grassroots fundraising program for sales
13 related to events to raise funds for a foundation
14 meeting the qualifications of subparagraph a of this
15 paragraph.

16 SECTION 3. AMENDATORY 68 O.S. 2001, Section 2110, as
17 amended by Section 17, Chapter 479, O.S.L. 2005 (68 O.S. Supp. 2007,
18 Section 2110), is amended to read as follows:

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

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

3 1. Any lease agreements;

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

8 3. Any trailer or semitrailer registered pursuant to the
9 provisions of Section 1133 of Title 47 of the Oklahoma Statutes.

10 For purposes of this section, "vehicle" and "person" shall have the
11 same meanings as defined in Section 2101 of this title.

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

15 C. A deduction from gross receipts for bad debts shall be
16 allowed for the rental tax specified in subsection A of this
17 section. For purposes of this section, "bad debts" shall have the
18 same meaning as defined in Section 1366 of this title.

19 D. The tax hereby levied shall be collected at the time of the
20 payment of the rental agreement and shall be due and payable to the
21 Oklahoma Tax Commission by the business engaged in renting these
22 vehicles on the twentieth day of each month following the month in
23 which payments for rental agreements subject to tax are made. The
24 Tax Commission shall implement such rules and regulations and devise

1 such forms as it deems necessary for the orderly collection of this
2 tax and the excise tax and penalty provided for in subsection ~~(i)~~ 9
3 of Section 2105 of this title.

4 SECTION 4. AMENDATORY Section 1, Chapter 510, O.S.L.
5 2004, as amended by Section 1, Chapter 442, O.S.L. 2005 (68 O.S.
6 Supp. 2007, Section 2357.100), is amended to read as follows:

7 Section 2357.100 A. For taxable years beginning after December
8 31, 2004, and ending on or before December 31, ~~2008~~ 2009, there
9 shall be allowed a credit against the tax imposed by Section 2355 of
10 this title for the purchase and transportation of poultry litter.
11 Subject to the limitations provided in subsection ~~B~~ C of this
12 section, the credit shall be available to the purchaser of the
13 poultry litter and shall equal Five Dollars (\$5.00) per ton
14 purchased and transported.

15 B. For taxable years beginning after December 31, 2009, and
16 ending on or before December 31, 2013, there shall be allowed a
17 credit against the tax imposed by Section 2355 of this title for the
18 purchase and transportation of poultry litter. Subject to the
19 limitations provided in subsection C of this section, the credit
20 shall be available to the purchaser of the poultry litter and shall
21 equal Ten Dollars (\$10.00) per ton purchased and transported.

22 C. 1. The total of the credits authorized by this section
23 shall not exceed Three Hundred Seventy-five Thousand Dollars
24 (\$375,000.00) annually. The amount of the credit for each purchaser

1 shall be adjusted annually so that the total estimate of the credits
2 authorized by this section does not exceed Three Hundred Seventy-
3 five Thousand Dollars (\$375,000.00). The formula to be used for the
4 percentage adjustment shall be Three Hundred Seventy-five Thousand
5 Dollars (\$375,000.00) divided by the credits claimed in the
6 preceding year. In no event shall the credit be claimed more than
7 once by a taxpayer each taxable year.

8 2. In the event the total tax credits authorized by this
9 section exceed Three Hundred Seventy-five Thousand Dollars
10 (\$375,000.00) in any calendar year, the Oklahoma Tax Commission
11 shall permit any excess over Three Hundred Seventy-five Thousand
12 Dollars (\$375,000.00) but shall factor such excess into the
13 percentage adjustment formula for subsequent years.

14 ~~C.~~ D. In order to qualify for the credit provided for in
15 ~~subsection~~ subsections A and B of this section:

16 1. The poultry litter shall only be purchased from an Oklahoma-
17 based poultry operation registered with the State Board of
18 Agriculture and located within an environmentally sensitive and
19 nutrient-limited watershed area as defined in the most recent
20 Oklahoma Water Quality Standards;

21 2. The poultry litter shall be used or spread in a watershed
22 that is not environmentally sensitive and nutrient-limited as
23 defined in the most recent Oklahoma Water Quality Standards; and
24

1 3. The poultry litter shall be applied by a certified poultry
2 waste applicator as defined by Section 10-9.1 of Title 2 of the
3 Oklahoma Statutes and in accordance with the provisions of Sections
4 10-9.16 through 10-9.21 of Title 2 of the Oklahoma Statutes and any
5 rules promulgated by the Oklahoma Department of Agriculture, Food,
6 and Forestry.

