

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL NO. 806

By: Mazzei, Wilson and Easley
of the Senate

6 and

7 Terrill of the House
8
9

10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; amending 68
12 O.S. 2001, Section 1356, as last amended by Section
13 2, Chapter 44, 2nd Extraordinary Session, O.S.L. 2006
14 (68 O.S. Supp. 2006, Section 1356), which relates to
15 sales tax; providing exemption for specified
16 organizations for certain purposes; amending Section
17 16, Chapter 472, O.S.L. 2003, as amended by Section
18 2, Chapter 518, O.S.L. 2004 (68 O.S. Supp. 2006,
19 Section 1364.2), which relates to special event
20 permits; limiting eligibility; providing an effective
21 date; and declaring an emergency.

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

23 SECTION 1. AMENDATORY 68 O.S. 2001, Section 1356, as
24 last amended by Section 2, Chapter 44, 2nd Extraordinary Session,
O.S.L. 2006 (68 O.S. Supp. 2006, Section 1356), is amended to read
as follows:

1 Section 1356. There are hereby specifically exempted from the
2 tax levied by Section 1350 et seq. of this title:

3 1. Sale of tangible personal property or services to the United
4 States government or to the State of Oklahoma, any political
5 subdivision of this state or any agency of a political subdivision
6 of this state; provided, all sales to contractors in connection with
7 the performance of any contract with the United States government,
8 State of Oklahoma or any of its political subdivisions shall not be
9 exempted from the tax levied by Section 1350 et seq. of this title,
10 except as hereinafter provided;

11 2. Sales of property to agents appointed by or under contract
12 with agencies or instrumentalities of the United States government
13 if ownership and possession of such property transfers immediately
14 to the United States government;

15 3. Sales of property to agents appointed by or under contract
16 with a political subdivision of this state if the sale of such
17 property is associated with the development of a qualified federal
18 facility, as provided in the Oklahoma Federal Facilities Development
19 Act, and if ownership and possession of such property transfers
20 immediately to the political subdivision or the state;

21 4. Sales made directly by county, district or state fair
22 authorities of this state, upon the premises of the fair authority,
23 for the sole benefit of the fair authority or sales of admission
24 tickets to such fairs or fair events at any location in the state

1 authorized by county, district or state fair authorities; provided,
2 the exemption provided by this paragraph for admission tickets to
3 fair events shall apply only to any portion of the admission price
4 that is retained by or distributed to the fair authority. As used
5 in this paragraph, "fair event" shall be limited to an event held on
6 the premises of the fair authority in conjunction with and during
7 the time period of a county, district or state fair;

8 5. Sale of food in cafeterias or lunch rooms of elementary
9 schools, high schools, colleges or universities which are operated
10 primarily for teachers and pupils and are not operated primarily for
11 the public or for profit;

12 6. Dues paid to fraternal, religious, civic, charitable or
13 educational societies or organizations by regular members thereof,
14 provided, such societies or organizations operate under what is
15 commonly termed the lodge plan or system, and provided such
16 societies or organizations do not operate for a profit which inures
17 to the benefit of any individual member or members thereof to the
18 exclusion of other members and dues paid monthly or annually to
19 privately owned scientific and educational libraries by members
20 sharing the use of services rendered by such libraries with students
21 interested in the study of geology, petroleum engineering or related
22 subjects;

23 7. Sale of tangible personal property or services to or by
24 churches, except sales made in the course of business for profit or

1 savings, competing with other persons engaged in the same or a
2 similar business or sale of tangible personal property or services
3 by an organization exempt from federal income tax pursuant to
4 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,
5 made on behalf of or at the request of a church or churches if the
6 sale of such property is conducted not more than once each calendar
7 year for a period not to exceed three (3) days by the organization
8 and proceeds from the sale of such property are used by the church
9 or churches or by the organization for charitable purposes;

