

3 Senate Bill No. 967  
4 As Amended

5 SENATE BILL NO. 967 - By: Schulz of the Senate and Ortega of the  
6 House.

7 [ revenue and taxation and waters and water rights - motor  
8 fuel taxes - effective date -  
9 emergency ]

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

11 SECTION 1. AMENDATORY 68 O.S. 2001, Section 500.10, as  
12 amended by Section 2, Chapter 267, O.S.L. 2007 (68 O.S. Supp. 2008,  
13 Section 500.10), is amended to read as follows:

14 Section 500.10 Subject to the procedural requirements and  
15 conditions set out in this section and Sections 500.11 through  
16 500.17 of this title, the following are exempt from the tax imposed  
17 by Section 500.4 of this title on motor fuel:

18 1. Motor fuel for which proof of export is available in the  
19 form of a terminal-issued destination state shipping paper:

20 a. exported by a supplier who is licensed in the  
21 destination state, or

22 b. sold by a supplier to a licensed exporter for  
23 immediate export;

24 2. Motor fuel which was acquired by an unlicensed exporter and  
25 as to which the tax imposed by Section 500.4 of this title has

1 previously been paid or accrued and was subsequently exported by  
2 transport truck by or on behalf of the licensed exporter in a  
3 diversion across state boundaries properly reported in conformity  
4 with Section 500.46 of this title;

5 3. Motor fuel exported out of a bulk plant in this state in a  
6 tank wagon if the destination of that vehicle does not exceed  
7 twenty-five (25) miles from the border of this state and as to which  
8 the tax imposed by Section 500.4 of this title has previously been  
9 paid or accrued, subject to gallonage limits and other conditions  
10 established by the Oklahoma Tax Commission;

11 4. K-1 kerosene sold at retail through dispensers which have  
12 been designed and constructed to prevent delivery directly from the  
13 dispenser into a vehicle fuel supply tank, and K-1 kerosene sold at  
14 retail through nonbarricaded dispensers in quantities of not more  
15 than twenty-one (21) gallons for use other than for highway  
16 purposes, under such rules as the Tax Commission shall reasonably  
17 require;

18 5. Motor fuel sold to the United States or any agency or  
19 instrumentality thereof;

20 6. Motor fuel used solely and exclusively in district-owned  
21 public school vehicles or FFA and 4-H Club trucks for the purpose of  
22 legally transporting public school children, and motor fuel  
23 purchased by any school district for use exclusively in school buses

1 leased or hired for the purpose of legally transporting public  
2 school children, or in the operation of vehicles used in driver  
3 training;

4 7. Motor fuel used solely and exclusively as fuel to propel  
5 motor vehicles on the public roads and highways of this state, when  
6 leased or owned and being operated for the sole benefit of a county,  
7 city, town, a volunteer fire department with a state certification  
8 and rating, rural electric cooperatives, rural water and sewer  
9 districts, rural irrigation districts organized under the Oklahoma  
10 Irrigation District Act, rural ambulance service districts, or  
11 federally recognized Indian tribes;

12 8. Motor fuel used as fuel for farm tractors or stationary  
13 engines owned or leased and operated by any person and used  
14 exclusively for agricultural purposes, except as to two and eight  
15 one-hundredths cents (\$0.0208) per gallon of gasoline as provided in  
16 subsection C of Section 500.4 of this title;

17 9. Gasoline, diesel fuel and kerosene sold for use as fuel to  
18 generate power in aircraft engines, whether in aircraft or for  
19 training, testing or research purposes of aircraft engines, except  
20 as to eight one-hundredths of one cent (\$0.0008) per gallon as  
21 provided in subsection B of Section 500.4 of this title;

22 10. Motor fuel sold within an Indian reservation or within  
23 Indian country by a federally recognized Indian tribe to a member of

1 that tribe and used in motor vehicles owned by that member of the  
2 tribe. This exemption does not apply to sales within an Indian  
3 reservation or within Indian country by a federally recognized  
4 Indian tribe to non-Indian consumers or to Indian consumers who are  
5 not members of the tribe selling the motor fuel;

6 11. Subject to determination by the Tax Commission, that  
7 portion of diesel fuel:

8 a. used to operate equipment attached to a motor vehicle,  
9 if the diesel fuel was placed into the fuel supply  
10 tank of a motor vehicle that has a common fuel  
11 reservoir for travel on a highway and for the  
12 operation of equipment, or

13 b. consumed by the vehicle while the vehicle is parked  
14 off the highways of this state;

15 12. Motor fuel acquired by a consumer out of state and carried  
16 into this state, retained within and consumed from the same vehicle  
17 fuel supply tank within which it was imported;

18 13. Diesel fuel used as heating oil, or in railroad locomotives  
19 or any other motorized flanged-wheel rail equipment, or used for  
20 other nonhighway purposes other than as expressly exempted under  
21 another provision;

22 14. Motor fuel which was lost or destroyed as a direct result  
23 of a sudden and unexpected casualty;

1           15. Taxable diesel which had been accidentally contaminated by  
2 dye so as to be unsaleable as highway fuel as proved by proper  
3 documentation;

4           16. Dyed diesel fuel;

5           17. Motor fuel sold to the Oklahoma Space Industry Development  
6 Authority or any spaceport user as defined in the Oklahoma Space  
7 Industry Development Act; and

8           18. Biofuels or biodiesel produced by an individual with crops  
9 grown on property owned by the same individual and used in a vehicle  
10 owned by the same individual on the public roads and highways of  
11 this state.

12           SECTION 2.           AMENDATORY           82 O.S. 2001, Section 277.17, is  
13 amended to read as follows:

14           Section 277.17 A. All property, owned or purchased by a  
15 district, both real and personal and reasonably necessary to  
16 accomplish the purposes of the district, shall be exempt from  
17 taxation by this state, or by any municipal corporation, county or  
18 other political subdivision or taxing district of this state. All  
19 property, products and benefits sold, leased or furnished by a  
20 district shall be exempt from sales tax.

21           B. All bonds, notes and warrants and the interest thereon  
22 issued pursuant to the provisions of the Oklahoma Irrigation  
23 District Act shall be exempt from taxation by this state or by any

1 municipal corporation, county or other political subdivision or  
2 taxing district of this state.

3 C. 1. All districts organized under the provisions of the  
4 Oklahoma Irrigation District Act shall be exempt from the payment of  
5 sales and use taxes on purchases and use of tangible personal  
6 property in this state.

7 2. Districts shall be exempt from payment of the vehicle excise  
8 tax levied on the transfer for first registration of vehicles  
9 purchased and used in this state.

10 3. All districts organized under the provisions of the Oklahoma  
11 Irrigation District Act shall be exempt from the payment of motor  
12 fuel excise taxes, as provided in Section 500.10 of Title 68 of the  
13 Oklahoma Statutes.

14 SECTION 3. This act shall become effective July 1, 2009.

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

19 COMMITTEE REPORT BY: COMMITTEE ON ENERGY & ENVIRONMENT, dated  
20 2-12-09 - DO PASS, As Amended and Coauthored.