7 ~~D.~~ E. The credit allowed by this section shall be available to
8 the taxpayer in the year in which the poultry litter was purchased
9 and transported, provided the taxpayer is found by the Oklahoma
10 Department of Agriculture, Food, and Forestry to have applied the
11 poultry litter in a manner consistent with an Animal Waste
12 Management Plan, as defined in Section 10-9.1 of Title 2 of the
13 Oklahoma Statutes, specifically designed to restore and protect
14 beneficial uses from impairment from nutrients. If the credit
15 exceeds the amount of income taxes due or if there are no state
16 income taxes due on the income of the taxpayer, the amount of the
17 credit not used as an offset against the income taxes for a year may
18 be carried forward as a credit against subsequent income tax
19 liability for a period not to exceed five (5) years.

20 SECTION 5. NEW LAW A new section of law not to be
21 codified in the Oklahoma Statutes reads as follows:

22 A. The Oklahoma Tax Commission is authorized to enter into a
23 lease-purchase agreement and any other agreements necessary for the
24 acquisition of an Integrated Tax System. Payments for such

1 | agreements shall be made from any monies available to the Tax
2 | Commission.

3 | B. The Oklahoma Tax Commission shall enter into contracts which
4 | will generate revenue beginning in the fiscal year ending June 30,
5 | 2009, pursuant to the provisions of Section 264 of Title 68 of the
6 | Oklahoma Statutes.

7 | C. The Oklahoma Tax Commission and the Office of State Finance
8 | are authorized to enter into such agreements as may be necessary for
9 | the utilization of monies in the Oklahoma Tax Commission and Office
10 | of State Finance Joint Computer Enhancement Fund created in Section
11 | 6 of this act.

12 | SECTION 6. NEW LAW A new section of law to be codified
13 | in the Oklahoma Statutes as Section 265 of Title 68, unless there is
14 | created a duplication in numbering, reads as follows:

15 | A. There is hereby created in the State Treasury a fund for the
16 | Oklahoma Tax Commission to be known as the "Oklahoma Tax Commission
17 | and Office of State Finance Joint Computer Enhancement Fund". The
18 | fund shall be a continuing fund, not subject to fiscal year
19 | limitations, and shall consist of all monies deposited to the fund
20 | pursuant to law. All monies accruing to the credit of said fund are
21 | hereby appropriated and may be budgeted and expended for the
22 | purposes authorized by subsection B of this section. Expenditures
23 | from said fund shall be made upon warrants issued by the State

24 |

1 Treasurer against claims filed as prescribed by law with the
2 Director of State Finance for approval and payment.

3 B. Monies in the Oklahoma Tax Commission and Office of State
4 Finance Joint Computer Enhancement Fund shall be expended for the
5 following purposes:

6 1. To make payments on an agreement authorized by Section 5 of
7 this act;

8 2. To make payments authorized by Section 41.5x of Title 62 of
9 the Oklahoma Statutes; and

10 3. To the extent not needed for the above-listed purposes to be
11 expended on other computer projects as specifically authorized by
12 the Legislature.

13 C. Notwithstanding any other provision of law, there shall be
14 apportioned to the Oklahoma Tax Commission and Office of State
15 Finance Joint Computer Enhancement Fund from the monies that would
16 otherwise be apportioned by Sections 1353, 1403 and 2352 of Title 68
17 of the Oklahoma Statutes, the revenue received as a result of any
18 contracts entered into by the Oklahoma Tax Commission pursuant to
19 Section 264 of Title 68 of the Oklahoma Statutes.

20 SECTION 7. NEW LAW A new section of law not to be
21 codified in the Oklahoma Statutes reads as follows:

22 The Office of State Finance is authorized to transfer to the
23 Oklahoma Tax Commission and Office of State Finance Joint Computer
24 Enhancement Fund any monies in its Integrated Central System

1 Revolving Fund account available for implementation of the
2 Integrated Central System authorized by the provisions of Enrolled
3 Senate Bill No. 796 of the 1st Session of the 51st Oklahoma
4 Legislature.

