

ENROLLED SENATE  
BILL NO. 1956

By: Mazzei, Wilson and Sykes of  
the Senate

and

Terrill, Jones, Derby and  
Reynolds of the House

An Act relating to revenue and taxation; amending 36 O.S. 2001, Section 312.1, as last amended by Section 17, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (36 O.S. Supp. 2007, Section 312.1), which relates to insurance premium tax; prohibiting certain tax credits from reducing amounts apportioned to specified pension systems; amending 68 O.S. 2001, Sections 1356, as last amended by Section 5, Chapter 353, O.S.L. 2007, and 1357, as last amended by Section 1, Chapter 253, O.S.L. 2007 (68 O.S. Supp. 2007, Sections 1356 and 1357), which relate to sales tax; providing exemption for sales by or to certain school foundations before specified date; providing exemption for sales of certain rolling stock before specified date; defining term; amending 68 O.S. 2001, Section 2357.41, as last amended by Section 15, Chapter 272, O.S.L. 2006, and Section 1, Chapter 287, O.S.L. 2005, as amended by Section 2, Chapter 252, O.S.L. 2007 (68 O.S. Supp. 2007, Sections 2357.41 and 2357.67), which relate to tax credits; expanding certain requirement relating to income tax credits for qualified rehabilitation expenditures by requiring certain agreement to be filed with Oklahoma Tax Commission; providing that certain transfer is perfected under specified circumstances; expanding required contents of certain written agreement; requiring Oklahoma Tax Commission to develop specified system; limiting the liability for disallowed credit under specified circumstances; providing for carryforward for certain tax credit for

biodiesel facility; amending 68 O.S. 2001, Section 2913, as amended by Section 4, Chapter 77, O.S.L. 2006 (68 O.S. Supp. 2007, Section 2913), which relates to ad valorem tax; establishing penalty for delinquent taxes under specified circumstances; amending Section 9 of Enrolled Senate Bill No. 1865 of the 2nd Session of the 51st Oklahoma Legislature, which relates to tax incentive reviews; deleting provision requiring confidentiality; amending 68 O.S. 2001, Section 2357.35, as amended by Section 1, Chapter 429, O.S.L. 2005, 2357.36, as amended by Section 2, Chapter 429, O.S.L. 2005, 2357.37, as amended by Section 3, Chapter 429, O.S.L. 2005, 2357.38, as amended by Section 4, Chapter 429, O.S.L. 2005, 2357.39, as last amended by Section 5, Chapter 429, O.S.L. 2005 and 2357.40, as amended by Section 6, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Sections 2357.35, 2357.36, 2357.37, 2357.38, 2357.39 and 2357.40), which relate to the Oklahoma Tourism Development Act; expanding tax credit to digital media; modifying definitions; changing minimum required costs for film and music production facilities projects; prohibiting certain authorized tax credits from being granted after certain date; amending 68 O.S. 2001, Sections 3623, as last amended by Section 1, Chapter 341, O.S.L. 2007, 3624, as last amended by Section 2, Chapter 341, O.S.L. 2007 and 3626 (68 O.S. Supp. 2007, Sections 3623 and 3624), which relate to the Compete with Canada Film Act; modifying certain definition; providing an additional rebate for production companies using Oklahoma-based music or recording music in Oklahoma; expanding certain eligibility requirement; extending termination date; and providing effective dates.

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

SECTION 1. AMENDATORY 36 O.S. 2001, Section 312.1, as last amended by Section 17, Chapter 46, 2nd Extraordinary Session,

O.S.L. 2006 (36 O.S. Supp. 2007, Section 312.1), is amended to read as follows:

Section 312.1 A. For the fiscal year ending June 30, 2004, the Insurance Commissioner shall report and disburse one hundred percent (100%) of the fees and taxes collected under Section 624 of this title to the State Treasurer to be deposited to the credit of the Education Reform Revolving Fund created pursuant to Section 41.29b of Title 62 of the Oklahoma Statutes. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

B. For the fiscal year beginning July 1, 2006, and for each fiscal year thereafter, the Insurance Commissioner shall apportion an amount of the taxes and fees received from Section 624 of this title, which shall be at least One Million Two Hundred Fifty Thousand Dollars (\$1,250,000.00) each year, but which shall also be computed on an annual basis by the Commissioner as the amount of insurance premium tax revenue loss attributable to the provisions of subsection H of Section 625.1 of this title and increased if necessary to reflect the annual computation, and which shall be apportioned before any other amounts, to the following pension systems and in the following amounts:

1. Sixty-five percent (65%) to the Oklahoma Firefighters Pension and Retirement Fund in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Twenty-six percent (26%) to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes; and

3. Nine percent (9%) to the Law Enforcement Retirement Fund.

C. After the apportionment required by subsection B of this section, for the fiscal years beginning July 1, 2004, and ending June 30, 2009, the Insurance Commissioner shall report and disburse all of the fees and taxes collected under Section 624 of this title

and Section 2204 of this title, and the same are hereby apportioned as follows:

1. Thirty-four percent (34%) of the taxes collected on premiums shall be allocated and disbursed for the Oklahoma Firefighters Pension and Retirement Fund, in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Seventeen percent (17%) of the taxes collected on premiums shall be allocated and disbursed to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes;

3. Six and one-tenth percent (6.1%) of the taxes collected on premiums shall be allocated and disbursed to the Law Enforcement Retirement Fund; and

4. All the balance and remainder of the taxes and fees provided in Section 624 of this title shall be paid to the State Treasurer to the credit of the General Revenue Fund of the state to provide revenue for general functions of state government. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

D. After the apportionment required by subsection B of this section, for the fiscal year ending June 30, 2010, and for each fiscal year thereafter the Insurance Commissioner shall report and disburse all of the fees and taxes collected under Section 624 of this title and Section 2204 of this title, and the same are hereby apportioned as follows:

1. Thirty-four percent (34%) of the taxes collected on premiums shall be allocated and disbursed for the Oklahoma Firefighters Pension and Retirement Fund, in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Fourteen percent (14%) of the taxes collected on premiums shall be allocated and disbursed to the Oklahoma Police Pension and

Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes;

3. Five percent (5%) of the taxes collected on premiums shall be allocated and disbursed to the Law Enforcement Retirement Fund; and

4. All the balance and remainder of the taxes and fees provided in Section 624 of this title shall be paid to the State Treasurer to the credit of the General Revenue Fund of the state to provide revenue for general functions of state government. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

E. The disbursements provided for in subsections A, B, C and D of this section shall be made monthly. The Insurance Commissioner shall report annually to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the State Auditor and Inspector, the amounts collected and disbursed pursuant to this section.

F. Notwithstanding any other provision of law to the contrary, no tax credit authorized by law enacted on or after July 1, 2008, which may be used to reduce any insurance premium tax liability shall be used to reduce the amount of insurance premium tax revenue apportioned to the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System or the Oklahoma Law Enforcement Retirement System.

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

Section 1356. Exemptions - Governmental and nonprofit entities.

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

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

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

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

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

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

6. Dues paid to fraternal, religious, civic, charitable or educational societies or organizations by regular members thereof, provided, such societies or organizations operate under what is commonly termed the lodge plan or system, and provided such

societies or organizations do not operate for a profit which inures to the benefit of any individual member or members thereof to the exclusion of other members and dues paid monthly or annually to privately owned scientific and educational libraries by members sharing the use of services rendered by such libraries with students interested in the study of geology, petroleum engineering or related subjects;

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

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

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

10. Sale of tangible personal property or services to any county, municipality, rural water district, public school district, the institutions of The Oklahoma State System of Higher Education, the Grand River Dam Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Municipal Power Authority, City of Tulsa-Rogers County Port Authority, Muskogee City-County Port Authority, the Oklahoma Department of Veterans Affairs, the Broken Bow Economic Development Authority, Ardmore Development Authority, Durant Industrial Authority, Oklahoma Ordnance Works Authority or to any person with whom any of the above-named subdivisions or agencies of this state has duly entered into a public contract pursuant to law, necessary for carrying out such public contract or to any subcontractor to such a public contract. Any person making purchases on behalf of such subdivision or agency of this state shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such subdivision or agency of this state and set out the name of such public subdivision or agency. Any person who wrongfully or erroneously certifies that purchases are for any of the above-named subdivisions or agencies of this state or who otherwise violates this section shall be guilty of a misdemeanor and upon conviction thereof shall be fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days or both;

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

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

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

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

- (1) a public school,
- (2) a private school offering instruction for grade levels kindergarten through twelfth grade,
- (3) a public school district,
- (4) a public or private school board,
- (5) a public or private school student group or organization,
- (6) a parent-teacher association or organization other than as specified in subparagraph b of this paragraph, or
- (7) public or private school personnel for purposes of raising funds for the benefit of a public or private school, public school district, public or private school board or public or private school student group or organization, or

b. Sales of tangible personal property made by or to nonprofit parent-teacher associations or organizations exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and before July 1, 2014, nonprofit local public or private school foundations which solicit money or property in the name of any public or private school or public school district.

