

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1815 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Earl Sears

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 53rd Legislature (2011)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1815

By: Shannon

7 PROPOSED COMMITTEE SUBSTITUTE

8
9 An Act relating to revenue and taxation; making
10 findings regarding administration of motor fuel
11 taxation; stating legislative intent with respect to
12 the provisions of Section 33 of Article V of the
13 Oklahoma Constitution; amending 68 O.S. 2001,
14 Sections 500.3, as amended by Section 2, Chapter 327,
15 O.S.L. 2006, 500.4, 500.6, as last amended by Section
16 1, Chapter 256, O.S.L. 2010, 500.28, as amended by
17 Section 3, Chapter 327, O.S.L. 2006, 500.33, 701 and
18 723 (68 O.S. Supp. 2010, Sections 500.3, 500.6 and
19 500.28), which relate to motor fuel taxation;
20 modifying definitions; defining compressed natural
21 gas; providing for levy of tax on compressed natural
22 gas; providing for modification of levy based on
23 expiration of certain tax credit; providing for
24 apportionment of revenue; modifying statutory
references; providing for collection of tax on
compressed natural gas; modifying definition of
special fuel; excluding compressed natural gas from
definition of special fuel; eliminating references to
compressed natural gas for purposes of tax decal;
requiring fuel vendor license; providing for
presumption regarding delivery of compressed natural
gas until specified date; providing for codification;
providing for noncodification; and providing an
effective date.

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

1 SECTION 1. NEW LAW A new section of law not to be
2 codified in the Oklahoma Statutes reads as follows:

3 A. The Legislature finds that the existing taxation system for
4 compressed natural gas requires modification to promote fairness and
5 improved administration of motor fuel taxation by the Oklahoma Tax
6 Commission.

7 B. The existing system for motor fuel taxation would require
8 the levy of sixteen cents (\$0.16) per gallon or gasoline gallons
9 equivalent (gge) for compressed natural gas except for the in lieu
10 treatment authorized by Section 723 of Title 68 of the Oklahoma
11 Statutes.

12 C. The Legislature finds that it would promote the development
13 of desirable alternative energy sources to modify the existing
14 taxation scheme for compressed natural gas by lowering the nominal
15 rate of motor fuel taxation for compressed natural gas to thirteen
16 cents (\$0.13) per gasoline gallons equivalent (gge), but to have a
17 rate of tax imposed at five cents (\$0.05) per gasoline gallons
18 equivalent for a period of time sufficient to allow the development
19 of compressed natural gas distribution systems.

20 D. The Legislature hereby finds that the principal purpose of
21 this act is not for raising revenue within the meaning of Section 33
22 of Article V of the Oklahoma Constitution even if revenue
23 collections associated with the levy upon compressed natural gas
24 would increase over time due to increased demand for compressed

1 natural gas as an alternative energy source on and after the
2 effective date of this act.

3 SECTION 2. AMENDATORY 68 O.S. 2001, Section 500.3, as
4 amended by Section 2, Chapter 327, O.S.L. 2006 (68 O.S. Supp. 2010,
5 Section 500.3), is amended to read as follows:

6 Section 500.3 As used in Section 500.1 et seq. of this title:

7 1. "Act" or "this act" means the Motor Fuel Tax Code;

8 2. "Agricultural purposes" means clearing, terracing or
9 otherwise preparing the ground on a farm; preparing soil for
10 planting and fertilizing, cultivating, raising and harvesting crops;
11 raising and feeding livestock and poultry; building fences; pumping
12 water for any and all uses on the farm, including irrigation;
13 building roads upon any farm by the owner or person farming same;
14 operating milking machines; sawing wood for use on a farm; producing
15 electricity for use on a farm; movement of tractors, farm implements
16 and equipment from one field to another and use of farm tractors to
17 move farm products from farm to market;

18 3. "Biodiesel" means a fuel comprised of mono-alkyl esters of
19 long chain fatty acids generally derived from vegetable oils or
20 animal fats, commonly known as "B100", that is commonly and
21 commercially known or sold as a fuel that is suitable for use in a
22 highway vehicle. The fuel meets this requirement if, without
23 further processing or blending, the fuel is a fluid and has
24

1 practical and commercial fitness for use in the propulsion of a
2 highway vehicle;

3 4. "Biodiesel blend" means a blend of biodiesel fuel with
4 petroleum-based diesel fuel, commonly designated as "Bxx", where
5 "xx" represents the volume percentage of biodiesel fuel in the
6 blend, and that is commonly and commercially known or sold as a fuel
7 that is suitable for use in a highway vehicle. The fuel meets this
8 requirement if, without further processing or blending, the fuel is
9 a fluid and has practical and commercial fitness for use in the
10 propulsion of a highway vehicle;

11 5. "Blend stock" means any petroleum product component of
12 gasoline, such as naphtha, reformate, or toluene, that can be
13 blended for use in a motor fuel without further processing.
14 However, the term does not include any substance that:

15 a. will be ultimately used for consumer nonmotor-fuel
16 use, and

17 b. is sold or removed in drum quantities (55 gallons) or
18 less at the time of the removal or sale;

19 6. "Blended fuel" means a mixture composed of gasoline or
20 diesel fuel and another liquid, other than a de minimis amount of a
21 product such as carburetor detergent or oxidation inhibitor, that
22 can be used as a fuel in a highway vehicle. This term includes
23 gasohol, ethanol and fuel grade ethanol;

24

1 7. "Blender" means any person that produces blended motor fuel
2 outside the bulk transfer/terminal system;

3 8. "Blending" means the mixing of one or more petroleum
4 products, with or without another product, regardless of the
5 original character of the product blended, if the product obtained
6 by the blending is capable of use or otherwise sold for use in the
7 generation of power for the propulsion of a motor vehicle, an
8 airplane, or a motorboat. The term does not include that blending
9 that occurs in the process of refining by the original refiner of
10 crude petroleum or the blending or products known as lubricating oil
11 and greases;

12 9. "Bulk end user" means a person who receives into the
13 person's own storage facilities in transport truck lots of motor
14 fuel for the person's own consumption;

15 10. "Bulk plant" means a motor fuel storage and distribution
16 facility that is not a terminal and from which motor fuel may be
17 removed at a rack;

18 11. "Bulk transfer" means any transfer of motor fuel from one
19 location to another by pipeline tender or marine delivery within the
20 bulk transfer/terminal system;

21 12. "Bulk transfer/terminal system" means the motor fuel
22 distribution system consisting of refineries, pipelines, vessels,
23 and terminals. Gasoline in a refinery, pipeline, vessel, or
24 terminal is in the bulk transfer/terminal system. Motor fuel in the

1 fuel supply tank of any engine, or in any tank car, rail car,
2 trailer, truck, or other equipment suitable for ground
3 transportation is not in the bulk transfer/terminal system;

4 13. "Tax Commission" or "Commission" means the Oklahoma Tax
5 Commission;

6 14. "Compressed natural gas" means a volume of natural gas
7 consisting primarily of methane which has been reduced to
8 approximately one percent (1%) of its original volume for purposes
9 of storage and for use as a fuel in motor vehicles;

10 15. "Consumer" means the user of the motor fuel on the public
11 highways of this state;

12 ~~15.~~ 16. "Dead storage" means the amount of motor fuel that will
13 not be pumped out of a storage tank because the motor fuel is below
14 the mouth of the draw pipe. For purposes of Section 500.1 et seq.
15 of this title, a dealer may assume that the amount of motor fuel in
16 dead storage is two hundred (200) gallons for a tank with a capacity
17 of less than ten thousand (10,000) gallons and four hundred (400)
18 gallons for a tank with a capacity of ten thousand (10,000) gallons
19 or more;

20 ~~16.~~ 17. "Delivery" means the placing of motor fuel or any
21 liquid into the fuel tank of a motor vehicle;

22 ~~17.~~ 18. "Destination state" means the state, territory, or
23 foreign country to which motor fuel is directed for delivery into a
24

1 storage facility, a receptacle, a container, or a type of
2 transportation equipment for the purpose of resale or use;

3 ~~18.~~ 19. "Diesel fuel" means any liquid, including but not
4 limited to, biodiesel, biodiesel blend or other diesel blended fuel,
5 that is commonly or commercially known or sold as a fuel that is
6 suitable for use in a diesel-powered highway vehicle. A liquid
7 meets this requirement if, without further processing or blending,
8 the liquid has practical and commercial fitness for use in the
9 propulsion engine of a diesel-powered highway vehicle. Except as
10 provided in subsection B of Section 500.4 of this title, "diesel
11 fuel" does not include jet fuel sold to a buyer who is registered
12 with and certified by the Internal Revenue Service to purchase jet
13 fuel subject to the Internal Revenue Service;

14 ~~19.~~ 20. "Diesel-powered highway vehicle" means a motor vehicle
15 operated on a highway that is propelled by a diesel-powered engine;

16 ~~20.~~ 21. "Distributor" means a person who acquires motor fuel
17 from a supplier or from another distributor for subsequent sale or
18 use;

19 ~~21.~~ 22. "Dyed diesel fuel" means diesel fuel that is required
20 to be dyed pursuant to United States Environmental Protection Agency
21 rules or is dyed pursuant to Internal Revenue Service rules or
22 pursuant to any other requirements subsequently set by the United
23 States Environmental Protection Agency or Internal Revenue Service
24 including any invisible marker requirements;

1 ~~22.~~ 23. "Eligible purchaser" means a person who has been
2 authorized by the Commission pursuant to Section 500.23 of this
3 title to make the election pursuant to Section 500.22 of this title;