10 8. The amount of proceeds received from the sale of admission
11 tickets which is separately stated on the ticket of admission for
12 the repayment of money borrowed by any accredited state-supported
13 college or university or any public trust of which a county in this
14 state is the beneficiary, for the purpose of constructing or
15 enlarging any facility to be used for the staging of an athletic
16 event, a theatrical production, or any other form of entertainment,
17 edification or cultural cultivation to which entry is gained with a
18 paid admission ticket. Such facilities include, but are not limited
19 to, athletic fields, athletic stadiums, field houses, amphitheaters
20 and theaters. To be eligible for this sales tax exemption, the
21 amount separately stated on the admission ticket shall be a
22 surcharge which is imposed, collected and used for the sole purpose
23 of servicing or aiding in the servicing of debt incurred by the

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1 college or university to effect the capital improvements
2 hereinbefore described;

3 9. Sales of tangible personal property or services to the
4 council organizations or similar state supervisory organizations of
5 the Boy Scouts of America, Girl Scouts of U.S.A. and the Campfire
6 Boys and Girls;

7 10. Sale of tangible personal property or services to any
8 county, municipality, rural water district, public school district,
9 the institutions of The Oklahoma State System of Higher Education,
10 the Grand River Dam Authority, the Northeast Oklahoma Public
11 Facilities Authority, the Oklahoma Municipal Power Authority, City
12 of Tulsa-Rogers County Port Authority, Muskogee City-County Port
13 Authority, the Oklahoma Department of Veterans Affairs, the Broken
14 Bow Economic Development Authority, Ardmore Development Authority,
15 Durant Industrial Authority, Oklahoma Ordnance Works Authority or to
16 any person with whom any of the above-named subdivisions or agencies
17 of this state has duly entered into a public contract pursuant to
18 law, necessary for carrying out such public contract or to any
19 subcontractor to such a public contract. Any person making
20 purchases on behalf of such subdivision or agency of this state
21 shall certify, in writing, on the copy of the invoice or sales
22 ticket to be retained by the vendor that the purchases are made for
23 and on behalf of such subdivision or agency of this state and set
24 out the name of such public subdivision or agency. Any person who

1 wrongfully or erroneously certifies that purchases are for any of
2 the above-named subdivisions or agencies of this state or who
3 otherwise violates this section shall be guilty of a misdemeanor and
4 upon conviction thereof shall be fined an amount equal to double the
5 amount of sales tax involved or incarcerated for not more than sixty
6 (60) days or both;

7 11. Sales of tangible personal property or services to private
8 institutions of higher education and private elementary and
9 secondary institutions of education accredited by the State
10 Department of Education or registered by the State Board of
11 Education for purposes of participating in federal programs or
12 accredited as defined by the Oklahoma State Regents for Higher
13 Education which are exempt from taxation pursuant to the provisions
14 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
15 including materials, supplies, and equipment used in the
16 construction and improvement of buildings and other structures owned
17 by the institutions and operated for educational purposes.

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

23 12. Tuition and educational fees paid to private institutions
24 of higher education and private elementary and secondary

1 institutions of education accredited by the State Department of
2 Education or registered by the State Board of Education for purposes
3 of participating in federal programs or accredited as defined by the
4 Oklahoma State Regents for Higher Education which are exempt from
5 taxation pursuant to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3);

7 13. a. Sales of tangible personal property made by:

8 (1) a public school,

9 (2) a private school offering instruction for grade
10 levels kindergarten through twelfth grade,

11 (3) a public school district,

12 (4) a public or private school board,

13 (5) a public or private school student group or
14 organization,

15 (6) a parent-teacher association or organization
16 other than as specified in subparagraph b of this
17 paragraph, or

18 (7) public or private school personnel for purposes
19 of raising funds for the benefit of a public or
20 private school, public school district, public or
21 private school board or public or private school
22 student group or organization, or

23 b. Sales of tangible personal property made by or to

24 nonprofit parent-teacher associations or organizations

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

3 The exemption provided by this paragraph for sales made by a
4 public or private school shall be limited to those public or private
5 schools accredited by the State Department of Education or
6 registered by the State Board of Education for purposes of
7 participating in federal programs. Sale of tangible personal
8 property in this paragraph shall include sale of admission tickets
9 and concessions at athletic events;

10 14. Sales of tangible personal property by:

- 11 a. local 4-H clubs,
- 12 b. county, regional or state 4-H councils,
- 13 c. county, regional or state 4-H committees,
- 14 d. 4-H leader associations,
- 15 e. county, regional or state 4-H foundations, and
- 16 f. authorized 4-H camps and training centers.