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

14. Sales of tangible personal property by:

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

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

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

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

17. Sales of tangible personal property or services to fire departments organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes which items are to be used for the purposes of the

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

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

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

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

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

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

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

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

25. Sales of tangible personal property or services to museums or other entities which have been accredited by the American

Association of Museums. Any person making purchases on behalf of any such museum or other entity shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such museum or other entity and set out the name of such museum or other entity. Any person who wrongfully or erroneously certifies that the purchases are for any such museum or other entity or who otherwise violates the provisions of this paragraph shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days, or by both such fine and incarceration;

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

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

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

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

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

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

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

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

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

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

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

36. The sale, lease, use, storage, consumption, or distribution in this state of tangible personal property meeting the definition of "section 38 property" as defined in Sections 48(a)(1)(A) and

(B) (i) of the Internal Revenue Code of 1986, that is an integral part of and used primarily in support of space flight; however, section 38 property used in support of space flight shall not include general office equipment, any boat, mobile home, motor vehicle, or other vehicle of a class or type required to be registered, licensed, titled, or documented in this state or by the United States government, or any other property not specifically suited to supporting space activity. The term "in support of space flight", for purposes of this paragraph, means the altering, monitoring, controlling, regulating, adjusting, servicing, or repairing of any space facility, space propulsion systems or space vehicle, satellite, or station possessing space flight capacity, including the components thereof;

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

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

39. Sales of tangible personal property or services which are directly used in or for the benefit of a state park in this state, which are made to an organization which is exempt from taxation

pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and which is organized primarily for the purpose of supporting one or more state parks located in this state;

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

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

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

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

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

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

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

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

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

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

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

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

51. Sales of tangible personal property to a public trust having either a single city, town or county or multiple cities, towns or counties or combination thereof as beneficiary or beneficiaries or a nonprofit organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) for the purpose of constructing improvements to or expanding a hospital or nursing home owned and operated by any such public trust or nonprofit entity prior to the effective date of this act in counties with a population of less than one hundred thousand (100,000) persons, according to the most recent Federal Decennial Census. As used in this paragraph, "constructing improvements to or expanding" shall not mean any expense for routine maintenance or general repairs and shall require a project cost of at least One Hundred Thousand Dollars (\$100,000.00). For purposes of this paragraph, sales made to a contractor or subcontractor that enters into a contractual relationship with a public trust or nonprofit entity as described by this paragraph shall be considered sales made to the public trust or nonprofit entity. The exemption authorized by this paragraph shall be administered in the form of a refund from the sales tax revenues apportioned pursuant to Section 1353 of this title and the vendor shall be required to collect the sales tax otherwise applicable to the transaction. The purchaser may apply for a refund of the sales tax paid in the manner prescribed by this paragraph. Within thirty (30) days after the end of each fiscal year, any purchaser that is entitled to make application for a refund based upon the exempt treatment authorized by this paragraph may file an application for refund of the sales taxes paid during such preceding fiscal year. The Tax Commission shall prescribe a form for purposes of making the application for refund. The Tax Commission shall determine whether or not the total amount of sales tax exemptions claimed by all purchasers is equal to or less than Six Hundred Fifty Thousand Dollars (\$650,000.00). If such claims are less than or equal to that amount, the Tax Commission shall make refunds to the purchasers in the full amount of the documented and verified sales tax amounts. If such claims by all purchasers are in excess of Six Hundred Fifty Thousand Dollars (\$650,000.00), the Tax Commission shall determine

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

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

53. The first Two Thousand Dollars (\$2,000.00) each year of sales of tangible personal property or services to, by, or for the benefit of a qualified neighborhood watch organization that is endorsed or supported by or working directly with a law enforcement agency with jurisdiction in the area in which the neighborhood watch organization is located. As used in this paragraph, "qualified

neighborhood watch organization" means an organization that is a not-for-profit corporation under the laws of the State of Oklahoma that was created to help prevent criminal activity in an area through community involvement and interaction with local law enforcement and which is one of the first two thousand organizations which makes application to the Oklahoma Tax Commission for the exemption after the effective date of this act;

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

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

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

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

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

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

- (1) serves people with workplace disadvantages and disabilities by providing job training and employment services, as well as job placement opportunities and post-employment support,
- (2) has locations in the United States and at least twenty other countries,
- (3) collects donated clothing and household goods to sell in retail stores and provides contract labor services to business and government, and
- (4) provides documentation to the Oklahoma Tax Commission that over seventy-five percent (75%) of its revenues are channeled into employment, job training and placement programs and other critical community services;

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

59. Sales of tickets for admission and complimentary or free tickets for admission which have a value equivalent to the charge that would have otherwise been made to a professional sporting event

involving ice hockey, baseball, basketball, football or arena football, or soccer. As used in this paragraph, "professional sporting event" means an organized athletic competition between teams that are members of an organized league or association with centralized management, other than a national league or national association, that imposes requirements for participation in the league upon the teams, the individual athletes or both, and which uses a salary structure to compensate the athletes;

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

61. Sales of tangible personal property or services to an organization, which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which is itself a member of an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership organization is primarily engaged in advancing the purposes of its member organizations through fundraising, public awareness or other efforts for the benefit of its member organizations, and if the member organization is primarily engaged either in providing educational services and programs concerning health-related diseases and conditions to individuals suffering from such health-related diseases and conditions or their caregivers and family members or support to such individuals, or in health-related research as to such diseases and conditions, or both. In order to qualify for the exemption authorized by this paragraph, the member nonprofit organization shall be required to provide proof to the Oklahoma Tax Commission of its membership status in the membership organization;

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

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

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

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

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

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

- a. is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c) (3),
- b. has filed a Not-for-Profit Certificate of Incorporation in this state, and
- c. is organized for the purpose of:
  - (1) providing training and education to developmentally disabled individuals,

- (2) educating the community about the rights, abilities and strengths of developmentally disabled individuals, and
- (3) promoting unity among developmentally disabled individuals in their community and geographic area;

68. Sales of tangible personal property or services to any organization which is a shelter for abused, neglected, or abandoned children and which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3); provided, until July 1, 2008, such exemption shall apply only to eligible shelters for children from birth to age twelve (12) and after July 1, 2008, such exemption shall apply to eligible shelters for children from birth to age eighteen (18);

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

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

For the purposes of this paragraph, sales made to any person, firm, agency or entity that has entered previously into a contractual relationship with a child care center for construction and improvement of buildings and other structures owned by the child care center and operated for educational purposes shall be considered sales made to a child care center. Any such person, firm, agency or entity making purchases on behalf of a child care center shall certify in writing, on the copy of the invoice or sales ticket the nature of the purchase. Any such person, or person acting on behalf of a firm, agency or entity making purchases on behalf of a child care center in violation of this paragraph shall be guilty of a misdemeanor and upon conviction thereof shall be

fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days or both; and

70. a. Sales of tangible personal property to a service organization of mothers who have children who are serving or who have served in the military, which service organization is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(19) and which is known as the Blue Star Mothers of America, Inc. The exemption provided by this paragraph shall only apply to the purchase of tangible personal property actually sent to United States military personnel overseas who are serving in a combat zone and not to any other tangible personal property purchased by the organization. Provided, this exemption shall not apply to any sales tax levied by a city, town, county, or any other jurisdiction in this state.
- b. The exemption authorized by this paragraph shall be administered in the form of a refund from the sales tax revenues apportioned pursuant to Section 1353 of this title, and the vendor shall be required to collect the sales tax otherwise applicable to the transaction. The purchaser may apply for a refund of the state sales tax paid in the manner prescribed by this paragraph. Within sixty (60) days after the end of each calendar quarter, any purchaser that is entitled to make application for a refund based upon the exempt treatment authorized by this paragraph may file an application for refund of the state sales taxes paid during such preceding calendar quarter. The Tax Commission shall prescribe a form for purposes of making the application for refund.
- c. A purchaser who applies for a refund pursuant to this paragraph shall certify that the items were actually sent to military personnel overseas in a combat zone. Any purchaser that applies for a refund for the purchase of items that are not authorized for exemption under this paragraph shall be subject to a

penalty in the amount of Five Hundred Dollars (\$500.00).