4 ~~23.~~ 24. "Enterer" includes any person who is the importer of
5 record, pursuant to federal customs law, with respect to motor fuel.
6 If the importer of record is acting as an agent, the person for whom
7 the agent is acting is the enterer. If there is no importer of
8 record of motor fuel entered into this state, the owner of the motor
9 fuel at the time it is brought into this state is the enterer;

10 ~~24.~~ 25. "Entry" means the importing of motor fuel into this
11 state. Motor fuel brought into this state in the fuel tank of a
12 motor vehicle shall not be deemed to be an "entry" if not removed
13 from the fuel tank except as used for the propulsion of that motor
14 vehicle, except to the extent that motor fuel was acquired tax free
15 for export or a refund of tax was claimed as a result of exportation
16 from the state from which that motor fuel was transported into this
17 state;

18 ~~25.~~ 26. "Export" means to obtain motor fuel in this state for
19 sale or other distribution in another state. In applying this
20 definition, motor fuel delivered out of state by or for the seller
21 constitutes an export by the seller and motor fuel delivered out of
22 state by or for the purchaser constitutes an export by the
23 purchaser;

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1 ~~26.~~ 27. "Exporter" means any person, other than a supplier, who
2 purchases motor fuel in this state for the purpose of transporting
3 or delivering the fuel to another state or country;

4 ~~27.~~ 28. "Farm tractor" means all tractor-type, motorized farm
5 implements and equipment but shall not include motor vehicles of the
6 truck-type, pickup truck-type, automobiles, and other motor vehicles
7 required to be registered and licensed each year pursuant to the
8 provisions of the motor vehicle license and registration laws of
9 this state;

10 ~~28.~~ 29. "Fuel transportation vehicle" means any vehicle
11 designed for highway use which is also designed or used to transport
12 motor fuels and includes transport trucks and tank wagons;

13 ~~29.~~ 30. "Gasoline" means all products, including but not
14 limited to, gasoline blend stocks, commonly or commercially known or
15 sold as gasoline that are suitable for use as a motor fuel.
16 Gasoline does not include products that have an American Society for
17 Testing Materials ("A.S.T.M.") octane number of less than seventy-
18 five (75) as determined by the "motor method". Except as provided
19 in subsection B of Section 500.4 of this title, "gasoline" does not
20 include aviation gasoline provided that the buyer is registered to
21 purchase aviation gasoline free of tax and the seller obtains
22 certification of such fact satisfactory to the Commission prior to
23 making the sale;

1 ~~30.~~ 31. "Gasoline blend stocks" includes any petroleum product
2 component of gasoline, such as naphtha, reformate, or toluene, that
3 can be blended for use in a motor fuel. The term shall not include
4 any substance that will be ultimately used for consumer nonmotor-
5 fuel use and is sold or removed in drum quantities of 55 gallons or
6 less at the time of the removal or sale;

7 ~~31.~~ 32. "Gross gallons" means the total measured motor fuel,
8 exclusive of any temperature or pressure adjustments, in U.S.
9 gallons;

10 ~~32.~~ 33. "Heating oil" means a motor fuel that is burned in a
11 boiler, furnace, or stove for heating or industrial processing
12 purposes;

13 ~~33.~~ 34. "Highway vehicle" means a self-propelled vehicle that
14 is designed for use on a highway;

15 ~~34.~~ 35. "Import" means to bring motor fuel into this state by
16 any means of conveyance other than in the fuel supply tank of a
17 motor vehicle. In applying this definition, motor fuel delivered
18 into this state from out of state by or for the seller constitutes
19 an import by the seller, and motor fuel delivered into this state
20 from out of state by or for the purchaser constitutes an import by
21 the purchaser;

22 ~~35.~~ 36. "Import verification number" means the number assigned
23 by the Commission with respect to a single transport truck delivery
24 into this state from another state upon request for an assigned

1 number by an importer or the transporter carrying motor fuel into
2 this state for the account of an importer;

3 ~~36.~~ 37. "In this state" means the area within the border of
4 this state, including all land within the borders of this state
5 owned by the United States of America;

6 ~~37.~~ 38. "Indian country" means:

7 a. land held in trust by the United States of America for
8 the benefit of a federally recognized Indian tribe or
9 nation,

10 b. all land within the limits of any Indian reservation
11 under the jurisdiction of the United States
12 Government, notwithstanding the issuance of any
13 patent, and including rights-of-way running through
14 the reservation,

15 c. all dependent Indian communities within the borders of
16 the United States whether within the original or
17 subsequently acquired territory thereof, and whether
18 within or without the limits of a state, and

19 d. all Indian allotments, the Indian titles to which have
20 not been extinguished, including individual allotments
21 held in trust by the United States or allotments owned
22 in fee by individual Indians subject to federal law
23 restrictions regarding disposition of said allotments
24 and including rights-of-way running through the same.

