

1 STATE OF OKLAHOMA

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

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 3337

6 By: Thompson

7 SUBCOMMITTEE RECOMMENDATION

8 (Revenue and taxation - amending 68 O.S. 2001,

9 Sections 1357 and 1364 - sales tax - exemption -

10 effective date)

11
12
13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 68 O.S. 2001, Section 1357, as
15 last amended by Section 1, Chapter 253, O.S.L. 2007 (68 O.S. Supp.
16 2007, Section 1357), is amended to read as follows:

17 Section 1357. Exemptions - General.

18 There are hereby specifically exempted from the tax levied by
19 the Oklahoma Sales Tax Code:

20 1. Transportation of school pupils to and from elementary
21 schools or high schools in motor or other vehicles;

22 2. Transportation of persons where the fare of each person does
23 not exceed One Dollar (\$1.00), or local transportation of persons
24 within the corporate limits of a municipality except by taxicabs;

1 3. Sales for resale to persons engaged in the business of
2 reselling the articles purchased, whether within or without the
3 state, provided that such sales to residents of this state are made
4 to persons to whom sales tax permits have been issued as provided in
5 the Oklahoma Sales Tax Code. This exemption shall not apply to the
6 sales of articles made to persons holding permits when such persons
7 purchase items for their use and which they are not regularly
8 engaged in the business of reselling; neither shall this exemption
9 apply to sales of tangible personal property to peddlers, solicitors
10 and other salespersons who do not have an established place of
11 business and a sales tax permit. The exemption provided by this
12 paragraph shall apply to sales of motor fuel or diesel fuel to a
13 Group Five vendor, but the use of such motor fuel or diesel fuel by
14 the Group Five vendor shall not be exempt from the tax levied by the
15 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
16 is exempt from sales tax when the motor fuel is for shipment outside
17 this state and consumed by a common carrier by rail in the conduct
18 of its business. The sales tax shall apply to the purchase of motor
19 fuel or diesel fuel in Oklahoma by a common carrier by rail when
20 such motor fuel is purchased for fueling, within this state, of any
21 locomotive or other motorized flanged wheel equipment;

22 4. Sales of advertising space in newspapers and periodicals;

23 5. Sales of programs relating to sporting and entertainment
24 events, and sales of advertising on billboards (including signage,

1 posters, panels, marquees, or on other similar surfaces, whether
2 indoors or outdoors) or in programs relating to sporting and
3 entertainment events, and sales of any advertising, to be displayed
4 at or in connection with a sporting event, via the Internet,
5 electronic display devices, or through public address or broadcast
6 systems. The exemption authorized by this paragraph shall be
7 effective for all sales made on or after January 1, 2001;

8 6. Sales of any advertising, other than the advertising
9 described by paragraph 5 of this section, via the Internet,
10 electronic display devices, or through the electronic media,
11 including radio, public address or broadcast systems, television
12 (whether through closed circuit broadcasting systems or otherwise),
13 and cable and satellite television, and the servicing of any
14 advertising devices;

15 7. Eggs, feed, supplies, machinery and equipment purchased by
16 persons regularly engaged in the business of raising worms, fish,
17 any insect or any other form of terrestrial or aquatic animal life
18 and used for the purpose of raising same for marketing. This
19 exemption shall only be granted and extended to the purchaser when
20 the items are to be used and in fact are used in the raising of
21 animal life as set out above. Each purchaser shall certify, in
22 writing, on the invoice or sales ticket retained by the vendor that
23 the purchaser is regularly engaged in the business of raising such
24 animal life and that the items purchased will be used only in such

1 business. The vendor shall certify to the Oklahoma Tax Commission
2 that the price of the items has been reduced to grant the full
3 benefit of the exemption. Violation hereof by the purchaser or
4 vendor shall be a misdemeanor;

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

10 9. In addition to the exemptions authorized by Section 1357.6
11 of this title, sales of drugs sold pursuant to a prescription
12 written for the treatment of human beings by a person licensed to
13 prescribe the drugs, and sales of insulin and medical oxygen.
14 Provided, this exemption shall not apply to over-the-counter drugs;

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

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

23 12. Sales of food or food products for home consumption which
24 are purchased in whole or in part with coupons issued pursuant to

1 the federal food stamp program as authorized by Sections 2011
2 through 2029 of Title 7 of the United States Code, as to that
3 portion purchased with such coupons. The exemption provided for
4 such sales shall be inapplicable to such sales upon the effective
5 date of any federal law that removes the requirement of the
6 exemption as a condition for participation by the state in the
7 federal food stamp program;