SECTION 3. AMENDATORY 68 O.S. 2001, Section 1357, as last amended by Section 1, Chapter 253, O.S.L. 2007 (68 O.S. Supp. 2007, Section 1357), is amended to read as follows:

Section 1357. Exemptions - General.

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

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

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

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

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

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

9. In addition to the exemptions authorized by Section 1357.6 of this title, sales of drugs sold pursuant to a prescription

written for the treatment of human beings by a person licensed to prescribe the drugs, and sales of insulin and medical oxygen. Provided, this exemption shall not apply to over-the-counter drugs;

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

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

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

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

- a. is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which provides and delivers prepared meals for home consumption to elderly or homebound persons as part of a program commonly known as "Meals on Wheels" or "Mobile Meals", or
- b. is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which receives federal funding pursuant to the Older Americans Act of 1965, as amended, for the purpose of providing nutrition programs for the care and benefit of elderly persons;

14. a. Sales of tangible personal property or services to or by organizations which are exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and:
- (1) are primarily involved in the collection and distribution of food and other household products to other organizations that facilitate the distribution of such products to the needy and such distributee organizations are exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), or
  - (2) facilitate the distribution of such products to the needy.
- b. Sales made in the course of business for profit or savings, competing with other persons engaged in the same or similar business shall not be exempt under this paragraph;

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

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

of the items purchased by the qualified aircraft maintenance or manufacturing facility shall equal or exceed the sum of Two Million Dollars (\$2,000,000.00);

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

18. Sales of the following telecommunications services:

- a. Interstate and International "800 service". "800 service" means a "telecommunications service" that allows a caller to dial a toll-free number without incurring a charge for the call. The service is typically marketed under the name "800", "855", "866", "877", and "888" toll-free calling, and any subsequent numbers designated by the Federal Communications Commission, or
- b. Interstate and International "900 service". "900 service" means an inbound toll "telecommunications service" purchased by a subscriber that allows the subscriber's customers to call in to the subscriber's prerecorded announcement or live service. "900 service" does not include the charge for: collection services provided by the seller of the "telecommunications services" to the subscriber, or service or product sold by the subscriber to the subscriber's customer. The service is typically marketed under the name "900" service, and any subsequent numbers designated by the Federal Communications Commission,
- c. Interstate and International "private communications service". "Private communications service" means a "telecommunications service" that entitles the

customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels,

- d. "Value-added nonvoice data service". "Value-added nonvoice data service" means a service that otherwise meets the definition of "telecommunications services" in which computer processing applications are used to act on the form, content, code, or protocol of the information or data primarily for a purpose other than transmission, conveyance or routing,
- e. Interstate and International telecommunications service which is:
  - (1) rendered by a company for private use within its organization, or
  - (2) used, allocated, or distributed by a company to its affiliated group,
- f. Regulatory assessments and charges, including charges to fund the Oklahoma Universal Service Fund, the Oklahoma Lifeline Fund and the Oklahoma High Cost Fund, and
- g. Telecommunications nonrecurring charges, including but not limited to the installation, connection, change or initiation of telecommunications services which are not associated with a retail consumer sale;

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

20. Sales of aircraft and aircraft parts provided such sales occur at a qualified aircraft maintenance facility. As used in this

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

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

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

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

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

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

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

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

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

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

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

28. Beginning July 1, 2005, sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification, and paint, and sales of services employed in the repair, modification and

replacement of parts of aircraft engines, aircraft frame and interior repair and modification, and paint;

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

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

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

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

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

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

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

34. Sales of tangible personal property or services to persons who are residents of Oklahoma and have been honorably discharged from active service in any branch of the Armed Forces of the United States or Oklahoma National Guard and who have been certified by the United States Department of Veterans Affairs or its successor to be in receipt of disability compensation at the one-hundred-percent rate and the disability shall be permanent and have been sustained through military action or accident or resulting from disease contracted while in such active service; provided, sales for the benefit of the person to a spouse of the eligible person or to a member of the household in which the eligible person resides and who is authorized to make purchases on the person's behalf, when such eligible person is not present at the sale, shall also be exempt for purposes of this paragraph. Sales qualifying for the exemption authorized by this paragraph shall not exceed Twenty-five Thousand Dollars (\$25,000.00) per year per individual. Upon request of the Tax Commission, a person asserting or claiming the exemption authorized by this paragraph shall provide a statement, executed under oath, that the total sales amounts for which the exemption is applicable have not exceeded Twenty-five Thousand Dollars (\$25,000.00) per year. If the amount of such exempt sales exceeds such amount, the sales tax in excess of the authorized amount shall be treated as a direct sales tax liability and may be recovered by the Tax Commission in the same manner provided by law for other taxes, including penalty and interest;

35. Sales of electricity to the operator, specifically designated by the Oklahoma Corporation Commission, of a spacing unit or lease from which oil is produced or attempted to be produced using enhanced recovery methods, including, but not limited to, increased pressure in a producing formation through the use of water or saltwater if the electrical usage is associated with and necessary for the operation of equipment required to inject or circulate fluids in a producing formation for the purpose of forcing oil or petroleum into a wellbore for eventual recovery and production from the wellhead. In order to be eligible for the sales tax exemption authorized by this paragraph, the total content of oil recovered after the use of enhanced recovery methods shall not exceed one percent (1%) by volume. The exemption authorized by this paragraph shall be applicable only to the state sales tax rate and shall not be applicable to any county or municipal sales tax rate;

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

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

38. Sales of goods, wares, merchandise, tangible personal property, machinery and equipment to a web search portal located in this state which derives at least eighty percent (80%) of its annual gross revenue from the sale of a product or service to an out-of-state buyer or consumer. For purposes of this paragraph, "web search portal" means an establishment classified under NAICS code 518112 which operates web sites that use a search engine to generate

and maintain extensive databases of Internet addresses and content in an easily searchable format;

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

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

41. Before July 1, 2014, sales of rolling stock when sold or leased by the manufacturer, regardless of whether the purchaser is a public services corporation engaged in business as a common carrier of property or passengers by railway, for use or consumption by a common carrier directly in the rendition of public service. For purposes of this paragraph, "rolling stock" means locomotives, autocars and railroad cars.

SECTION 4. AMENDATORY 68 O.S. 2001, Section 2357.41, as last amended by Section 15, Chapter 272, O.S.L. 2006 (68 O.S. Supp. 2007, Section 2357.41), is amended to read as follows:

Section 2357.41 A. For tax years beginning after December 31, 2000, there shall be allowed a credit against the tax imposed by Sections 2355 and 2370 of this title or that portion of the tax imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes that would otherwise have been apportioned to the General Revenue Fund for qualified rehabilitation expenditures incurred in

connection with any certified historic hotel or historic newspaper plant building located in an increment or incentive district created pursuant to the Local Development Act or for qualified rehabilitation expenditures incurred after January 1, 2006, in connection with any certified historic structure.

B. The amount of the credit shall be one hundred percent (100%) of the federal rehabilitation credit provided for in Section 47 of Title 26 of the United States Code. The credit authorized by this section may be claimed at any time after the relevant local governmental body responsible for doing so issues a certificate of occupancy or other document that is a precondition for the applicable use of the building or structure that is the basis upon which the credit authorized by this section is claimed.

C. All requirements with respect to qualification for the credit authorized by Section 47 of Title 26 of the United States Code shall be applicable to the credit authorized by this section.