1 The term shall also include the definition of Indian country as
2 found in 18 U.S.C., Section 1151;

3 ~~38.~~ 39. "Indian tribe", "tribes", or "federally recognized
4 Indian tribe or nation" means an Indian tribal entity which is
5 recognized by the United States Bureau of Indian Affairs as having a
6 special relationship with the United States. The term shall also
7 include the definition of a tribe as defined in 25 U.S.C., Section
8 479a;

9 ~~39.~~ 40. "Invoiced gallons" means the gallons actually billed on
10 an invoice in payment to a supplier;

11 ~~40.~~ 41. "K-1 kerosene" means a petroleum product having an
12 A.P.I. gravity of not less than forty degrees (40°), at a
13 temperature of sixty degrees (60°) Fahrenheit and a minimum flash
14 point of one hundred degrees (100°) Fahrenheit with a sulphur
15 content not exceeding five one-hundredths percent (0.05%) by weight;

16 ~~41.~~ 42. "Liquid" means any substance that is liquid in excess
17 of sixty degrees (60°) Fahrenheit and a pressure of fourteen and
18 seven-tenths (14.7) pounds per square inch absolute;

19 ~~42.~~ 43. "Motor fuel" means gasoline, diesel fuel and blended
20 fuel;

21 ~~43.~~ 44. "Motor fuel transporter" means a person who transports
22 motor fuel outside the bulk terminal/transfer system by transport
23 truck or railroad tank car;

24

1 ~~44.~~ 45. "Motor vehicle" means every automobile, truck, truck-
2 tractor or any motor bus or self-propelled vehicle not operated or
3 driven upon fixed rails or tracks. The term does not include:

- 4 a. farm tractors or machinery including tractors and
5 machinery designed for off-road use but capable of
6 movement on roads at low speeds,
- 7 b. a vehicle operated on rails, or
- 8 c. machinery designed principally for off-road use;

9 ~~45.~~ 46. "Net gallons" means the motor fuel, measured in U.S.
10 gallons, when corrected to a temperature of sixty degrees (60°)
11 Fahrenheit (13° Celsius) and a pressure of fourteen and seven-tenths
12 (14.7) pounds per square inch (psi);

13 ~~46.~~ 47. "Permissive supplier" means an out-of-state supplier
14 that elects, but is not required, to have a supplier's license
15 pursuant to Section 500.1 et seq. of this title;

16 ~~47.~~ 48. "Person" means natural persons, individuals,
17 partnerships, firms, associations, corporations, estates, trustees,
18 business trusts, syndicates, this state, any county, city,
19 municipality, school district or other political subdivision of the
20 state, federally recognized Indian tribe, or any corporation or
21 combination acting as a unit or any receiver appointed by any state
22 or federal court;

23 ~~48.~~ 49. "Position holder" means the person who holds the
24 inventory position in motor fuel in a terminal, as reflected on the

1 records of the terminal operator. A person holds the inventory
2 position in motor fuel when that person has a contract with the
3 terminal operator for the use of storage facilities and terminaling
4 services for fuel at the terminal. The term includes a terminal
5 operator who owns fuel in the terminal;

6 ~~49.~~ 50. "Public highway" means every road, toll road, highway,
7 street, way or place generally open to the use of the public as a
8 matter of right for the purposes of vehicular travel, including
9 streets and alleys of any town or city notwithstanding that the same
10 may be temporarily closed for construction, reconstruction,
11 maintenance or repair;

12 ~~50.~~ 51. "Qualified terminal" means a terminal designated as a
13 qualified terminal pursuant to the Internal Revenue Code, regulation
14 and practices and which has been assigned a terminal control number
15 ("tcn") by the Internal Revenue Service;

16 ~~51.~~ 52. "Rack" means a mechanism for delivering motor fuel from
17 a refinery, a terminal, or a bulk plant into a railroad tank car, a
18 transport truck or other means of bulk transfer outside of the bulk
19 transfer/terminal system;

20 ~~52.~~ 53. "Refiner" means any person that owns, operates, or
21 otherwise controls a refinery within the United States;

22 ~~53.~~ 54. "Refinery" means a facility used to produce motor fuel
23 from crude oil, unfinished oils, natural gas liquids, or other
24

1 hydrocarbons and from which motor fuel may be removed by pipeline,
2 by vessel, or at a rack;

3 ~~54.~~ 55. "Removal" means any physical transfer other than by
4 evaporation, loss, or destruction of motor fuel from a terminal,
5 manufacturing plant, customs custody, pipeline, marine vessel such
6 as a barge or tanker, refinery or any receptacle that stores motor
7 fuel;

8 ~~55.~~ 56. "Retailer" means a person that engages in the business
9 of selling or distributing to the consumer within this state;

10 ~~56.~~ 57. "Supplier" means a person that is:

- 11 a. registered pursuant to Section 4101 of the Internal
12 Revenue Code for transactions in motor fuels in the
13 bulk transfer/terminal distribution system, and
- 14 b. one of the following:
 - 15 (1) the position holder in a terminal or refinery in
16 this state,
 - 17 (2) imports motor fuel into this state from a foreign
18 country,
 - 19 (3) acquires motor fuel from a terminal or refinery
20 in this state from a position holder pursuant to
21 a two-party exchange, or
 - 22 (4) the position holder in a terminal or refinery
23 outside this state with respect to motor fuel

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1 which that person imports into this state on the
2 account of that person.