17 The exemption provided by this paragraph shall be limited to
18 sales for the purpose of raising funds for the benefit of such
19 organizations. Sale of tangible personal property exempted by this
20 paragraph shall include sale of admission tickets;

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

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

6 17. Sales of tangible personal property or services to fire
7 departments organized pursuant to Section 592 of Title 18 of the
8 Oklahoma Statutes which items are to be used for the purposes of the
9 fire department. Any person making purchases on behalf of any such
10 fire department shall certify, in writing, on the copy of the
11 invoice or sales ticket to be retained by the vendor that the
12 purchases are made for and on behalf of such fire department and set
13 out the name of such fire department. Any person who wrongfully or
14 erroneously certifies that the purchases are for any such fire
15 department or who otherwise violates the provisions of this section
16 shall be deemed guilty of a misdemeanor and upon conviction thereof,
17 shall be fined an amount equal to double the amount of sales tax
18 involved or incarcerated for not more than sixty (60) days, or both;

19 18. Complimentary or free tickets for admission to places of
20 amusement, sports, entertainment, exhibition, display or other
21 recreational events or activities which are issued through a box
22 office or other entity which is operated by a state institution of
23 higher education with institutional employees or by a municipality
24 with municipal employees;

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

9 20. Sales of tangible personal property or services to any Boys
10 & Girls Clubs of America affiliate in this state which is not
11 affiliated with the Salvation Army and which is exempt from taxation
12 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
13 Section 501(c)(3);

14 21. Sales of tangible personal property or services to any
15 organization, which takes court-adjudicated juveniles for purposes
16 of rehabilitation, and which is exempt from taxation pursuant to the
17 provisions of the Internal Revenue Code, 26 U.S.C., Section
18 501(c)(3), provided that at least fifty percent (50%) of the
19 juveniles served by such organization are court adjudicated and the
20 organization receives state funds in an amount less than ten percent
21 (10%) of the annual budget of the organization;

22 22. Sales of tangible personal property or services to:
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- 1 a. any federally qualified community health center as
2 defined in Section 254c of Title 42 of the United
3 States Code,
4 b. any migrant health center as defined in Section 254b
5 of Title 42 of the United States Code,
6 c. any clinic receiving disbursements of state monies
7 from the Indigent Health Care Revolving Fund pursuant
8 to the provisions of Section 66 of Title 56 of the
9 Oklahoma Statutes,
10 d. any community based health center which meets all of
11 the following criteria:
12 (1) provides primary care services at no cost to the
13 recipient, and
14 (2) is exempt from taxation pursuant to the
15 provisions of Section 501(c)(3) of the Internal
16 Revenue Code, 26 U.S.C., Section 501(c)(3), and
17 e. any community mental health center as defined in
18 Section 3-302 of Title 43A of the Oklahoma Statutes;

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

23 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
24 from sales of tangible personal property or services to or by a

1 cultural organization established to sponsor and promote
2 educational, charitable and cultural events for disadvantaged
3 children, and which organization is exempt from taxation pursuant to
4 the provisions of the Internal Revenue Code, 26 U.S.C., Section
5 501(c)(3);

6 25. Sales of tangible personal property or services to museums
7 or other entities which have been accredited by the American
8 Association of Museums. Any person making purchases on behalf of
9 any such museum or other entity shall certify, in writing, on the
10 copy of the invoice or sales ticket to be retained by the vendor
11 that the purchases are made for and on behalf of such museum or
12 other entity and set out the name of such museum or other entity.
13 Any person who wrongfully or erroneously certifies that the
14 purchases are for any such museum or other entity or who otherwise
15 violates the provisions of this paragraph shall be deemed guilty of
16 a misdemeanor and, upon conviction thereof, shall be fined an amount
17 equal to double the amount of sales tax involved or incarcerated for
18 not more than sixty (60) days, or by both such fine and
19 incarceration;