D. If the credit allowed pursuant to this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit allowed but not used in any taxable year may be carried forward as a credit against subsequent income tax liability for a period not exceeding ten (10) years following the qualified expenditures.

E. All rehabilitation work to which the credit may be applied shall be reviewed by the State Historic Preservation Office which will in turn forward the information to the National Park Service for certification in accordance with 36 C.F.R., Part 67. A certified historic structure may be rehabilitated for any lawful use or uses, including without limitation mixed uses and still retain eligibility for the credit provided for in this section.

F. The amount of the credit allowed for any credit claimed for a certified historic hotel or historic newspaper plant building or any certified historic structure, but not used, shall be freely transferable, in whole or in part, to subsequent transferees at any time during the five (5) years following the year of qualification. Any person to whom or to which a tax credit is transferred shall have only such rights to claim and use the credit under the terms that would have applied to the entity by whom or by which the tax

credit was transferred. The provisions of this subsection shall not limit the ability of a tax credit transferee to reduce the tax liability of the transferee regardless of the actual tax liability of the tax credit transferor for the relevant taxable period. The transferor ~~originally allowed~~ of the credit and the subsequent transferee shall jointly file a copy of the written credit transfer agreement with the Oklahoma Tax Commission within thirty (30) days of the transfer. Such filing of the written credit transfer agreement with the Oklahoma Tax Commission shall perfect such transfer. The written agreement shall contain the name, address and taxpayer identification number of the parties to the transfer, the amount of credit being transferred, the year the credit was originally allowed to the transferor and, the tax year or years for which the credit may be claimed, and a representation by the transferor that the transferor has neither claimed for its own behalf nor conveyed such credits to any other transferee. The Tax Commission shall develop a standard form for use by subsequent transferees of the credit demonstrating eligibility for the transferee to reduce its applicable tax liabilities resulting from ownership of the credit. The Tax Commission shall develop a system to record and track the transfers of the credit and certify the ownership of the credit and may promulgate rules to permit verification of the validity and timeliness of a tax credit claimed upon a tax return pursuant to this subsection but shall not promulgate any rules which unduly restrict or hinder the transfers of such tax credit.

G. Notwithstanding any other provisions in this section, on or after January 1, 2009, if a credit allowed pursuant to this section which has been transferred is subsequently reduced as the result of an adjustment by the Internal Revenue Service, Tax Commission, or any other applicable government agency, only the transferor originally allowed the credit and not any subsequent transferee of the credit, shall be held liable to repay any amount of disallowed credit.

H. As used in this section:

1. "Certified historic hotel or historic newspaper plant building" means a hotel or newspaper plant building that is listed on the National Register of Historic Places within thirty (30) months of taking the credit pursuant to this section.

2. "Certified historic structure" means a building that is listed on the National Register of Historic Places within thirty (30) months of taking the credit pursuant to this section or a building located in Oklahoma which is certified by the State Historic Preservation Office as contributing to the historic significance of a certified historic district listed on the National Register of Historic Places, or a local district that has been certified by the State Historic Preservation Office as eligible for listing in the National Register of Historic Places; and

3. "Qualified rehabilitation expenditures" means capital expenditures that qualify for the federal rehabilitation credit provided in Section 47 of Title 26 of the United States Code and that were paid after December 31, 2000. Qualified rehabilitation expenditures do not include capital expenditures for nonhistoric additions except an addition that is required by state or federal regulations that relate to safety or accessibility. In addition, qualified rehabilitation expenditures do not include expenditures related to the cost of acquisition of the property.

SECTION 5. AMENDATORY Section 1, Chapter 287, O.S.L. 2005, as amended by Section 2, Chapter 252, O.S.L. 2007 (68 O.S. Supp. 2007, Section 2357.67), is amended to read as follows:

Section 2357.67 A. For tax years beginning after December 31, 2004, and before January 1, 2013, there shall be allowed a credit against the tax imposed by Section 2355 of this title for any biodiesel facility which is in production at the rate of at least twenty-five percent (25%) of its name plate design capacity for the production of biodiesel, on or before December 31, 2008. The completion of the construction of such facilities must be after the date of this act. The credit shall be in the amount of twenty cents (\$0.20) per gallon of biodiesel produced and shall be allowed for sixty (60) months beginning with the first month for which the facility is eligible to receive such credit and ending not later than December 31, 2012. The credit may only be claimed if the biodiesel facility maintains an average production rate of at least twenty-five percent (25%) of its name plate design capacity for at least six (6) months after the first month for which it is eligible to receive such credit.

B. As used in this section:

1. "Biodiesel facility" means a plant or facility located within the State of Oklahoma and primarily engaged in the production of biodiesel derived from animal fats, grain components, coproducts, or byproducts; and

2. "Name plate design capacity" means the original designed capacity of a biodiesel facility. Capacity may be specified as gallons of biodiesel produced per year.

C. Any biodiesel facility eligible for a tax credit under subsection A of this section shall also receive a credit against the tax imposed by Section 2355 of this title in the amount of twenty cents (\$0.20) per gallon of biodiesel produced in excess of the original name plate design capacity which results from expansion of the facility completed on or after the effective date of this act and before December 31, 2008. Such tax credit shall be allowed for sixty (60) months beginning with the first month for which production from the expanded facility is eligible to receive such tax credit and ending not later than December 31, 2012.

D. 1. Beginning January 1, 2013, a biodiesel facility shall receive a credit against the tax imposed by Section 2355 of this title in the amount of seven and one-half cents (\$0.075) per gallon of biodiesel, for new production for a period not to exceed thirty-six (36) consecutive months.

2. For purposes of this subsection, "new production" means production which results from a new facility, a facility which has not received credits prior to January 1, 2013, or the expansion of the capacity of an existing facility by at least two million (2,000,000) gallons first placed into service after January 1, 2013, as certified by the design engineer of the facility to the Oklahoma Tax Commission.

3. For expansion of the capacity of an existing facility, "new production" means annual production in excess of twelve times the monthly average of the highest three (3) months of biodiesel production at a biodiesel facility during the twenty-four-month period immediately preceding certification of the facility by the design engineer.

4. No credits shall be allowed under this subsection for expansion of the capacity of an existing facility until production is in excess of twelve times the three-month average amount determined under this subsection during any twelve-consecutive-month period beginning no sooner than January 1, 2013.

5. The amount of a credit granted pursuant to this section based on new production shall be approved by the Tax Commission based on such biodiesel production records as may be necessary to reasonably determine the level of new production.

E. 1. The credits described in this section shall be given only for biodiesel produced at a plant in this state at which all biodiesel esterification takes place.

2. Not more than twenty-five million (25,000,000) gallons of biodiesel produced annually at a biodiesel facility shall be eligible for the credits in subsections A and C of this section, and the credits may only be claimed by a producer for the periods specified in subsections A and C of this section.

3. Not more than ten million (10,000,000) gallons of biodiesel produced during any twelve-consecutive-month period at a biodiesel facility shall be eligible for the credit described in subsection D of this section, and the credit may only be claimed by a producer for the periods specified in subsection D of this section.

4. Not more than one hundred twenty-five million (125,000,000) gallons of biodiesel produced at a biodiesel facility by the end of the sixty-month period set forth in subsection A or C of this section shall be eligible for the credit under such subsection. A biodiesel facility which receives a credit for biodiesel produced under subsection A or C of this section shall not receive a credit under subsection D of this section until its eligibility to receive a credit under subsection A or C of this section has been completed.

F. The Tax Commission shall prescribe an application form and promulgate rules for claiming credits under this section.

G. For purposes of ascertaining the correctness of any application for claiming a credit provided in this section, the Tax

Commission may examine or cause to have examined, by any agent or representative designated for that purpose, any books, papers, records, or memoranda bearing upon such matters.

H. If the credit allowed pursuant to this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit allowed but not used in any tax year may be carried forward as a credit against subsequent income tax liability for a period not exceeding five (5) years.

SECTION 6. AMENDATORY 68 O.S. 2001, Section 2913, as amended by Section 4, Chapter 77, O.S.L. 2006 (68 O.S. Supp. 2007, Section 2913), is amended to read as follows:

Section 2913. A. All taxes levied upon an ad valorem basis for each fiscal year shall become due and payable on the first day of November. Except for mortgage servicers, the exclusive method for payment shall be as follows:

1. Unless one-half (1/2) of the taxes so levied has been paid before the first day of January, the entire tax levy for such fiscal year shall become delinquent on that date.