3 A terminal operator shall not be considered a supplier based solely
4 on the fact that the terminal operator handles motor fuel consigned
5 to it within a terminal. "Supplier" also means a person that
6 produces alcohol or alcohol derivative substances in this state,
7 produces alcohol or alcohol derivative substances for import to this
8 state into a terminal, or acquires upon import by truck, railcar or
9 barge into a terminal or refinery, alcohol or alcohol derivative
10 substances. "Supplier" includes a permissive supplier unless
11 specifically provided otherwise;

12 ~~57.~~ 58. "Tank wagon" means a straight truck having multiple
13 compartments designed or used to carry motor fuel;

14 ~~58.~~ 59. "Terminal" means a storage and distribution facility
15 for motor fuel, supplied by pipeline or marine vessel which is
16 registered as a qualified terminal by the Internal Revenue Service
17 and from which motor fuel may be removed at a rack;

18 ~~59.~~ 60. "Terminal bulk transfers" include but are not limited
19 to the following:

- 20 a. a marine barge movement of fuel from a refinery or
21 terminal to a terminal,
- 22 b. pipeline movements of fuel from a refinery or terminal
23 to a terminal,

1 c. book transfers of product within a terminal between
2 suppliers prior to completion of removal across the
3 rack, and

4 d. two-party exchanges between licensed suppliers;

5 ~~60.~~ 61. "Terminal operator" means any person that owns,
6 operates, or otherwise controls a terminal, and does not use a
7 substantial portion of the motor fuel that is transferred through or
8 stored in the terminal for its own use or consumption or in the
9 manufacture of products other than motor fuel. A terminal operator
10 may own the motor fuel that is transferred through or stored in the
11 terminal;

12 ~~61.~~ 62. "Throughputter" means any person that:

13 a. receives transfer of motor fuel from refiners,
14 importers, terminal operators, or other
15 throughputters,

16 b. stores the motor fuel in a terminal, and

17 c. owns the motor fuel or holds the inventory position to
18 the motor fuel, as reflected on the records of the
19 terminal operator, at the time of removal or sale from
20 a terminal;

21 ~~62.~~ 63. "Transmix" means the buffer or interface between two
22 different products in a pipeline shipment, or a mix of two different
23 products within a refinery or terminal that results in an off-grade
24 mixture;

1 ~~63.~~ 64. "Transport truck" means a semitrailer combination rig
2 designed or used for the purpose of transporting motor fuel over the
3 highways;

4 ~~64.~~ 65. "Transporter" means any operator of a pipeline, barge,
5 railroad or transport truck engaged in the business of transporting
6 motor fuels;

7 ~~65.~~ 66. "Two-party exchange" means a transaction in which the
8 motor fuel is transferred from one licensed supplier or licensed
9 permissive supplier to another licensed supplier or licensed
10 permissive supplier and:

11 a. which transaction includes a transfer from the person
12 that holds the original inventory position for motor
13 fuel in the terminal as reflected on the records of
14 the terminal operator, and

15 b. the exchange transaction is simultaneous with removal
16 from the terminal by the receiving exchange partner.

17 However, in any event, the terminal operator in the books and
18 records of such terminal operator treats the receiving exchange
19 party as the supplier which removes the product across a terminal
20 rack for purposes of reporting such events to this state;

21 ~~66.~~ 67. "Ultimate vendor" means a person that sells motor fuel
22 to the consumer;

23 ~~67.~~ 68. "Undyed diesel fuel" means diesel fuel that is not
24 subject to the United States Environmental Protection Agency dyeing

1 requirements, or has not been dyed in accordance with Internal
2 Revenue Service fuel dyeing provisions;

3 ~~68.~~ 69. "Vehicle fuel tank" means any receptacle on a motor
4 vehicle from which fuel is supplied for the propulsion of the motor
5 vehicle; and

6 ~~69.~~ 70. "Wholesaler" means a person that acquires motor fuel
7 from a supplier or from another wholesaler for subsequent sale and
8 distribution at wholesale.