20 26. Sales of tickets for admission by any museum accredited by
21 the American Association of Museums. In order to be eligible for
22 the exemption provided by this paragraph, an amount equivalent to
23 the amount of the tax which would otherwise be required to be
24 collected pursuant to the provisions of Section 1350 et seq. of this

1 title shall be separately stated on the admission ticket and shall
2 be collected and used for the sole purpose of servicing or aiding in
3 the servicing of debt incurred by the museum to effect the
4 construction, enlarging or renovation of any facility to be used for
5 entertainment, edification or cultural cultivation to which entry is
6 gained with a paid admission ticket;

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

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

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

17 30. Transfer of tangible personal property made pursuant to
18 Section 3226 of Title 63 of the Oklahoma Statutes by the University
19 Hospitals Trust;

20 31. Sales of tangible personal property or services to a
21 municipality, county or school district pursuant to a lease or
22 lease-purchase agreement executed between the vendor and a
23 municipality, county or school district. A copy of the lease or
24 lease-purchase agreement shall be retained by the vendor;

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

4 33. The sale, use, storage, consumption, or distribution in
5 this state, whether by the importer, exporter, or another person, of
6 any satellite or any associated launch vehicle, including components
7 of, and parts and motors for, any such satellite or launch vehicle,
8 imported or caused to be imported into this state for the purpose of
9 export by means of launching into space. This exemption provided by
10 this paragraph shall not be affected by:

- 11 a. the destruction in whole or in part of the satellite
12 or launch vehicle,
- 13 b. the failure of a launch to occur or be successful, or
- 14 c. the absence of any transfer or title to, or possession
15 of, the satellite or launch vehicle after launch;

16 34. The sale, lease, use, storage, consumption, or distribution
17 in this state of any space facility, space propulsion system or
18 space vehicle, satellite, or station of any kind possessing space
19 flight capacity, including components thereof;

20 35. The sale, lease, use, storage, consumption, or distribution
21 in this state of tangible personal property, placed on or used
22 aboard any space facility, space propulsion system or space vehicle,
23 satellite, or station possessing space flight capacity, which is
24 launched into space, irrespective of whether such tangible property

1 is returned to this state for subsequent use, storage, or
2 consumption in any manner;

3 36. The sale, lease, use, storage, consumption, or distribution
4 in this state of tangible personal property meeting the definition
5 of "section 38 property" as defined in Sections 48(a)(1)(A) and
6 (B)(i) of the Internal Revenue Code of 1986, that is an integral
7 part of and used primarily in support of space flight; however,
8 section 38 property used in support of space flight shall not
9 include general office equipment, any boat, mobile home, motor
10 vehicle, or other vehicle of a class or type required to be
11 registered, licensed, titled, or documented in this state or by the
12 United States government, or any other property not specifically
13 suited to supporting space activity. The term "in support of space
14 flight", for purposes of this paragraph, means the altering,
15 monitoring, controlling, regulating, adjusting, servicing, or
16 repairing of any space facility, space propulsion systems or space
17 vehicle, satellite, or station possessing space flight capacity,
18 including the components thereof;

19 37. The purchase or lease of machinery and equipment for use at
20 a fixed location in this state, which is used exclusively in the
21 manufacturing, processing, compounding, or producing of any space
22 facility, space propulsion system or space vehicle, satellite, or
23 station of any kind possessing space flight capacity. Provided, the
24 exemption provided for in this paragraph shall not be allowed unless

1 the purchaser or lessee signs an affidavit stating that the item or
2 items to be exempted are for the exclusive use designated herein.
3 Any person furnishing a false affidavit to the vendor for the
4 purpose of evading payment of any tax imposed by Section 1354 of
5 this title shall be subject to the penalties provided by law. As
6 used in this paragraph, "machinery and equipment" means "section 38
7 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the
8 Internal Revenue Code of 1986, which is used as an integral part of
9 the manufacturing, processing, compounding, or producing of items of
10 tangible personal property. Such term includes parts and
11 accessories only to the extent that the exemption thereof is
12 consistent with the provisions of this paragraph;