2. If the first half of the taxes levied upon an ad valorem basis for any such fiscal year has been paid before the first day of January, the second half shall be paid before the first day of April thereafter and if not paid shall become delinquent on that date.

In no event may payment be made in more than two equal installments subject to the provisions of the payment schedule specified in this subsection.

B. Mortgage servicers, as defined in 24 C.F.R., part 3500.17, shall pay all accounts which they are servicing in one annual payment before the first day of January or the entire tax levy for such fiscal year shall become delinquent on that date.

C. If the total tax owed is Twenty-five Dollars (\$25.00) or less, then the total amount must be paid before January 1. If the total tax is not paid before January 1, the unpaid balance owing

shall become delinquent on the first day of January and shall be subject to delinquent charges as provided for in this section.

D. All delinquent taxes shall bear interest at the rate of one and one-half percent (1 1/2%) per month or major fraction thereof until paid. In no event shall such interest exceed a sum equal to the unpaid principal amount of tax, and when such interest has accumulated to a sum equivalent to one hundred percent (100%) of the unpaid tax the further accumulation of interest shall cease.

E. In addition to any other penalties prescribed by law, delinquent taxes shall be subject to a late payment penalty of five percent (5%) per month or a major fraction thereof until paid. The penalty assessed herein shall only apply to delinquent taxes that are due on property located in a dependent school district in a county with a population of less than seventy-five thousand (75,000) according to the most recent Federal Decennial Census and held by a nonindividual taxpayer when the tax has been paid delinquent for two (2) or more separate and consecutive years and the fair cash value of the property exceeds Five Hundred Thousand Dollars (\$500,000.00).

F. The county treasurer shall stamp the date of receipt on each letter received containing funds for payment of taxes and no interest shall be added or charged after the receipt of such letter or the amount due. It shall be the duty of every person subject to taxation according to the law to attend the county treasurer's office and pay his or her taxes. If any person neglects to pay his or her taxes until after they have become delinquent, the county treasurer is directed and required to collect the delinquent tax as provided for by law. The first half of taxes payable pursuant to the provisions of this section shall not become delinquent until thirty (30) days after the tax rolls have become completed and filed by the county assessor with the county treasurer.

~~F.~~ G. The county treasurer may waive penalties or interest in any case where it is shown to the county treasurer that such penalties or interest were incurred through no fault of the taxpayer. Each waiver of penalties or interest shall be audited by the Office of the State Auditor and Inspector each year during the annual audit of the county offices.

SECTION 7. AMENDATORY Section 9 of Enrolled Senate Bill No. 1865 of the 2nd Session of the 51st Oklahoma Legislature, is amended to read as follows:

Section 9. A. A tax incentive review may be conducted each year of those tax preferences or other provisions of tax law specified by law or concurrent resolution of the Legislature or designated by the Joint Committee on Accountability and Innovation, subject to available funding. If funding is insufficient to conduct every such tax incentive review, those specified by law shall receive first priority and the Joint Committee shall specify the priority of those specified by concurrent resolution of the Legislature or designated by the Joint Committee. The Oklahoma Tax Commission shall provide such assistance to the Committee in the conduct of such reviews as may be necessary.

B. A tax incentive review shall include, but not be limited to:

1. A determination of the impact on state revenues due to the granting of the tax preference or provision;

2. A determination of the economic benefit to the state due to the granting of the tax preference or provision, whether measured in increased state revenues, job creation, wage or personal income growth, investment in this state, or other economic criteria;

3. An estimate of the effect on the distribution of the tax burden upon citizens or legal entities of this state;

4. An analysis of the competitive position of this state relative to other states with similar tax preferences or provisions; and

5. An overall determination of the effectiveness of the tax preference or provision in achieving the desired objective as set forth in state law.

C. Copies of the reports of tax incentive reviews conducted shall be furnished to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, each member and the staff of the Joint Committee on Accountability and Innovation, the Tax Commission, and other interested persons or agencies as may

be specified by the Committee or required by law or by the specifications of the review. The copies may be furnished electronically.

~~D. Notwithstanding the provisions of Section 205 of Title 68 of the Oklahoma Statutes, any person receiving tax information under the provisions of this section shall be subject to the same duty of confidentiality imposed by law upon the Tax Commission and shall be subject to any civil or criminal penalties imposed by law for violations of such duty of confidentiality.~~

SECTION 8. AMENDATORY 68 O.S. 2001, Section 2357.35, as amended by Section 1, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Section 2357.35), is amended to read as follows:

Section 2357.35 The Legislature hereby finds:

1. That the general welfare and material well-being of the citizens of the State of Oklahoma depend, in large measure, upon the development of tourism attractions and film, digital media or music production facilities in this state;

2. That it is in the best interests of the citizens of this state to induce the creation of new or the expansion of existing tourism attractions and film, digital media or music production facilities within this state in order to advance the public purposes of relieving unemployment by preserving and creating jobs that would not exist if not for the inducements to be offered by this state to approved companies, and by preserving and creating sources of tax revenues for the support of public services provided by this state;

3. That the authority prescribed by this act, and the purposes to be accomplished under the provisions of this act, are proper governmental and public purposes for which public funds may be expended; and

4. That the inducement of the creation or expansion of tourism attraction projects and film, digital media or music production facility projects is of paramount importance, mandating that the provisions of this act be liberally construed and applied in order to advance public purposes.

SECTION 9. AMENDATORY 68 O.S. 2001, Section 2357.36, as amended by Section 2, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Section 2357.36), is amended to read as follows:

Section 2357.36 As used in the Oklahoma Tourism Development Act:

1. "Agreement" means an agreement entered into pursuant to Section 2357.39 of this title, by and between the Director of the Oklahoma Tourism and Recreation Department and an approved company, with respect to a tourism attraction project or film, digital media or music production and development facility project;

2. "Approved company" means any eligible company that is seeking to undertake a tourism attraction or film, digital media or music production and development facility project and is approved by the Director pursuant to Sections 2357.38 and 2357.39 of this title;

3. "Approved costs" means:

- a. obligations incurred for labor and to vendors, contractors, subcontractors, builders and suppliers in connection with the acquisition, construction, equipping and installation of a tourism attraction project or film, digital media or music production and development facility project,
- b. the costs of acquiring real property or rights in real property in connection with a tourism attraction project or film, digital media or music production and development facility project, and any costs incidental thereto,
- c. the costs of contract bonds and of insurance of all kinds that may be required or necessary during the course of the acquisition, construction, equipping and installation of a tourism attraction project or film, digital media or music production and development facility project which is not paid by the vendor, supplier, contractor, or otherwise provided,

- d. all costs of architectural and engineering services including, but not limited to, estimates, plans and specifications, preliminary investigations, and supervision of construction and installation, as well as for the performance of all the duties required by or consequent to the acquisition, construction, equipping and installation of a tourism attraction project or film, digital media or music production and development facility project,
- e. all costs required to be paid under the terms of any contract for the acquisition, construction, equipping and installation of a tourism attraction project or film, digital media or music production and development facility project,
- f. all costs required for the installation of utilities in connection with a tourism attraction project or film, digital media or music production and development facility project including, but not limited to, water, sewer, sewage treatment, gas, electricity and communications, and including off-site construction of utility extensions paid for by the approved company, and
- g. all other costs comparable with those described in this paragraph;

4. "Director" means the Director of the Oklahoma Tourism and Recreation Department or the Director's designated representative;

5. "Eligible company" means any corporation, limited liability company, partnership, sole proprietorship, business trust or any other entity, operating or intending to operate a tourism attraction project or undertake film, digital media or music production and development facility project, whether owned or leased, within this state that meets the standards promulgated by the Director pursuant to Section 2357.37 of this title;

6. "Final approval" means the action taken by the Director authorizing the eligible company to receive inducements under Section 2357.40 of this title;

7. "Increased state sales tax liability" means that portion of an approved company's reported state sales tax liability resulting from taxable sales of goods and services to its customers at the tourist attraction or for purposes of a film, digital media or music production and development facility project for any monthly sales tax reporting period after the approved company provides the certification required by subsection B of Section 2357.40 of this title, which exceeds the reported state sales tax liability for sales to its customers for the same month in the calendar year immediately preceding the certification;