5 SECTION 8. AMENDATORY 68 O.S. 2001, Section 1353, as
6 last amended by Section 34 of Enrolled Senate Bill No. 1830 of the
7 2nd Session of the 51st Oklahoma Legislature, is amended to read as
8 follows:

9 Section 1353. A. It is hereby declared to be the purpose of
10 the Oklahoma Sales Tax Code to provide funds for the financing of
11 the program provided for by the Oklahoma Social Security Act and to
12 provide revenues for the support of the functions of the state
13 government of Oklahoma, and for this purpose it is hereby expressly
14 provided that, revenues derived pursuant to the provisions of the
15 Oklahoma Sales Tax Code, subject to the apportionment requirements
16 for the Oklahoma Tax Commission and Office of State Finance Joint
17 Computer Enhancement Fund provided by Section 6 of this act, shall
18 be apportioned as follows:

19 1. a. the following amounts shall be paid to the State
20 Treasurer to be placed to the credit of the General
21 Revenue Fund to be paid out pursuant to direct
22 appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	86.04%

1	FY 2005	85.83%
2	FY 2006	85.54%
3	FY 2007	85.04%
4	FY 2008 and each fiscal	
5	year thereafter	83.61%

6 b. in the event that additional monies are necessary
7 pursuant to paragraph 5 of this section, such
8 additional monies shall be deducted in the proportion
9 determined by the State Board of Equalization pursuant
10 to paragraph 3 of Section ~~2~~ 2355.1B of this ~~act~~ title
11 from the monies apportioned to the General Revenue
12 Fund;

13 2. For FY 2003, FY 2004 and FY 2005, ten and forty-two one-
14 hundredths percent (10.42%), shall be paid to the State Treasurer to
15 be placed to the credit of the Education Reform Revolving Fund of
16 the State Department of Education and for FY 2006 and each fiscal
17 year thereafter, ten and forty-six one-hundredths percent (10.46%)
18 shall be paid to the State Treasurer to be placed to the credit of
19 the Education Reform Revolving Fund of the State Department of
20 Education;

21 3. The following amounts shall be paid to the State Treasurer
22 to be placed to the credit of the Teachers' Retirement System
23 Dedicated Revenue Revolving Fund:

24	Fiscal Year	Amount
----	-------------	--------

1	FY 2003 and FY 2004	3.54%
2	FY 2005	3.75%
3	FY 2006	4.0%
4	FY 2007	4.5%
5	FY 2008 and each fiscal	
6	year thereafter	5.0%

7 4. For the fiscal year beginning July 1, 2007, and for each
8 fiscal year thereafter, ninety-three one-hundredths percent (0.93%)
9 shall be paid to the State Treasurer to be further apportioned as
10 follows:

- 11 a. thirty-six percent (36%) shall be placed to the credit
- 12 of the Oklahoma Tourism Promotion Revolving Fund, and
- 13 b. sixty-four percent (64%) shall be placed to the credit
- 14 of the Oklahoma Tourism Capital Improvement Revolving
- 15 Fund; and

16 5. During the first fiscal year after the State Board of
17 Equalization has made a determination as provided in Section 2 of
18 ~~Enrolled Senate Bill No. 357 of the 1st Session of the 51st Oklahoma~~
19 ~~Legislature, as amended by Section 2 2355.1B of this act title,~~
20 regarding a baseline amount of revenue apportioned pursuant to
21 paragraph 3 of this section, and for each fiscal year thereafter, in
22 no event shall monies apportioned pursuant to paragraph 3 of this
23 section, paragraph 3 of Section 1403 of this title and subparagraph

24

1 c of paragraph 1 of Section 2352 of this title be less than such
2 baseline amount.

3 B. Provided, for the fiscal year beginning July 1, 2007, and
4 every fiscal year thereafter, an amount of revenue shall be
5 apportioned to each municipality or county which levies a sales tax
6 subject to the provisions of Section 1357.10 of this title and
7 subsection F of Section 2701 of this title equal to the amount of
8 sales tax revenue of such municipality or county exempted by the
9 provisions of Section 1357.10 of this title and subsection F of
10 Section 2701 of this title. The Oklahoma Tax Commission shall
11 promulgate and adopt rules necessary to implement the provisions of
12 this subsection.

13 SECTION 9. AMENDATORY 68 O.S. 2001, Section 1403, as
14 last amended by Section 4, Chapter 366, O.S.L. 2007 (68 O.S. Supp.
15 2007, Section 1403), is amended to read as follows:

16 Section 1403. It is hereby declared to be the purpose of
17 Section 1401 et seq. of this title to provide for the support of the
18 functions of the state and local government of Oklahoma; and for
19 this purpose and to this end, it is hereby expressly provided that
20 the revenues derived hereunder, subject to the apportionment
21 requirements for the Oklahoma Tax Commission and Office of State
22 Finance Joint Computer Enhancement Fund provided by Section 6 of
23 this act, are hereby apportioned as follows:
24

1 1. a. the following amounts shall be paid by the Tax
2 Commission to the State Treasurer and placed to the
3 credit of the General Revenue Fund to be paid out
4 pursuant to direct appropriation by the Legislature:

Fiscal Year	Amount
FY 2004	85.35%
FY 2005	85.14%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 and each fiscal year thereafter	83.61%

12 b. in the event that additional monies are necessary
13 pursuant to paragraph 5 of this section, such
14 additional monies shall be deducted in the proportion
15 determined by the State Board of Equalization pursuant
16 to paragraph 3 of Section ~~2~~ 2355.1B of this ~~act~~ title
17 from the monies apportioned to the General Revenue
18 Fund;

19 2. Ten and forty-six one-hundredths percent (10.46%) shall be
20 paid to the State Treasurer to be placed to the credit of the
21 Education Reform Revolving Fund of the State Department of
22 Education;

1 3. The following amounts shall be paid to the State Treasurer
2 to be placed to the credit of the Teachers' Retirement System
3 Dedicated Revenue Revolving Fund:

4 Fiscal Year	Amount
5 FY 2003 and FY 2004	3.54%
6 FY 2005	3.75%
7 FY 2006	4.0%
8 FY 2007	4.5%
9 FY 2008 and each fiscal 10 year thereafter	5.0%

11 4. For the fiscal year beginning July 1, 2007, and for each
12 fiscal year thereafter, ninety-three one-hundredths percent (0.93%)
13 shall be paid to the State Treasurer to be further apportioned as
14 follows:

- 15 a. thirty-six percent (36%) shall be placed to the credit
16 of the Oklahoma Tourism Promotion Revolving Fund, and
- 17 b. sixty-four percent (64%) shall be placed to the credit
18 of the Oklahoma Tourism Capital Improvement Revolving
19 Fund; and

20 5. During the first fiscal year after the State Board of
21 Equalization has made a determination as provided in Section 2 of
22 ~~Enrolled Senate Bill No. 357 of the 1st Session of the 51st Oklahoma~~
23 ~~Legislature, as amended by Section 2 2355.1B of this act title,~~
24 regarding a baseline amount of revenue apportioned pursuant to

1 paragraph 3 of this section, and for each fiscal year thereafter, in
2 no event shall monies apportioned pursuant to paragraph 3 of this
3 section, paragraph 3 of Section 1353 of this title and subparagraph
4 c of paragraph 1 of Section 2352 of this title be less than such
5 baseline amount.

6 SECTION 10. AMENDATORY 68 O.S. 2001, Section 2352, as
7 last amended by Section 5, Chapter 366, O.S.L. 2007 (68 O.S. Supp.
8 2007, Section 2352), is amended to read as follows:

9 Section 2352. It is hereby declared to be the purpose of
10 Section 2351 et seq. of this title to provide revenue for general
11 governmental functions of state government; and, for that purpose
12 and to that end, it is expressly declared that the revenue derived
13 herefrom and penalties and interest thereon, subject to the
14 apportionment requirements for the Rebuilding Oklahoma Access and
15 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail
16 Revolving Fund and the Public Transit Revolving Fund to be derived
17 from income tax revenue that would otherwise be apportioned to the
18 General Revenue Fund as provided by Section 1521 of Title 69 of the
19 Oklahoma Statutes, subject to the apportionment requirements for the
20 Oklahoma Tax Commission and Office of State Finance Joint Computer
21 Enhancement Fund provided by Section 6 of this act, shall be
22 distributed as follows:

23 1. For the fiscal year beginning July 1, 2002, the first Five
24 Million Eight Hundred Thousand Dollars (\$5,800,000.00) of revenue

1 derived pursuant to the provisions of subsections A, B and E of
2 Section 2355 of this title shall be apportioned to the Education
3 Reform Revolving Fund. The remainder of such revenue for the fiscal
4 year beginning July 1, 2002, and all such revenue for each fiscal
5 year thereafter shall be apportioned monthly as follows:

6 a. (1) the following amounts shall be paid to the State
7 Treasurer to be placed to the credit of the
8 General Revenue Fund of the state for such fiscal
9 year for the support of the state government to
10 be paid out only pursuant to appropriation by the
11 Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	87.12%
FY 2005	86.91%
FY 2006	86.66%
FY 2007	86.16%
FY 2008 and each fiscal year thereafter	85.66%

12
13
14
15
16
17
18
19 (2) in the event that additional monies are necessary
20 pursuant to paragraph 3 of this section, such
21 additional monies shall be deducted in the
22 proportion determined by the State Board of
23 Equalization pursuant to paragraph 3 of Section 2
24

1 2355.1B of this ~~act~~ title from the monies
2 apportioned to the General Revenue Fund,