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

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

18 b. is exempt from taxation pursuant to the provisions of
19 Section 501(c)(3) of the Internal Revenue Code, 26
20 U.S.C., Section 501(c)(3), and which receives federal
21 funding pursuant to the Older Americans Act of 1965,
22 as amended, for the purpose of providing nutrition
23 programs for the care and benefit of elderly persons;

24

1 14. a. Sales of tangible personal property or services to or
2 by organizations which are exempt from taxation
3 pursuant to the provisions of Section 501(c)(3) of the
4 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
5 and:

6 (1) are primarily involved in the collection and
7 distribution of food and other household products
8 to other organizations that facilitate the
9 distribution of such products to the needy and
10 such distributee organizations are exempt from
11 taxation pursuant to the provisions of Section
12 501(c)(3) of the Internal Revenue Code, 26
13 U.S.C., Section 501(c)(3), or

14 (2) facilitate the distribution of such products to
15 the needy.

16 b. Sales made in the course of business for profit or
17 savings, competing with other persons engaged in the
18 same or similar business shall not be exempt under
19 this paragraph;

20 15. Sales of tangible personal property or services to
21 children's homes which are located on church-owned property and are
22 operated by organizations exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c)(3);

1 16. Sales of computers, data processing equipment, related
2 peripherals and telephone, telegraph or telecommunications service
3 and equipment for use in a qualified aircraft maintenance or
4 manufacturing facility. For purposes of this paragraph, "qualified
5 aircraft maintenance or manufacturing facility" means a new or
6 expanding facility primarily engaged in aircraft repair, building or
7 rebuilding whether or not on a factory basis, whose total cost of
8 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
9 and which employs at least two hundred fifty (250) new full-time-
10 equivalent employees, as certified by the Oklahoma Employment
11 Security Commission, upon completion of the facility. In order to
12 qualify for the exemption provided for by this paragraph, the cost
13 of the items purchased by the qualified aircraft maintenance or
14 manufacturing facility shall equal or exceed the sum of Two Million
15 Dollars (\$2,000,000.00);

16 17. Sales of tangible personal property consumed or
17 incorporated in the construction or expansion of a qualified
18 aircraft maintenance or manufacturing facility as defined in
19 paragraph 16 of this section. For purposes of this paragraph, sales
20 made to a contractor or subcontractor that has previously entered
21 into a contractual relationship with a qualified aircraft
22 maintenance or manufacturing facility for construction or expansion
23 of such a facility shall be considered sales made to a qualified
24 aircraft maintenance or manufacturing facility;

1 18. Sales of the following telecommunications services:

2 a. Interstate and International "800 service". "800
3 service" means a "telecommunications service" that
4 allows a caller to dial a toll-free number without
5 incurring a charge for the call. The service is
6 typically marketed under the name "800", "855", "866",
7 "877", and "888" toll-free calling, and any subsequent
8 numbers designated by the Federal Communications
9 Commission, or

10 b. Interstate and International "900 service". "900
11 service" means an inbound toll "telecommunications
12 service" purchased by a subscriber that allows the
13 subscriber's customers to call in to the subscriber's
14 prerecorded announcement or live service. "900
15 service" does not include the charge for: collection
16 services provided by the seller of the
17 "telecommunications services" to the subscriber, or
18 service or product sold by the subscriber to the
19 subscriber's customer. The service is typically
20 marketed under the name "900" service, and any
21 subsequent numbers designated by the Federal
22 Communications Commission,

23 c. Interstate and International "private communications
24 service". "Private communications service" means a

1 "telecommunications service" that entitles the
2 customer to exclusive or priority use of a
3 communications channel or group of channels between or
4 among termination points, regardless of the manner in
5 which such channel or channels are connected, and
6 includes switching capacity, extension lines,
7 stations, and any other associated services that are
8 provided in connection with the use of such channel or
9 channels,

10 d. "Value-added nonvoice data service". "Value-added
11 nonvoice data service" means a service that otherwise
12 meets the definition of "telecommunications services"
13 in which computer processing applications are used to
14 act on the form, content, code, or protocol of the
15 information or data primarily for a purpose other than
16 transmission, conveyance or routing,

17 e. Interstate and International telecommunications
18 service which is:

19 (1) rendered by a company for private use within its
20 organization, or

21 (2) used, allocated, or distributed by a company to
22 its affiliated group,

23 f. Regulatory assessments and charges, including charges
24 to fund the Oklahoma Universal Service Fund, the

1 Oklahoma Lifeline Fund and the Oklahoma High Cost
2 Fund, and

3 g. Telecommunications nonrecurring charges, including but
4 not limited to the installation, connection, change or
5 initiation of telecommunications services which are
6 not associated with a retail consumer sale;

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

10 20. Sales of aircraft and aircraft parts provided such sales
11 occur at a qualified aircraft maintenance facility. As used in this
12 paragraph, "qualified aircraft maintenance facility" means a
13 facility operated by an air common carrier at which there were
14 employed at least two thousand (2,000) full-time-equivalent
15 employees in the preceding year as certified by the Oklahoma
16 Employment Security Commission and which is primarily related to the
17 fabrication, repair, alteration, modification, refurbishing,
18 maintenance, building or rebuilding of commercial aircraft or
19 aircraft parts used in air common carriage. For purposes of this
20 paragraph, "air common carrier" shall also include members of an
21 affiliated group as defined by Section 1504 of the Internal Revenue
22 Code, 26 U.S.C., Section 1504;

1 21. Sales of machinery and equipment purchased and used by
2 persons and establishments primarily engaged in computer services
3 and data processing:

4 a. as defined under Industrial Group Numbers 7372 and
5 7373 of the Standard Industrial Classification (SIC)
6 Manual, latest version, which derive at least fifty
7 percent (50%) of their annual gross revenues from the
8 sale of a product or service to an out-of-state buyer
9 or consumer, and

10 b. as defined under Industrial Group Number 7374 of the
11 SIC Manual, latest version, which derive at least
12 eighty percent (80%) of their annual gross revenues
13 from the sale of a product or service to an out-of-
14 state buyer or consumer.

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

23 22. Sales of prosthetic devices to an individual for use by
24 such individual. For purposes of this paragraph, "prosthetic

1 device" shall have the same meaning as provided in Section 1357.6 of
2 this title, but shall not include corrective eye glasses, contact
3 lenses or hearing aids;

4 23. Sales of tangible personal property or services to a motion
5 picture or television production company to be used or consumed in
6 connection with an eligible production. For purposes of this
7 paragraph, "eligible production" means a documentary, special, music
8 video, or a television commercial or television program that will
9 serve as a pilot for or be a segment of an ongoing dramatic or
10 situation comedy series filmed or taped for network or national or
11 regional syndication or a feature-length motion picture intended for
12 theatrical release or for network or national or regional
13 syndication or broadcast. The provisions of this paragraph shall
14 apply to sales occurring on or after July 1, 1996. In order to
15 qualify for the exemption, the motion picture or television
16 production company shall file any documentation and information
17 required to be submitted pursuant to rules promulgated by the Tax
18 Commission;

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

21 25. Sales of tangible personal property or services to tax-
22 exempt independent nonprofit biomedical research foundations that
23 provide educational programs for Oklahoma science students and
24

1 teachers and to tax-exempt independent nonprofit community blood
2 banks headquartered in this state;

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

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

11 28. Beginning July 1, 2005, sales of aircraft engine repairs,
12 modification, and replacement parts, sales of aircraft frame repairs
13 and modification, aircraft interior modification, and paint, and
14 sales of services employed in the repair, modification and
15 replacement of parts of aircraft engines, aircraft frame and
16 interior repair and modification, and paint;

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

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

1 30. Sales of tangible personal property made at estate sales at
2 which such property is offered for sale on the premises of the
3 former residence of the decedent by a person who is not required to
4 be licensed pursuant to the Transient Merchant Licensing Act, or who
5 is not otherwise required to obtain a sales tax permit for the sale
6 of such property pursuant to the provisions of Section 1364 of this
7 title; provided:

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

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

23 32. Sales of prewritten computer software that is delivered
24 electronically. For purposes of this paragraph, "delivered

1 electronically" means delivered to the purchaser by means other than
2 tangible storage media;

3 33. Sales of modular dwelling units when built at a production
4 facility and moved in whole or in parts, to be assembled on-site,
5 and permanently affixed to the real property and used for
6 residential or commercial purposes. The exemption provided by this
7 paragraph shall equal forty-five percent (45%) of the total sales
8 price of the modular dwelling unit. For purposes of this paragraph,
9 "modular dwelling unit" means a structure that is not subject to the
10 motor vehicle excise tax imposed pursuant to Section 2103 of this
11 title;