8. "Inducements" means the income tax credit or sales tax credit as prescribed in Section 2357.40 of this title;

9. "Preliminary approval" means the action taken by the Director conditioned upon final approval by the Director upon satisfaction by the eligible company of the requirements of the Oklahoma Tourism Development Act;

10. a. "Tourism attraction" means:

- (1) a cultural or historical site,
- (2) a recreational or entertainment facility,
- (3) an area of natural phenomenon or scenic beauty,
- (4) a theme park,
- (5) an amusement or entertainment park,
- (6) an indoor or outdoor play or music show,
- (7) a botanical garden, or
- (8) a cultural or educational center.

b. A tourism attraction shall not include:

- (1) lodging facilities, unless the facilities constitute a portion of a tourism attraction

project and represent less than fifty percent (50%) of the total approved costs of the tourism attraction project,

- (2) facilities that are primarily devoted to the retail sale of goods, unless the goods are created at the site of the tourism attraction project or if the sale of goods is incidental to the tourism attraction project,
- (3) facilities that are not open to the general public,
- (4) facilities that do not serve as a likely destination where individuals who are not residents of this state would remain overnight in commercial lodging at or near the tourism attraction project,
- (5) facilities owned by the State of Oklahoma or a political subdivision of this state, or
- (6) facilities established for the purpose of conducting legalized gambling. However, a facility regulated under Section 200 et seq. of Title 3A of the Oklahoma Statutes shall be a tourism attraction for purposes of the Oklahoma Tourism Development Act for any approved project as outlined in subparagraph a of this paragraph or for an approved project relating to pari-mutuel racing at the facility and not for establishing a casino or for offering casino-style gambling; and

11. "Tourism attraction project", "film, digital media or music production and development facility project" or "project" means:

- a. the acquisition, including the acquisition of real estate by leasehold interest with a minimum term of ten (10) years, construction, and equipping of a tourism attraction or film, digital media or music production and development facility, and

b. the construction and installation of improvements to facilities necessary or desirable for the acquisition, construction, and installation of a tourism attraction or film, digital media or music production and development facility, including, but not limited to:

(1) surveys, and

(2) installation of utilities, which may include:

(a) water, sewer, sewage treatment, gas, electricity, communications, and similar facilities, and

(b) off-site construction of utility extensions to the boundaries of the real estate on which the facilities are located,

all of which are to be used to improve the economic situation of the approved company in a manner that shall allow the approved company to attract tourists.

SECTION 10. AMENDATORY 68 O.S. 2001, Section 2357.37, as amended by Section 3, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Section 2357.37), is amended to read as follows:

Section 2357.37 A. The Director of the Oklahoma Tourism and Recreation Department, with approval of the Oklahoma Tourism and Recreation Commission, shall establish standards for the making of applications for inducements to eligible companies and their tourism attraction projects, or film, digital media and music production and development facility projects by the promulgation of rules in accordance with the Administrative Procedures Act.

B. With respect to each eligible company making an application to the Director for inducements, and with respect to the tourism attraction or film, digital media and music production and development facility project described in the application, the Director shall make inquiries and request materials of the applicant that shall include, but shall not be limited to:

1. Marketing plans for the project that target individuals who are not residents of this state;

2. A description and location of the project;

3. Capital and other anticipated expenditures for the project that indicate that the total cost of the project shall exceed ~~Five Hundred Thousand Dollars (\$500,000.00)~~ the minimum amount set forth in subsection C of this section and the anticipated sources of funding therefor;

4. The anticipated employment and wages to be paid at the project;

5. Business plans which indicate the average number of days in a year in which the project will be in operation and open to the public, if applicable; and

6. The anticipated revenues and expenses generated by the project.

Based upon a review of these materials, if the Director determines that the eligible company and the tourism attraction or film, digital media and music production and development facility project may reasonably be expected to satisfy the criteria for final approval in subsection C of this section, then the Director may consider granting a preliminary approval of the eligible company and the tourism attraction project pursuant to subsection B of Section 2357.38 of this title.

C. 1. For a tourism attraction project, after granting a preliminary approval, the Director shall engage the services of a competent consulting firm which shall submit to the Director a report analyzing the data made available by the eligible company and which shall collect and analyze additional information necessary to determine that, in the independent judgment of the consultant, the tourism attraction project will:

- a. attract at least twenty-five percent (25%) of its visitors from among persons who are not residents of this state;

- b. have costs in excess of Five Hundred Thousand Dollars (\$500,000.00);
- c. have a significant and positive economic impact on this state considering, among other factors, the extent to which the tourism attraction project will compete directly with existing tourism attractions in this state, and the amount by which increased tax revenues from the tourism attraction project will exceed the sales tax credit or income tax credit allowed pursuant to Section 2357.40 of this title;
- d. produce sufficient revenues and public demand to be operating and open to the public on a regular and persistent basis; and
- e. not adversely affect existing employment in this state.

2. For a film, digital media or music production and development facility project, after granting a preliminary approval, the Director shall engage the services of a competent consulting firm which shall submit to the Director a report analyzing the data made available by the eligible company and which shall collect and analyze additional information necessary to determine that, in the independent judgment of the consultant, the film, digital media or music production and development facility will:

- a. for music production and postproduction facilities have costs in excess of Five Hundred Thousand Dollars (\$500,000.00) One Hundred Thousand Dollars (\$100,000.00), for film and digital media production and postproduction facilities have costs in excess of Three Hundred Fifty Thousand Dollars (\$350,000.00);
- b. have a significant and positive economic impact on this state considering, among other factors, the extent to which the film, digital media or music production and development facility will compete directly with existing facilities in this state, and the amount by which increased tax revenues from the facility will exceed the sales tax credit or income

tax credit allowed pursuant to Section 2357.40 of this title; and

c. not adversely affect existing employment in this state.

D. The eligible company shall pay for the cost of the consultant's report and shall cooperate with the consultant and provide all of the data that the consultant deems necessary to make a determination of this section.

SECTION 11. AMENDATORY 68 O.S. 2001, Section 2357.38, as amended by Section 4, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Section 2357.38), is amended to read as follows:

Section 2357.38 A. The Director of the Oklahoma Tourism and Recreation Department, with the approval of the Oklahoma Tourism and Recreation Commission, shall establish standards for preliminary approval and final approval of eligible companies and their projects by the promulgation of rules in accordance with the Administrative Procedures Act.

B. The Director may give preliminary approval by designating an eligible company as a preliminarily approved company and preliminarily authorizing the undertaking of the tourism attraction project or film, digital media or music production and development facility project.

C. The Director shall review the report of the consultant prepared pursuant to subsection C of Section 2357.37 of this title and other information that has been made available to the Director in order to assist the Director in determining whether the tourism attraction project or film, digital media and music production and development facility project will further the purposes of the Oklahoma Tourism Development Act.

D. The criteria for final approval of eligible companies and tourism attraction projects or film, digital media and music production and development facility projects shall include, but shall not be limited to, the criteria set forth in subsection C of Section 2357.37 of this title.

E. After a review of the relevant materials, the consultant's report, other information made available to the Director, and completion of other inquiries, the Director may give final approval to the eligible company's application for a tourism attraction project or film, digital media and music production and development facility project and may grant to the eligible company the status of an approved company. The decision reached by the Director may be appealed by the eligible company to the Oklahoma Tourism and Recreation Commission. The decision of the Oklahoma Tourism and Recreation Commission shall constitute the final administrative decision of the Oklahoma Tourism and Recreation Department.