3 b. for FY 2003 and each fiscal year thereafter, eight and
4 thirty-four one-hundredths percent (8.34%) shall be
5 paid to the State Treasurer to be placed to the credit
6 of the Education Reform Revolving Fund,

7 c. the following amounts shall be paid to the State
8 Treasurer to be placed to the credit of the Teachers'
9 Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

17 d. for FY 2003 and each fiscal year thereafter, one
18 percent (1%) shall be placed to the credit of the Ad
19 Valorem Reimbursement Fund;

20 2. Beginning July 1, 2003, for any period of time as certified
21 by the Oklahoma Development Finance Authority and the Oklahoma
22 Department of Commerce to be necessary for the repayment of
23 obligations issued by the Oklahoma Development Finance Authority
24 pursuant to Section 3654 of this title if the other sources of

1 revenue paid to or apportioned to the Quality Jobs Program Incentive
2 Leverage Fund are not adequate, including the proceeds from payment
3 pursuant to the guaranty required by subsection M of Section 3654 of
4 this title, an amount certified by the Oklahoma Development Finance
5 Authority to the Oklahoma Tax Commission shall be apportioned to the
6 Quality Jobs Program Incentive Leverage Fund before any other
7 apportionments are made as otherwise authorized by this paragraph.
8 The Oklahoma Development Finance Authority shall certify to the
9 Oklahoma Tax Commission the time as of which the revenue authorized
10 for apportionment pursuant to this paragraph is no longer required.
11 After the certification, the revenue derived from the income tax
12 shall be apportioned in the manner otherwise provided by this
13 section. Except as otherwise provided by this paragraph, for the
14 fiscal year beginning July 1, 2002, the first Forty-One Million One
15 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of
16 revenue derived pursuant to the provisions of subsections C and D of
17 Section 2355 of this title shall be apportioned to the Education
18 Reform Revolving Fund. The remainder of such revenue for the fiscal
19 year beginning July 1, 2002, and all such revenue for each fiscal
20 year thereafter, subject to the apportionment requirements for the
21 Oklahoma Tax Commission and Office of State Finance Joint Computer
22 Enhancement Fund provided by Section 6 of this act, shall be
23 apportioned monthly as follows:
24

1 a. the following amounts shall be paid to the State
2 Treasurer to be placed to the credit of the General
3 Revenue Fund of the state for such fiscal year for the
4 support of the state government to be paid out only
5 pursuant to appropriation by the Legislature:

6 Fiscal Year	Amount
7 FY 2003 and FY 2004	78.96%
8 FY 2005	78.75%
9 FY 2006	78.50%
10 FY 2007	78.0%
11 FY 2008 and each fiscal	
12 year thereafter	77.50%

13 b. for FY 2003 and each fiscal year thereafter, sixteen
14 and five-tenths percent (16.5%) shall be paid to the
15 State Treasurer to be placed to the credit of the
16 Education Reform Revolving Fund of the State
17 Department of Education,

18 c. the following amounts shall be paid to the State
19 Treasurer to be placed to the credit of the Teachers'
20 Retirement System Dedicated Revenue Revolving Fund:

21 Fiscal Year	Amount
22 FY 2003 and FY 2004	3.54%
23 FY 2005	3.75%
24 FY 2006	4.0%

1 FY 2007 4.5%

2 FY 2008 and each fiscal

3 year thereafter 5.0%

4 d. for FY 2003 and each fiscal year thereafter, one
5 percent (1%) shall be placed to the credit of the Ad
6 Valorem Reimbursement Fund; and

7 3. During the first fiscal year after the State Board of
8 Equalization has made a determination as provided in Section 2 of
9 ~~Enrolled Senate Bill No. 357 of the 1st Session of the 51st Oklahoma~~
10 ~~Legislature, as amended by Section 2 2355.1B of this act title,~~
11 regarding a baseline amount of revenue apportioned pursuant to
12 subparagraph c of paragraph 1 of this section, and for each fiscal
13 year thereafter, in no event shall monies apportioned pursuant to
14 subparagraph c of paragraph 1 of this section, paragraph 3 of
15 Section 1353 of this title and paragraph 3 of Section 1403 of this
16 title be less than such baseline amount.

17 SECTION 11. Sections 5 through 10 of this act shall become
18 effective July 1, 2008.

19 SECTION 12. Sections 1 and 4 of this act shall become effective
20 January 1, 2009.

21 SECTION 13. Sections 2 and 3 of this act shall become effective
22 July 1, 2009.

23 SECTION 14. It being immediately necessary for the preservation
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

3

4 51-2-11450 CJB 05/22/08

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24