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

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

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

3 41. Sales of tangible personal property or services for use on
4 campus or school construction projects for the benefit of
5 institutions of The Oklahoma State System of Higher Education,
6 private institutions of higher education accredited by the Oklahoma
7 State Regents for Higher Education or any public school or school
8 district when such projects are financed by or through the use of
9 nonprofit entities which are exempt from taxation pursuant to the
10 provisions of the Internal Revenue Code, 26 U.S.C., Section
11 501(c) (3);

12 42. Sales of tangible personal property or services by an
13 organization which is exempt from taxation pursuant to the
14 provisions of the Internal Revenue Code, 26 U.S.C., Section
15 501(c) (3), in the course of conducting a national championship
16 sports event, but only if all or a portion of the payment in
17 exchange therefor would qualify as the receipt of a qualified
18 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
19 Section 513(i). Sales exempted pursuant to this paragraph shall be
20 exempt from all Oklahoma sales, use, excise and gross receipts
21 taxes;

22 43. Sales of tangible personal property or services to or by an
23 organization which:
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- 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),
- 4 b. is affiliated with a comprehensive university within
5 The Oklahoma State System of Higher Education, and
- 6 c. has been organized primarily for the purpose of
7 providing education and teacher training and
8 conducting events relating to robotics;

9 44. The first Fifteen Thousand Dollars (\$15,000.00) each year
10 from sales of tangible personal property to or by youth athletic
11 teams which are part of an athletic organization exempt from
12 taxation pursuant to the provisions of the Internal Revenue Code, 26
13 U.S.C., Section 501(c)(4), for the purposes of raising funds for the
14 benefit of the team;

15 45. Sales of tickets for admission to a collegiate athletic
16 event that is held in a facility owned or operated by a municipality
17 or a public trust of which the municipality is the sole beneficiary
18 and that actually determines or is part of a tournament or
19 tournament process for determining a conference tournament
20 championship, a conference championship, or a national championship;

21 46. Sales of tangible personal property or services to or by an
22 organization which is exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24

1 501(c) (3) and is operating the Oklahoma City National Memorial and
2 Museum, an affiliate of the National Park System;

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

10 48. Sales of tangible personal property or services on or after
11 January 1, 2003, to an organization which is exempt from taxation
12 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
13 Section 501(c) (3) that is expending monies received from a private
14 foundation grant in conjunction with expenditures of local sales tax
15 revenue to construct a local public library;

16 49. Sales of tangible personal property or services to a state
17 that borders this state or any political subdivision of that state,
18 but only to the extent that the other state or political subdivision
19 exempts or does not impose a tax on similar sales of items to this
20 state or a political subdivision of this state;

21 50. Effective July 1, 2005, sales of tangible personal property
22 or services to the Career Technology Student Organizations under the
23 direction and supervision of the Oklahoma Department of Career and
24 Technology Education;

1 51. Sales of tangible personal property to a public trust
2 having either a single city, town or county or multiple cities,
3 towns or counties or combination thereof as beneficiary or
4 beneficiaries or a nonprofit organization which is exempt from
5 taxation pursuant to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3) for the purpose of constructing
7 improvements to or expanding a hospital or nursing home owned and
8 operated by any such public trust or nonprofit entity prior to the
9 effective date of this act in counties with a population of less
10 than one hundred thousand (100,000) persons, according to the most
11 recent Federal Decennial Census. As used in this paragraph,
12 "constructing improvements to or expanding" shall not mean any
13 expense for routine maintenance or general repairs and shall require
14 a project cost of at least One Hundred Thousand Dollars
15 (\$100,000.00). For purposes of this paragraph, sales made to a
16 contractor or subcontractor that enters into a contractual
17 relationship with a public trust or nonprofit entity as described by
18 this paragraph shall be considered sales made to the public trust or
19 nonprofit entity. The exemption authorized by this paragraph shall
20 be administered in the form of a refund from the sales tax revenues
21 apportioned pursuant to Section 1353 of this title and the vendor
22 shall be required to collect the sales tax otherwise applicable to
23 the transaction. The purchaser may apply for a refund of the sales
24 tax paid in the manner prescribed by this paragraph. Within thirty