SECTION 12. AMENDATORY 68 O.S. 2001, Section 2357.39, as last amended by Section 5, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Section 2357.39), is amended to read as follows:

Section 2357.39 A. Upon granting final approval, the Director of the Oklahoma Tourism and Recreation Department may enter into an agreement with an approved company with respect to its tourism attraction project or film, digital media and music production and development facility project. The terms and provisions of each agreement shall include, but shall not be limited to:

1. The amount of approved costs, which shall be determined by negotiations between the Director and the approved company;

2. A date certain by which the approved company shall have completed the tourism attraction project or film, digital media and music production and development facility project. Within three (3) months of the completion date, the approved company shall document the actual cost of the project through a certification of the costs by an independent certified public accountant acceptable to the Director; and

3. The following provisions:

a. the term of the agreement shall be ten (10) years from the later of:

(1) the date of the final approval of the tourism attraction project or film, digital media and

music production and development facility project, or

- (2) the completion date specified in the agreement, if the completion date is within two (2) years of the date of the final approval of the tourism attraction project or film, digital media and music production and development facility project. However, the term of the agreement may be extended for up to two (2) additional years by the Director, with the advice and consent of the Oklahoma Tax Commission, if the Director determines that the failure to complete the tourism attraction project or film, digital media and music production and development facility project within two (2) years resulted from:
  - (a) unanticipated and unavoidable delay in the construction of the tourism attraction project or film, digital media and music production and development facility project,
  - (b) an original completion date for the tourism attraction project or film, digital media and music production and development facility project, as originally planned, which will be more than two (2) years from the date construction began, or
  - (c) a change in business ownership or business structure resulting from a merger or acquisition,
- b. in any tax year during which an agreement is in effect, if the amount of income tax due from the approved company exceeds the state income tax credit available to the approved company, then the approved company shall pay the excess to this state as income tax, and if in any tax year during which an agreement is in effect, if the amount of sales tax to be remitted by the approved company exceeds the sales tax credit available to the approved company, then the

approved company shall pay the excess to this state as sales tax,

- c. within forty-five (45) days after the end of each calendar year, the approved company shall supply the Director with such reports and certifications as the Director may request demonstrating to the satisfaction of the Director that the approved company is in compliance with the provisions of the Oklahoma Tourism Development Act, and
- d. the approved company shall not receive an inducement with respect to any calendar year if:
  - (1) for a tourism attraction project:
    - (a) in any calendar year following the fourth year of the agreement, the tourism attraction project fails to attract at least fifteen percent (15%) of its visitors from among persons who are not residents of this state, or
    - (b) in any calendar year following the first year of the agreement, the tourism attraction project is not operating and open to the public on a regular and consistent basis, or
  - (2) for a film, digital media or music production and development facility project, in any calendar year following the fourth year of the agreement, the facility fails to have a significant and positive impact on the state.

B. The agreement shall not be transferable or assignable by the approved company without the written consent of the Director.

C. If the approved company utilizes inducements which are subsequently disallowed, then the approved company will be liable for the payment to the Tax Commission of all taxes resulting from

the disallowance of the inducements plus applicable penalties and interest.

D. The Director shall provide a copy of each agreement entered into with an approved company to the Tax Commission.

SECTION 13. AMENDATORY 68 O.S. 2001, Section 2357.40, as amended by Section 6, Chapter 429, O.S.L. 2005 (68 O.S. Supp. 2007, Section 2357.40), is amended to read as follows:

Section 2357.40 A. Upon receiving notification from the Director of the Oklahoma Tourism and Recreation Department that an approved company has entered into a tourism project agreement or a film, digital media and music production and development facility project agreement and is entitled to the inducements provided by the Oklahoma Tourism Development Act, the Oklahoma Tax Commission shall provide the approved company with forms and instructions as necessary to claim those inducements.

B. An approved company whose agreement provides that it shall expend approved costs of more than One Hundred Thousand Dollars (\$100,000.00) for music production and postproduction facilities, Three Hundred Fifty Thousand Dollars (\$350,000.00) for film and digital media production and postproduction facilities, and more than Five Hundred Thousand Dollars (\$500,000.00) for a tourism attraction project but less than One Million Dollars (\$1,000,000.00) shall be entitled to an income tax credit or a sales tax credit if the company certifies to the Tax Commission that it has expended at least Five Hundred Thousand Dollars (\$500,000.00) the minimum amount in approved costs, and the Director certifies that the approved company is in compliance with the Oklahoma Tourism Development Act. The Tax Commission shall then issue a tax credit memorandum to the approved company granting an income tax credit or sales tax credit in the amount of ten percent (10%) of the approved costs. Subsequent requests for credit for additional certified approved costs in excess of Five Hundred Thousand Dollars (\$500,000.00) the minimum amount for each project as listed in this subsection but less than One Million Dollars (\$1,000,000.00) shall result in an income tax credit or sales tax credit in the amount of ten percent (10%) of the approved costs. Income tax credits or sales tax credits allowed pursuant to the provisions of the Oklahoma Tourism Development Act shall not be transferable or assignable.

An approved company whose agreement provides that it shall expend approved costs in excess of One Million Dollars (\$1,000,000.00) shall be entitled to an income tax credit or sales tax credit if the company certifies to the Tax Commission that it has expended at least One Million Dollars (\$1,000,000.00) in approved costs and the Director certifies that the approved company is in compliance with the Oklahoma Tourism Development Act. The Tax Commission shall then issue a tax credit memorandum to the approved company granting an income tax credit or sales tax credit in the amount of twenty-five percent (25%) of the approved costs. The credit on all subsequent additional certified approved costs shall be in the amount of twenty-five percent (25%) of the costs.

The Tax Commission may require proof of expenditures. Additional credit memoranda may be issued as the approved company certifies additional expenditures of approved costs.

No tax credit memorandum shall be issued for any approved costs expended after the expiration of two (2) years from the date the agreement was signed by the Director and the approved company. However, the Director, with the advice and consent of the Tax Commission, may authorize tax credits for approved costs expended up to four (4) years from the date the agreement was signed if the Director determines that the failure to complete the tourism attraction project within two (2) years resulted from:

1. Unanticipated and unavoidable delay in the construction of the tourism attraction or film, digital media and music production and development facility project;

2. An original completion date for the tourism attraction or film, digital media and music production and development facility project, as originally planned, which will be more than two (2) years from the date construction began; or

3. A change in business ownership or business structure resulting from a merger or acquisition.

C. 1. An income tax credit allowed pursuant to the provisions of this section shall be applied to the amount of income taxes due from the approved company. If the amount of an income tax credit

allowed pursuant to the provisions of this section exceeds the amount of income taxes due for the year in which the credit is granted, the amount of the credit not used may be carried forward for a period not to exceed ten (10) years.

2. A sales tax credit allowed pursuant to the provisions of this section may be used to offset a portion of the reported state sales tax liability of the approved company for all sales tax reporting periods following the issuance of the credit memorandum subject to the following limitations:

- a. only increased state sales tax liability may be offset by the issued credit,
- b. an approved company whose agreement provides that it shall expend approved costs in excess of One Million Dollars (\$1,000,000.00) shall be entitled to use only ten percent (10%) of the amount of each issued credit to offset increased state sales tax liability during each calendar year, plus the amount of any unused credit carried forward from a prior calendar year, and an approved company whose agreement provides that it shall expend approved costs of more than ~~Five Hundred Thousand Dollars (\$500,000.00)~~ the minimum amount for each project as listed in this subsection but less than One Million Dollars (\$1,000,000.00) shall be entitled to use only twenty percent (20%) of the amount of each issued credit to offset increased state sales tax liability during each calendar year, plus the amount of any unused credit carried forward from a prior calendar year, and
- c. all issued credit memoranda shall expire at the end of the month following the expiration of the agreement as provided in Section 2357.39 of this title.

The approved company shall have no obligation to refund or otherwise return any amount of this credit to the person from whom the sales tax was collected.

D. The Tax Commission shall promulgate rules as are necessary for the proper administration of the Oklahoma Tourism Development

Act. The Tax Commission may also develop forms and instructions as necessary for an approved company to claim the income tax credit provided by the Oklahoma Tourism Development Act.

E. The Tax Commission shall have the authority to obtain any information necessary from the approved company and the Director to verify that approved companies have received the proper amounts of tax credits as authorized by the Oklahoma Tourism Development Act. The Oklahoma Tax Commission shall demand the repayment of any credits taken in excess of the credit allowed by the Oklahoma Tourism Development Act.