9 SECTION 3. AMENDATORY 68 O.S. 2001, Section 500.4, is
10 amended to read as follows:

11 Section 500.4 A. A tax is imposed on all gasoline, compressed
12 natural gas, and all diesel fuel used or consumed in this state as
13 follows:

- 14 1. Gasoline, sixteen cents (\$0.16) per gallon; ~~and~~
- 15 2. Diesel fuel, thirteen cents (\$0.13) per gallon; and
- 16 3. Compressed natural gas, five cents (\$0.05) per gasoline
17 gallons equivalent (gge) until the credit authorized pursuant to the
18 provisions of paragraph 1 of subsection A of Section 2357.22 of this
19 title expires. Upon the expiration of the credit authorized
20 pursuant to the provisions of paragraph 1 of subsection A of Section
21 2357.22 of this title, the rate of tax imposed upon compressed
22 natural gas shall be equal to the tax rate imposed on diesel fuel
23 using gasoline gallons equivalent (gge).

24

1 B. A tax is imposed on all gasoline, diesel fuel and kerosene
2 used or consumed in this state for use as fuel to generate power in
3 aircraft engines or for training, testing or research on aircraft
4 engines in the amount of eight one-hundredths of one cent (\$0.0008)
5 per gallon. All gasoline, diesel fuel and kerosene sold for use
6 under this subsection shall not be subject to the excise tax levied
7 in subsection A of this section.

8 C. Notwithstanding any exemption provided in Section 500.1 et
9 seq. of this title, all gasoline used or consumed in this state for
10 use as fuel for farm tractors or stationary engines and used
11 exclusively for agricultural purposes shall be subject to a tax in
12 the amount of two and eight one-hundredths cents (\$0.0208) per
13 gallon. All gasoline sold for use pursuant to this subsection shall
14 not be subject to the excise tax levied in subsection A of this
15 section. The term "farm tractor", as used herein, shall include all
16 tractor-type, motorized farm implements and equipment but shall not
17 include motor vehicles of the truck-type, pickup truck-type,
18 automobiles and other motor vehicles required to be registered and
19 licensed each year under the Oklahoma Vehicle License and
20 Registration Act.

21 D. It is the intent of this section to amend, revise,
22 incorporate and recodify the tax imposed on motor fuel and that the
23 tax shall be conclusively presumed to be a direct tax and shall be a
24 direct tax on the retail or ultimate consumer precollected for the

1 purpose of convenience and facility to the consumer. The levy and
2 assessment on other persons as specified in this act shall be as
3 agents of the state for the precollection of the tax. The
4 provisions of this section shall in no way affect the method of
5 collecting the tax as provided in this act. The tax imposed by this
6 section shall be collected and paid at those times, in the manner,
7 and by those persons specified in this act.

8 SECTION 4. AMENDATORY 68 O.S. 2001, Section 500.6, as
9 last amended by Section 1, Chapter 256, O.S.L. 2010 (68 O.S. Supp.
10 2010, Section 500.6), is amended to read as follows:

11 Section 500.6 A. The tax of sixteen cents (\$0.16) per gallon
12 of gasoline that is levied by paragraph 1 of subsection A of Section
13 500.4 of this title, the tax upon compressed natural gas levied by
14 paragraph 3 of subsection A of Section 500.4 of this title, and the
15 tax of two and eight one-hundredths cents (\$0.0208) per gallon of
16 gasoline that is levied by subsection C of Section 500.4 of this
17 title, and penalties and interest thereon, collected by the Oklahoma
18 Tax Commission under the levy shall be apportioned and distributed
19 monthly as follows:

20 1. The first Two Hundred Fifty Thousand Dollars (\$250,000.00)
21 of the levy collected each month shall be deposited in the State
22 Treasury to the credit of the State Transportation Fund;

23 2. One and six hundred twenty-five one-thousandths percent
24 (1.625%) of the levy shall be remitted to the State Treasurer to the

1 credit of the High Priority State Bridge Revolving Fund as created
2 in Section 506 of Title 69 of the Oklahoma Statutes;

3 3. Sixty-three and seventy-five one-hundredths percent (63.75%)
4 of the levy shall be deposited in the State Treasury to the credit
5 of the State Transportation Fund to be apportioned as follows:

6 a. the first Eight Hundred Fifty Thousand Dollars
7 (\$850,000.00) collected each fiscal year shall be
8 transferred to the Public Transit Revolving Fund,
9 created in Section 4031 of Title 69 of the Oklahoma
10 Statutes, and

11 b. the second Eight Hundred Fifty Thousand Dollars
12 (\$850,000.00) collected each fiscal year shall be
13 transferred to the Oklahoma Tourism and Passenger Rail
14 Revolving Fund and shall be used by the Department of
15 Transportation:

16 (1) to contract railroad passenger services,
17 including but not limited to a route linking
18 stations in Oklahoma and Tulsa Counties with
19 other primary points in the national railroad
20 passenger system and passenger rail service
21 within the state, and a route beginning at a
22 station in Oklahoma County and extending north to
23 the Kansas state line in Kay County, and
24