1 (30) days after the end of each fiscal year, any purchaser that is
2 entitled to make application for a refund based upon the exempt
3 treatment authorized by this paragraph may file an application for
4 refund of the sales taxes paid during such preceding fiscal year.
5 The Tax Commission shall prescribe a form for purposes of making the
6 application for refund. The Tax Commission shall determine whether
7 or not the total amount of sales tax exemptions claimed by all
8 purchasers is equal to or less than Six Hundred Fifty Thousand
9 Dollars (\$650,000.00). If such claims are less than or equal to
10 that amount, the Tax Commission shall make refunds to the purchasers
11 in the full amount of the documented and verified sales tax amounts.
12 If such claims by all purchasers are in excess of Six Hundred Fifty
13 Thousand Dollars (\$650,000.00), the Tax Commission shall determine
14 the amount of each purchaser's claim, the total amount of all claims
15 by all purchasers, and the percentage each purchaser's claim amount
16 bears to the total. The resulting percentage determined for each
17 purchaser shall be multiplied by Six Hundred Fifty Thousand Dollars
18 (\$650,000.00) to determine the amount of refundable sales tax to be
19 paid to each purchaser. The pro rata refund amount shall be the
20 only method to recover sales taxes paid during the preceding fiscal
21 year and no balance of any sales taxes paid on a pro rata basis
22 shall be the subject of any subsequent refund claim pursuant to this
23 paragraph;

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1 52. Effective July 1, 2006, sales of tangible personal property
2 or services to any organization which assists, trains, educates, and
3 provides housing for physically and mentally handicapped persons and
4 which is exempt from taxation pursuant to the provisions of the
5 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
6 receives at least eighty-five percent (85%) of its annual budget
7 from state or federal funds. In order to receive the benefit of the
8 exemption authorized by this paragraph, the taxpayer shall be
9 required to make payment of the applicable sales tax at the time of
10 sale to the vendor in the manner otherwise required by law.
11 Notwithstanding any other provision of the Oklahoma Uniform Tax
12 Procedure Code to the contrary, the taxpayer shall be authorized to
13 file a claim for refund of sales taxes paid that qualify for the
14 exemption authorized by this paragraph for a period of one (1) year
15 after the date of the sale transaction. The taxpayer shall be
16 required to provide documentation as may be prescribed by the
17 Oklahoma Tax Commission in support of the refund claim. The total
18 amount of sales tax qualifying for exempt treatment pursuant to this
19 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
20 (\$175,000.00) each fiscal year. Claims for refund shall be
21 processed in the order in which such claims are received by the
22 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
23 the total amount of refunds payable for a fiscal year, such claim
24 shall be barred;

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

14 54. Sales of tangible personal property to a nonprofit
15 organization, exempt from taxation pursuant to the provisions of the
16 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
17 primarily for the purpose of providing services to homeless persons
18 during the day and located in a metropolitan area with a population
19 in excess of five hundred thousand (500,000) persons according to
20 the latest Federal Decennial Census. The exemption authorized by
21 this paragraph shall be applicable to sales of tangible personal
22 property to a qualified entity occurring on or after January 1,
23 2005;

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1 55. 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) made during auction events the principal purpose of which
5 is to provide funding for the preservation of wetlands and habitat
6 for wild ducks;

7 56. Sales of tangible personal property or services by an
8 organization which is exempt from taxation pursuant to the
9 provisions of the Internal Revenue Code, 26 U.S.C., Section
10 501(c)(3) made during auction events the principal purpose of which
11 is to provide funding for the preservation and conservation of wild
12 turkeys;

13 57. Sales of tangible personal property or services to an
14 organization which:

15 a. is exempt from taxation pursuant to the provisions of
16 the Internal Revenue Code, 26 U.S.C., Section
17 501(c)(3), and

18 b. is part of a network of community-based, autonomous
19 member organizations that meets the following
20 criteria:

21 (1) serves people with workplace disadvantages and
22 disabilities by providing job training and
23 employment services, as well as job placement
24 opportunities and post-employment support,

- 1 (2) has locations in the United States and at least
- 2 twenty other countries,
- 3 (3) collects donated clothing and household goods to
- 4 sell in retail stores and provides contract labor
- 5 services to business and government, and
- 6 (4) provides documentation to the Oklahoma Tax
- 7 Commission that over seventy-five percent (75%)
- 8 of its revenues are channeled into employment,
- 9 job training and placement programs and other
- 10 critical community services;

