

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 SENATE BILL 967

By: Schulz

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation and water and
8 water rights; amending 68 O.S. 2001, Section 500.10,
9 as amended by Section 2, Chapter 267, O.S.L. 2007 (68
10 O.S. Supp. 2008, Section 500.10), which relates to
11 motor fuel taxes; providing exemption for certain
12 rural irrigation districts; amending 82 O.S. 2001,
13 Section 277.17, which relates to tax exemptions for
14 rural irrigation districts; providing exemption from
15 certain taxes; providing an effective date; and
16 declaring an emergency.

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

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

21 Section 500.10 Subject to the procedural requirements and
22 conditions set out in this section and Sections 500.11 through
23 500.17 of this title, the following are exempt from the tax imposed
24 by Section 500.4 of this title on motor fuel:

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

- 1 a. exported by a supplier who is licensed in the
2 destination state, or
3 b. sold by a supplier to a licensed exporter for
4 immediate export;

5 2. Motor fuel which was acquired by an unlicensed exporter and
6 as to which the tax imposed by Section 500.4 of this title has
7 previously been paid or accrued and was subsequently exported by
8 transport truck by or on behalf of the licensed exporter in a
9 diversion across state boundaries properly reported in conformity
10 with Section 500.46 of this title;

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

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

1 5. Motor fuel sold to the United States or any agency or
2 instrumentality thereof;

3 6. Motor fuel used solely and exclusively in district-owned
4 public school vehicles or FFA and 4-H Club trucks for the purpose of
5 legally transporting public school children, and motor fuel
6 purchased by any school district for use exclusively in school buses
7 leased or hired for the purpose of legally transporting public
8 school children, or in the operation of vehicles used in driver
9 training;

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

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

23 9. Gasoline, diesel fuel and kerosene sold for use as fuel to
24 generate power in aircraft engines, whether in aircraft or for

1 training, testing or research purposes of aircraft engines, except
2 as to eight one-hundredths of one cent (\$0.0008) per gallon as
3 provided in subsection B of Section 500.4 of this title;

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

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

13 a. used to operate equipment attached to a motor vehicle,
14 if the diesel fuel was placed into the fuel supply
15 tank of a motor vehicle that has a common fuel
16 reservoir for travel on a highway and for the
17 operation of equipment, or

18 b. consumed by the vehicle while the vehicle is parked
19 off the highways of this state;

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

23 13. Diesel fuel used as heating oil, or in railroad locomotives
24 or any other motorized flanged-wheel rail equipment, or used for

1 other nonhighway purposes other than as expressly exempted under
2 another provision;

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

5 15. Taxable diesel which had been accidentally contaminated by
6 dye so as to be unsaleable as highway fuel as proved by proper
7 documentation;

8 16. Dyed diesel fuel;

9 17. Motor fuel sold to the Oklahoma Space Industry Development
10 Authority or any spaceport user as defined in the Oklahoma Space
11 Industry Development Act; and

12 18. Biofuels or biodiesel produced by an individual with crops
13 grown on property owned by the same individual and used in a vehicle
14 owned by the same individual on the public roads and highways of
15 this state.

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

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

1 B. All bonds, notes and warrants and the interest thereon
2 issued pursuant to the provisions of the Oklahoma Irrigation
3 District Act shall be exempt from taxation by this state or by any
4 municipal corporation, county or other political subdivision or
5 taxing district of this state.

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

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

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

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

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

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