- 1 (2) to provide necessary facility, signaling, and
2 track improvements for those contracted services,
3 c. forty-one and two-tenths percent (41.2%) of the monies
4 apportioned to the State Transportation Fund shall be
5 used for any purpose provided for in Section 1502 of
6 Title 69 of the Oklahoma Statutes,
7 d. nine and eight-tenths percent (9.8%) of the monies
8 apportioned to the State Transportation Fund shall be
9 used to provide funds for the construction and
10 maintenance of farm-to-market roads on the state
11 highway system, and other rural farm-to-market roads
12 and bridges, and
13 e. any remaining amount of the apportionment shall be
14 deposited into the State Transportation Fund;

15 4. Twenty-seven percent (27%) of the levy shall be transmitted
16 by the Tax Commission to the various counties of the state, to be
17 apportioned and used as follows:

- 18 a. sixty-five and three-tenths percent (65.3%) of the
19 monies apportioned under this paragraph shall be used
20 on the following basis:
21 (1) forty percent (40%) of such sum shall be
22 distributed to the various counties in the
23 proportion which the county road mileage of each
24

1 county bears to the entire state road mileage as
2 certified by the Transportation Commission, and
3 (2) the remaining sixty percent (60%) of such sum
4 shall be distributed to the various counties on
5 the basis which the population and area of each
6 county bears to the total population and area of
7 the state. The population shall be as shown by
8 the last Federal Decennial Census or the most
9 recent annual estimate provided by the U.S.
10 Bureau of the Census,

11 b. twenty-three and one-tenth percent (23.1%) of the
12 monies apportioned under this paragraph shall be
13 distributed to the counties in the following manner:
14 One-third (1/3) on area; one-third (1/3) on rural
15 population, defined as including the population of all
16 municipalities with a population of less than five
17 thousand (5,000) according to the latest Federal
18 Decennial Census; and one-third (1/3) on county road
19 mileage, as last certified by the Department of
20 Transportation, as each county bears to the entire
21 area, rural population and road mileage of the state,
22 and

23 c. eleven and six-tenths percent (11.6%) of the monies
24 apportioned under this paragraph shall be distributed

1 to the various counties of the state based on a
2 formula developed by the Department of Transportation
3 and approved by the Department of Transportation
4 County Advisory Board created pursuant to Section
5 302.1 of Title 69 of the Oklahoma Statutes. The
6 formula shall be similar to the formula currently used
7 for the distribution of monies in the County Bridge
8 Program funds, but shall also take into consideration
9 the effect of the terrain and traffic volume as
10 related to county road improvement and maintenance
11 costs;

12 5. Three and one hundred twenty-five one-thousandths percent
13 (3.125%) of the levy shall be distributed to the various counties of
14 the state based on a formula developed by the Department of
15 Transportation and approved by the Department of Transportation
16 County Advisory Board created pursuant to Section 302.1 of Title 69
17 of the Oklahoma Statutes. The formula shall be similar to the
18 formula currently used for the distribution of monies in the County
19 Bridge Program funds, but shall also take into consideration the
20 effect of the terrain and traffic volume as related to county road
21 improvement and maintenance costs;

22 6. Two and two hundred ninety-seven one-thousandths percent
23 (2.297%) of the levy shall be distributed to the various counties of
24 the state for deposit into the County Bridge and Road Improvement

1 Fund of each county based on a formula developed by the Department
2 of Transportation and approved by the Department of Transportation
3 County Advisory Board created pursuant to Section 302.1 of Title 69
4 of the Oklahoma Statutes to be used for the purposes set forth in
5 the County Bridge and Road Improvement Act. The formula shall be
6 similar to the formula currently used for the distribution of monies
7 in the County Bridge Program funds, but shall also take into
8 consideration the effect of the terrain and traffic volume as
9 related to county road improvement and maintenance costs;

10 7. One and eight hundred seventy-five one-thousandths percent
11 (1.875%) of the levy shall be transmitted by the Tax Commission to
12 the treasurers of the various incorporated cities and towns of the
13 state in the percentage which the population, as shown by the last
14 Federal Decennial Census or the most recent annual estimate provided
15 by the U.S. Bureau of the Census, bears to the total population of
16 all the incorporated cities and towns in this state. The funds
17 shall be expended for the construction, repair and maintenance of
18 the streets and alleys of the incorporated cities and towns of this
19 state; and

20 8. Three hundred twenty-eight one-thousandths percent (0.328%)
21 of the levy shall be transmitted by the Tax Commission to the
22 Statewide Circuit Engineering District Revolving Fund as created in
23 Section 687.2 of Title 69 of the Oklahoma Statutes.

24

1 B. 1. The funds apportioned or transmitted pursuant to
2 subparagraphs a, b, and c of paragraph 4 of subsection A of this
3 section, subsection B of Section 500.7 of this title, subsection B
4 of Section 704 of this title, Section 706 of this title, and
5 paragraph 2 of subsection D of Section 707.3 of this title shall be
6 sent to the respective county treasurers and deposited in the county
7 highway fund to be used by the county commissioners for the purpose
8 of constructing and maintaining county highways and bridges.