11 58. Sales of tickets made on or after September 21, 2005, and
12 complimentary or free tickets for admission issued on or after
13 September 21, 2005, which have a value equivalent to the charge that
14 would have otherwise been made, for admission to a professional
15 athletic event in which a team in the National Basketball
16 Association is a participant, which is held in a facility owned or
17 operated by a municipality, a county or a public trust of which a
18 municipality or a county is the sole beneficiary, and sales of
19 tickets made on or after the effective date of this act, and
20 complimentary or free tickets for admission issued on or after the
21 effective date of this act, which have a value equivalent to the
22 charge that would have otherwise been made, for admission to a
23 professional athletic event in which a team in the National Hockey
24 League is a participant, which is held in a facility owned or

1 operated by a municipality, a county or a public trust of which a
2 municipality or a county is the sole beneficiary;

3 59. Sales of tickets for admission and complimentary or free
4 tickets for admission which have a value equivalent to the charge
5 that would have otherwise been made to a professional sporting event
6 involving ice hockey, baseball, basketball, football or arena
7 football, or soccer. As used in this paragraph, "professional
8 sporting event" means an organized athletic competition between
9 teams that are members of an organized league or association with
10 centralized management, other than a national league or national
11 association, that imposes requirements for participation in the
12 league upon the teams, the individual athletes or both, and which
13 uses a salary structure to compensate the athletes;

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

21 61. Sales of tangible personal property or services to an
22 organization, which is exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c)(3), and which is itself a member of an organization which is

1 exempt from taxation pursuant to the provisions of the Internal
2 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
3 organization is primarily engaged in advancing the purposes of its
4 member organizations through fundraising, public awareness or other
5 efforts for the benefit of its member organizations, and if the
6 member organization is primarily engaged either in providing
7 educational services and programs concerning health-related diseases
8 and conditions to individuals suffering from such health-related
9 diseases and conditions or their caregivers and family members or
10 support to such individuals, or in health-related research as to
11 such diseases and conditions, or both. In order to qualify for the
12 exemption authorized by this paragraph, the member nonprofit
13 organization shall be required to provide proof to the Oklahoma Tax
14 Commission of its membership status in the membership organization;

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

20 63. Sales of tangible personal property or services to or by a
21 YWCA or YMCA organization which is part of a national nonprofit
22 community service organization working to meet the health and social
23 service needs of its members across the United States; and
24

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

6 65. Sales of boxes of food by a church or by an organization,
7 which is exempt from taxation pursuant to the provisions of the
8 Internal Revenue Code, 26 U.S.C., Section 501 (c)(3). To qualify
9 under the provisions of this paragraph, the organization must be
10 organized for the primary purpose of feeding needy individuals or to
11 encourage volunteer service by requiring such service in order to
12 purchase food. These boxes shall only contain edible staple food
13 items; and

14 66. Sales of tangible personal property or services to any
15 person with whom a church has duly entered into a construction
16 contract, necessary for carrying out such contract or to any
17 subcontractor to such a construction contract.

18 SECTION 2. AMENDATORY Section 16, Chapter 472, O.S.L.
19 2003, as amended by Section 2, Chapter 518, O.S.L. 2004 (68 O.S.
20 Supp. 2006, Section 1364.2), is amended to read as follows:

21 Section 1364.2 A. Promoters or organizers of special events
22 shall submit an application for a special event permit to the
23 Oklahoma Tax Commission at least twenty (20) days prior to the
24 special event. The application shall be accompanied by a fee of

1 Fifty Dollars (\$50.00). The application shall include the location
2 and dates of the special event, expected number of vendors, and any
3 other information that may be required by the Tax Commission. A
4 separate permit shall be required for each special event and must be
5 prominently displayed. Multiple events held at the same location
6 during the calendar year may be included in one application.

7 B. All monies received from such fees shall be paid to the
8 State Treasurer and placed to the credit of the General Revenue Fund
9 of the State Treasurer.

10 C. Promoters or organizers shall provide forms to special event
11 vendors for reporting sales tax collections and any other
12 information that may be required by the Tax Commission.