12 34. Sales of tangible personal property or services to persons
13 who are residents of Oklahoma and have been honorably discharged
14 from active service in any branch of the Armed Forces of the United
15 States or Oklahoma National Guard and who have been certified by the
16 United States Department of Veterans Affairs or its successor to be
17 in receipt of disability compensation at the one-hundred-percent
18 rate and the disability shall be permanent and have been sustained
19 through military action or accident or resulting from disease
20 contracted while in such active service; provided, sales for the
21 benefit of the person to a spouse of the eligible person or to a
22 member of the household in which the eligible person resides and who
23 is authorized to make purchases on the person's behalf, when such
24 eligible person is not present at the sale, shall also be exempt for

1 purposes of this paragraph. Sales qualifying for the exemption
2 authorized by this paragraph shall not exceed Twenty-five Thousand
3 Dollars (\$25,000.00) per year per individual. Upon request of the
4 Tax Commission, a person asserting or claiming the exemption
5 authorized by this paragraph shall provide a statement, executed
6 under oath, that the total sales amounts for which the exemption is
7 applicable have not exceeded Twenty-five Thousand Dollars
8 (\$25,000.00) per year. If the amount of such exempt sales exceeds
9 such amount, the sales tax in excess of the authorized amount shall
10 be treated as a direct sales tax liability and may be recovered by
11 the Tax Commission in the same manner provided by law for other
12 taxes, including penalty and interest;

13 35. Sales of electricity to the operator, specifically
14 designated by the ~~Oklahoma~~ Oklahoma Corporation Commission, of a spacing unit
15 or lease from which oil is produced or attempted to be produced
16 using enhanced recovery methods, including, but not limited to,
17 increased pressure in a producing formation through the use of water
18 or saltwater if the electrical usage is associated with and
19 necessary for the operation of equipment required to inject or
20 circulate fluids in a producing formation for the purpose of forcing
21 oil or petroleum into a wellbore for eventual recovery and
22 production from the wellhead. In order to be eligible for the sales
23 tax exemption authorized by this paragraph, the total content of oil
24 recovered after the use of enhanced recovery methods shall not

1 exceed one percent (1%) by volume. The exemption authorized by this
2 paragraph shall be applicable only to the state sales tax rate and
3 shall not be applicable to any county or municipal sales tax rate;

4 36. Sales of intrastate charter and tour bus transportation.

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

13 37. Sales of vitamins, minerals and dietary supplements by a
14 licensed chiropractor to a person who is the patient of such
15 chiropractor at the physical location where the chiropractor
16 provides chiropractic care or services to such patient. The
17 provisions of this paragraph shall not be applicable to any drug,
18 medicine or substance for which a prescription by a licensed
19 physician is required;

20 38. Sales of goods, wares, merchandise, tangible personal
21 property, machinery and equipment to a web search portal located in
22 this state which derives at least eighty percent (80%) of its annual
23 gross revenue from the sale of a product or service to an out-of-
24 state buyer or consumer. For purposes of this paragraph, "web

1 search portal" means an establishment classified under NAICS code
2 518112 which operates web sites that use a search engine to generate
3 and maintain extensive databases of Internet addresses and content
4 in an easily searchable format;

5 39. Sales of tangible personal property consumed or
6 incorporated in the construction or expansion of a facility for a
7 corporation organized under Section 437 et seq. of Title 18 of the
8 Oklahoma Statutes as a rural electric cooperative. For purposes of
9 this paragraph, sales made to a contractor or subcontractor that has
10 previously entered into a contractual relationship with a rural
11 electric cooperative for construction or expansion of a facility
12 shall be considered sales made to a rural electric cooperative; ~~and~~

13 40. Sales of tangible personal property or services to a
14 business primarily engaged in the repair of consumer electronic
15 goods, including, but not limited to, cell phones, compact disc
16 players, personal computers, MP3 players, digital devices for the
17 storage and retrieval of information through hard-wired or wireless
18 computer or Internet connections, if the devices are sold to the
19 business by the original manufacturer of such devices and the
20 devices are repaired, refitted or refurbished for sale by the entity
21 qualifying for the exemption authorized by this paragraph directly
22 to retail consumers or if the devices are sold to another business
23 entity for sale to retail consumers; and

24

1 41. Sales of tangible personal property which is included as
2 part of the sale of real property which, immediately prior to the
3 sale, has been operated as a hotel, apartment building, public
4 rooming house, motel, public lodging house or tourist camp.