F. No income or sales tax credit authorized by this section shall be granted on or after January 1, 2014.

SECTION 14. AMENDATORY 68 O.S. 2001, Section 3623, as last amended by Section 1, Chapter 341, O.S.L. 2007 (68 O.S. Supp. 2007, Section 3623), is amended to read as follows:

Section 3623. As used in the Compete with Canada Film Act:

1. "Crew" means any person who works on preproduction, principal photography, and postproduction, with the exception of producers, principal cast, screenwriters, and the director. The qualifying salary of producers, principal cast, screenwriters, and the director, also known as "above-the-line personnel", may be included as crew if the salaries are paid to loan-out corporations and limited liability companies registered to do business in the State of Oklahoma or the salaries are paid to Oklahoma-based above-the-line personnel. The qualifying salary of above-the-line personnel shall not comprise more than twenty-five percent (25%) of total expenditures as defined in paragraph 2 of this section. For purposes of this paragraph, "Oklahoma-based" means a company or individual with an Oklahoma income tax ~~or corporate tax liability~~ requirement;

2. "Expenditure" or "production cost" includes but is not limited to:

- a. wages or salaries of persons who are residents of this state and who have earned income from working on a film in this state,

including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a)(A) of the Internal Revenue Code,

- b. the cost of construction and operations, wardrobe, accessories and related services,
- c. the cost of photography, sound synchronization, lighting and related services,
- d. the cost of editing and related services,
- e. rental of facilities and equipment,
- f. other direct costs of producing a film, and
- g. the wages and salaries of persons who are defined and registered as an Oklahoma Expatriate by the Office of the Oklahoma Film and Music Commission;

3. "Film" means a professional single media, multimedia program or feature, which is not child pornography as defined in subsection A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene material as defined in paragraph 1 of subsection B of Section 1024.1 of Title 21 of the Oklahoma Statutes, including, but not limited to, national advertising messages that are broadcast on a national affiliate or cable network, fixed on film or digital video, which can be viewed or reproduced and which is exhibited in theaters, licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for home viewing markets; and

4. "Production company" means a person or company who produces film for exhibition in theaters, on television or elsewhere.

SECTION 15. AMENDATORY 68 O.S. 2001, Section 3624, as last amended by Section 2, Chapter 341, O.S.L. 2007 (68 O.S. Supp. 2007, Section 3624), is amended to read as follows:

Section 3624. A. There is hereby created the Oklahoma Film Enhancement Rebate Program. A rebate in the amount of up to ~~fifteen percent (15%)~~ seventeen percent (17%) of documented expenditures made in Oklahoma directly attributable to the production of a film, television production, or television commercial, as defined in Section 3623 of this title, in this state, may be paid to the production company responsible for the production if the Office of the Oklahoma Film and Music Commission determines that the proposed project has a reasonable chance of economic success.

B. 1. The amount of rebate paid to the production company as provided for in subsection A of this section shall be determined as follows:

- a. fifteen percent (15%) if fifty percent (50%) or more of the crew are residents of Oklahoma and are employed in this state,
- b. ten percent (10%) if twenty-five percent (25%) to forty-nine percent (49%) of the crew are residents of Oklahoma and are employed in this state, and
- c. five percent (5%) if less than twenty-five percent (25%) of the crew are residents of Oklahoma and are employed in this state.

2. For a production company that spends at least Twenty Thousand Dollars (\$20,000.00) for the use of music created by an Oklahoma resident that is recorded in Oklahoma or for the cost of recording songs or music in Oklahoma for use in the production, a two-percent rebate shall be paid which shall be in addition to the rebate paid as provided for in paragraph 1 of this subsection.

3. For a production company with a minimum budget for a film of Five Million Dollars (\$5,000,000.00) or more, the amount of rebate paid as provided for in subsection A of this section shall be fifteen percent (15%). The Oklahoma crew requirements set forth in paragraph 1 of this subsection shall not apply to production companies that meet the minimum budget requirements of this paragraph.

~~3-~~ 4. The Oklahoma crew requirements set forth in paragraph 1 of this subsection shall not apply if it is determined there is a lack of available Oklahoma personnel to serve as crew. The lack of available Oklahoma personnel to serve as crew shall be verified in writing by the Office of the Oklahoma Film and Music Commission. The amount of rebate paid as provided for in subsection A of this section to a production company where the Oklahoma crew requirements have been waived pursuant to this paragraph shall be fifteen percent (15%).

C. The rebate program shall be administered by the Office of the Oklahoma Film and Music Commission and the Oklahoma Tax Commission, as provided in the Compete with Canada Film Act.

D. To be eligible for a rebate payment:

1. The production company responsible for a film, television production, or television commercial, as defined in Section 3623 of this title, made in this state shall submit documentation to the Office of the Oklahoma Film and Music Commission of the amount of wages paid for employment in this state to residents of this state directly relating to the production and the amount of other production costs incurred in this state directly relating to the production;

2. The production company shall also file an Oklahoma income tax return;

3. Except major studio productions, the production company shall provide the name of the completion guarantor and a copy of the bond guaranteeing the completion of the project or if a film has not secured a completion bond, the production company shall provide evidence that all Oklahoma crew and local vendors have been paid and there are no liens against the production company pending in the state;

4. The minimum budget for the film shall be Five Hundred Thousand Dollars (\$500,000.00) of which not less than Three Hundred Thousand Dollars (\$300,000.00) shall be expended in this state. The minimum budget requirements of this paragraph shall be met by any film, television, or commercial production company that produces multiple film, television, or commercial projects within one (1)

year, if each project meets a minimum budget of Two Hundred Fifty Thousand Dollars (\$250,000.00) and the total budget of all projects in one (1) year is not less than Five Hundred Thousand Dollars (\$500,000.00) of which not less than Three Hundred Thousand Dollars (\$300,000.00) shall be expended in this state;

5. The production company shall provide evidence of a recognizable domestic or foreign distribution agreement, provide evidence of being selected as a pilot for a nationally recognized network or cable television outlet, or provide evidence of being accepted to at least one of the top fifteen film festivals or two or more of the top thirty film festivals in the United States as determined by the Office of the Oklahoma Film and Music Commission within one (1) year from the end of principal photography;

6. The production company shall provide evidence of complete financing for production prior to the commencement of principal photography; and

7. The production company shall provide evidence of a certificate of general liability insurance with a minimum coverage of One Million Dollars (\$1,000,000.00) and a workers' compensation policy pursuant to state law, which shall include coverage of employer's liability.

E. A production company shall not be eligible to receive both a rebate payment pursuant to the provisions of this act and an exemption from sales taxes pursuant to the provisions of paragraph 21 of Section 1357 of this title. If a production company has received such an exemption from sales taxes and submits a claim for rebate pursuant to the provisions of the Compete with Canada Film Act, the company shall be required to fully repay the amount of the exemption to the Tax Commission. A claim for a rebate shall include documentation from the Tax Commission that repayment has been made as required herein or shall include an affidavit from the production company that the company has not received an exemption from sales taxes pursuant to the provisions of paragraph 21 of Section 1357 of this title.

F. The Office shall approve or disapprove all claims for rebate and shall notify the Tax Commission. The Tax Commission shall issue payment for all approved claims from funds in the Oklahoma Film

Enhancement Rebate Program Revolving Fund created in Section 3625 of this title on or after July 1, 2006, and on or after each July 1 thereafter following the fiscal year in which the documented expenditures were made. The amount of payments in any single fiscal year shall not exceed Five Million Dollars (\$5,000,000.00). If the amount of approved claims exceeds the amount specified in this subsection in a fiscal year, payments shall be made in the order in which the claims are approved by the Office. If an approved claim is not paid in whole or in part, the unpaid claim or unpaid portion may be paid in the following fiscal year subject to the limitations specified in this subsection.

SECTION 16. AMENDATORY 68 O.S. 2001, Section 3626, is amended to read as follows:

Section 3626. The provisions of ~~this act~~ the Compete with Canada Film Act shall be terminated effective July 1, ~~2011~~ 2014, and no claim shall be paid thereafter.

SECTION 17. Sections 1, 2, 3, 5 and 8 through 16 of this act shall become effective July 1, 2009.

SECTION 18. Sections 4 and 6 of this act shall become effective January 1, 2009.

Passed the Senate the 23rd day of May, 2008.

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Presiding Officer of the Senate

Passed the House of Representatives the 23rd day of May, 2008.

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Presiding Officer of the House  
of Representatives