13 D. Unless otherwise provided in this section, special event
14 vendors shall collect sales tax from purchasers of tangible personal
15 property and services taxable under Section 1350 et seq. of this
16 title and shall remit the tax, along with a sales tax report, to the
17 promoter or organizer.

18 E. Within fifteen (15) days following the conclusion of the
19 special event, the organizer or promoter shall forward all reports
20 and payments to the Tax Commission along with a completed sales tax
21 report. If not filed on or before the fifteenth day, the tax shall
22 be delinquent from such date. Reports timely mailed shall be
23 considered timely filed. If a report is not timely filed, interest

24

1 shall be charged from the date the report should have been filed
2 until the report is actually filed.

3 F. Within fifteen (15) days following the conclusion of the
4 special event, the organizer or promoter shall also submit a list of
5 vendors at each event that hold a valid sales tax permit issued
6 under Section 1364 of this title. The list shall include the
7 vendor's name, address, telephone number and sales tax permit
8 number.

9 G. For the purposes of compensating the promoter or organizer
10 in keeping sales tax records, filing reports and remitting the tax
11 when due, a promoter or organizer shall be allowed a deduction of
12 the tax due as provided in Section 1367.1 of this title.

13 H. Promoters and organizers shall only be liable for failure to
14 report and remit all taxes that are remitted to them by special
15 event vendors.

16 I. Promoters or organizers of a special event that is held on
17 an annual basis during the same thirty-day period each year may
18 request that the Tax Commission limit their responsibilities to the
19 following:

20 1. Submitting of an application for a special event permit as
21 provided in subsection A of this section;

22 2. Providing report forms to special event vendors as provided
23 in subsection C of this section; and
24

1 3. Within fifteen (15) days following the conclusion of the
2 special event, submitting a list of special event vendors at each
3 event, including the vendor's name, address, and telephone number.

4 Such requests may be denied by the Tax Commission for reasons
5 including, but not limited to, failure by the promoter to comply
6 with the requirements of this section or failure by vendors of the
7 promoter's previous special events to comply with the provisions of
8 subsection J of this section.

9 J. Special event vendors of special events that are approved
10 under subsection I of this section shall remit the tax along with a
11 sales tax report directly to the Tax Commission within fifteen (15)
12 days following the conclusion of the special event. If not filed on
13 or before the fifteenth day, the tax shall be delinquent from such
14 date. Reports timely mailed shall be considered timely filed. If a
15 report is not timely filed, interest shall be charged from the date
16 the report should have been filed until the report is actually
17 filed.

18 K. As used in this section:

19 1. "Promoter" or "organizer" means any person who organizes or
20 promotes a special event which results in the rental, occupation, or
21 use of any structure, lot, tract of land, sample or display case,
22 table, or any other similar items for the exhibition and sale of
23 tangible personal property or services taxable under Section 1350 et
24 seq. of this title by special event vendors;

1 2. "Special event" means an entertainment, amusement,
2 recreation, or marketing event that occurs at a single location on
3 an irregular basis and at which tangible personal property is sold.
4 "Special event" shall include, but not be limited to, gun shows,
5 knife shows, craft shows, antique shows, flea markets, carnivals,
6 bazaars, art shows, and other merchandise displays or exhibits.
7 Special event shall not include any county, district, or state fair
8 or public or private school or university-sponsored event. Special
9 event shall not include an event sponsored by a city or town that
10 includes less than ten special event vendors or any event sponsored
11 by a church organization exempt from federal income tax pursuant to
12 Section 501(c)(3) of the Internal Revenue Code; and

13 3. "Special event vendor" means a person making sales of
14 tangible personal property or services taxable under Section 1350 et
15 seq. of this title at a special event within this state and who is
16 not permitted under Section 1364 of this title.

17 SECTION 3. Section 2 of this act shall become effective
18 November 1, 2007.

19 SECTION 4. It being immediately necessary for the preservation
20 of the public peace, health and safety, an emergency is hereby
21 declared to exist, by reason whereof this act shall take effect and
22 be in full force from and after its passage and approval.

23

24 51-1-7757 CJB 04/04/07