5 SECTION 2. AMENDATORY 68 O.S. 2001, Section 1364, as
6 amended by Section 12, Chapter 413, O.S.L. 2003 (68 O.S. Supp. 2007,
7 Section 1364), is amended to read as follows:

8 Section 1364. Permits to do business.

9 A. Every person desiring to engage in a business within this
10 state who would be designated as a Group One or Group Three vendor,
11 pursuant to Section 1363 of this title, shall be required to secure
12 from the Oklahoma Tax Commission every three (3) years a written
13 permit for a fee of Twenty Dollars (\$20.00) prior to engaging in
14 such business in this state. Each such person shall file with the
15 Tax Commission an application for a permit to engage in or transact
16 business in this state, setting forth such information as the Tax
17 Commission may require. The application shall be signed by the
18 owner of the business or representative of the business entity and
19 as a natural person, and, in the case of a corporation, as a legally
20 constituted officer thereof.

21 B. Upon receipt of an initial application, the Tax Commission
22 may issue a probationary permit effective for six (6) months which
23 will automatically renew for an additional thirty (30) months unless
24 the applicant receives written notification of the refusal of the

1 Commission to renew the permit. If the applicant receives a notice
2 of refusal, the applicant may request a hearing to show cause why
3 the permit should be renewed. Upon receipt of a request for a
4 hearing, the Tax Commission shall set the matter for hearing and
5 give ten (10) days' notice in writing of the time and place of the
6 hearing. At the hearing, the applicant shall set forth the
7 qualifications of the applicant for a permit and proof of compliance
8 with all state tax laws.

9 C. Holders of a probationary permit as provided in subsection B
10 of this section shall not be permitted to present the permit to
11 obtain a commercial license plate for their motor vehicle as
12 provided in Section 1133.1 of Title 47 of the Oklahoma Statutes.

13 D. Upon verification that the applicant is a Group Three
14 vendor, the Tax Commission may require such applicant to furnish a
15 surety bond or other security as the Commission may deem necessary
16 to secure payment of taxes under this article, prior to issuance of
17 a permit for the place of business set forth in the application for
18 permit. Provided, the Tax Commission is hereby authorized to set
19 guidelines, by adoption of regulations, for the issuance of sales
20 tax permits. Pursuant to said guidelines the Tax Commission may
21 refuse to issue permits to any Group Three vendors, or any class of
22 vendors included in the whole classification of Group Three vendors,
23 if the Tax Commission determines that it is likely this state will
24 lose tax revenue due to the difficulty of enforcing this article for

1 any reasons stated in paragraph 21 of subsection ~~(F)~~ A of Section
2 1354 of this title.

3 E. A separate permit for each additional place of business to
4 be operated must be obtained from the Tax Commission for a fee of
5 Ten Dollars (\$10.00). Such permit shall be good for a period of
6 three (3) years. The Tax Commission shall grant and issue to each
7 applicant a separate permit for each place of business in this
8 state, upon proper application therefor and verification thereof by
9 the Tax Commission.

10 F. A permit is not assignable and shall be valid only for the
11 person in whose name it is issued and for the transaction of
12 business at the place designated therein. The permit shall at all
13 times be conspicuously displayed at the place of business for which
14 issued in a position where it can be easily seen. The permit shall
15 be in addition to all other permits required by the laws of this
16 state. Provided, if the location of the business is changed, such
17 person shall file with the Tax Commission an application for a
18 permit to engage in or transact business at the new location. Upon
19 issuance of the permit to the new location of such business, no
20 additional permit fee shall be due until the expiration of the
21 permit issued to the previous location of such business.

22 G. It shall be unlawful for any person coming within the class
23 designated as Group One or the class designated as Group Three to
24 engage in or transact a business of reselling tangible personal

1 property or services within this state unless a written permit or
2 permits shall have been issued to such person. Any person who
3 engages in a business subject to the provisions of this section
4 without a permit or permits, or after a permit has been suspended,
5 upon conviction, shall be guilty of a misdemeanor punishable by a
6 fine of not more than One Thousand Dollars (\$1,000.00). Any person
7 convicted of a second or subsequent violation hereof shall be guilty
8 of a felony and punishable by a fine of not more than Five Thousand
9 Dollars (\$5,000.00) or by a term of imprisonment in the State
10 Penitentiary for not more than two (2) years, or both such fine and
11 imprisonment.

12 H. Any person operating under a permit as provided in this
13 article shall, upon discontinuance of business by sale or otherwise,
14 return such permit to the Tax Commission for cancellation, together
15 with a remittance for any unpaid or accrued taxes. Failure to
16 surrender a permit and pay any and all accrued taxes will be
17 sufficient cause for the Tax Commission to refuse to issue a permit
18 subsequently to such person to engage in or transact any other
19 business in this state. In the case of a sale of any business, the
20 tax shall be deemed to be due on the sale of the fixtures and
21 equipment unless such sale of fixtures and equipment is otherwise
22 exempt pursuant to the Oklahoma Sales Tax Code, and the Tax
23 Commission shall not issue a permit to continue or conduct the
24

1 business to the purchaser until all tax claims due the State of
2 Oklahoma have been settled.

3 I. All permits issued under the provisions of this article
4 shall expire three (3) years from the date of issuance at the close
5 of business at each place or location of the business within this
6 state. No refund of the fee shall be made if the business is
7 terminated prior to the expiration of the permit.

8 J. Whenever a holder of a permit fails to comply with any
9 provisions of this article, the Tax Commission, after giving ten
10 (10) days' notice in writing of the time and place of hearing to
11 show cause why the permit should not be revoked, may revoke or
12 suspend the permit, the permit to be renewed upon removal of cause
13 or causes of revocation or suspension. However, if a holder of a
14 permit becomes delinquent for a period of three (3) months or more
15 in reporting or paying of any tax due under this article, any duly
16 authorized agent of the Tax Commission may remove the permit from
17 the taxpayer's premises and it shall be returned or renewed only
18 upon the filing of proper reports and payment of all taxes due under
19 this article.

20 K. Permits are not required of persons coming within the
21 classification designated as Group Two. The Oklahoma Tax Commission
22 shall issue a limited permit to Group Five vendors. The permit
23 shall be in such form as the Tax Commission may prescribe.

24

1 L. Nothing in this article shall be construed to allow a permit
2 holder to purchase, tax exempt, anything for resale that the permit
3 holder is not regularly in the business of reselling.

4 M. All monies received pursuant to issuance of such permits to
5 do business shall be paid to the State Treasurer and placed to the
6 credit of the General Revenue Fund of the State Treasury.

7 N. Notwithstanding the provisions of Section 205 of this title,
8 the Oklahoma Tax Commission is authorized to release the following
9 information contained in the Master Sales and Use Tax File to
10 vendors:

- 11 1. Permit number;
- 12 2. Name in which permit is issued;
- 13 3. Name of business operation if different from ownership
14 (DBA);
- 15 4. Mailing address;
- 16 5. Business address;
- 17 6. Business class or Standard Industrial Code (SIC); and
- 18 7. Effective date and expiration or cancellation date of
19 permit.

20 Release of such information shall be limited to tax remitters
21 for the express purpose of determining the validity of sales permits
22 presented as evidence of purchasers' sales tax resale status under
23 this Code.

1 The provisions of this subsection shall be strictly interpreted
2 and shall not be construed as permitting the disclosure of any other
3 information contained in the records and files of the Tax Commission
4 relating to sales tax or to any other taxes.

5 This information may be provided on a subscription basis, with
6 periodic updates, and sufficient fee charged, not to exceed One
7 Hundred Fifty Dollars (\$150.00) per year, to offset the
8 administrative costs of providing the list. All revenue received by
9 the Oklahoma Tax Commission from such fees shall be deposited to the
10 credit of the Oklahoma Tax Commission Revolving Fund. No liability
11 whatsoever, civil or criminal, shall attach to any member of the Tax
12 Commission or any employee thereof for any error or omission in the
13 disclosure of information pursuant to this subsection.

14 O. If the Tax Commission enters into the Streamlined Sales and
15 Use Tax Agreement under Section 1354.18 of this title, the Tax
16 Commission is authorized to participate in its online sales and use
17 tax registration system and shall not require the payment of the
18 registration fees or other charges provided in this section from a
19 vendor who registers within the online system if the vendor has no
20 legal requirement to register.

21 SECTION 3. This act shall become effective November 1, 2008.

22

23 51-2-10186 MAH 02/20/08

24