9 2. The funds received by any county shall not be diverted to
10 any other county of the state, and shall only be expended under the
11 direction and control of the board of county commissioners in the
12 county to which the funds are appropriated. If any part of the
13 funds is diverted for any other purpose, the county commissioners
14 shall be liable on their bond for double the amount of the money so
15 diverted. This paragraph shall not prohibit counties from entering
16 into cooperative agreements pertaining to the maintenance and
17 construction of roads and bridges.

18 3. Where any county highway has been laid out over a road
19 already constructed in any county by the use of money raised from
20 county bond issues for that purpose, either alone or by the use of
21 federal or state aid, or both, the county commissioners may set
22 aside out of the funds apportioned to that county, as provided in
23 this section, an amount of money equal to the value of any part
24 thereof, of the interest of such county in such highway or bridge,

1 which amount of money shall be considered by the excise board in
2 reducing the levy for the purpose of retiring the bonded
3 indebtedness and interest thereon of the county, and shall be used
4 for investment or deposit in the same manner as provided by law for
5 the disposition of other sinking fund money.

6 4. In all counties where the county excise board may find it
7 necessary, because of insufficient revenue, to maintain county
8 government out of the general fund, after a levy of ten (10) mills
9 has been made for any fiscal year, the county excise board may
10 appropriate out of any such funds apportioned to the county an
11 amount sufficient to pay the salaries of the county commissioners of
12 the county for the fiscal year.

13 5. Counties may use funds deposited in the county highway fund
14 for the purpose of matching federal or state funds, provided such
15 funds are available, as necessary to secure assistance in the
16 construction or improvement of the county road system.

17 C. With regards to the apportionment of the levy as set forth
18 in paragraph 5 of subsection A of this section, paragraph 5 of
19 subsection A of Section 500.7 of this title, and subsection C of
20 Section 707.2 of this title:

21 1. If any county has an accrued balance of funds which were
22 appropriated to or otherwise accrued in a restricted road
23 maintenance fund, such funds shall be deposited directly to the
24 county highway fund of the county;

1 2. If any county has an accrued balance of funds which were
2 appropriated to or otherwise accrued in the County Road Improvement
3 Fund, or the County Bridge Improvement Fund, such funds shall, by
4 resolution approved by a majority of the board of county
5 commissioners and filed with the Department of Transportation, be
6 deposited in the county highway fund of the county;

7 3. If any county has an accrued balance of funds which were
8 appropriated to or otherwise accrued in the County Bridge and Road
9 Improvement Fund, ninety-nine percent (99%) of such funds shall be
10 remitted to the respective county treasurer for deposit in the
11 appropriate County Bridge and Road Improvement Fund to be used for
12 the purpose set forth in the County Bridge and Road Improvement Act.
13 The remaining one percent (1%) of such funds will be remitted to the
14 Statewide Circuit Engineering District Revolving Fund; and

15 4. If any county has an advanced funding agreement with the
16 Department of Transportation, the Department of Transportation shall
17 notify the Tax Commission as to the amount the county is obligated
18 to pay according to the terms of the advanced funding agreement.
19 The obligated amount shall be transferred each month by the Tax
20 Commission to the Department of Transportation to the credit of the
21 County Bridge and Road Improvement Fund from the funds apportioned
22 to the county pursuant to paragraph 5 of subsection A of this
23 section. A county may elect to increase the monthly amount to be
24 repaid pursuant to the advanced funding agreement from the funds

1 apporportioned to the county, but a county shall not be permitted to
2 reduce the amount agreed to pursuant to the advanced funding
3 agreement.

4 D. The tax levied on gasoline pursuant to Section 500.4A of
5 this title, and the penalties and interest thereon, collected by the
6 Tax Commission under the levy shall be apportioned and distributed
7 on a monthly basis to the State Highway Construction and Maintenance
8 Fund for the purposes authorized by Section 1502 of Title 69 of the
9 Oklahoma Statutes.

10 SECTION 5. AMENDATORY 68 O.S. 2001, Section 500.28, as
11 amended by Section 3, Chapter 327, O.S.L. 2006 (68 O.S. Supp. 2010,
12 Section 500.28), is amended to read as follows:

13 Section 500.28 A. In the event the tax imposed by Section
14 500.4 of this title is not otherwise precollected, the tax shall be
15 collected:

16 1. Upon the first receipt of motor fuel when received from a
17 source outside of the state by any wholesaler, retailer or end-user
18 and the tax is imposed upon, and shall be the liability of, any such
19 wholesaler, retailer or end-user who first received the motor fuel
20 into the state; ~~and~~

21 2. Upon the first sale or use of motor fuel when produced in
22 this state by any person and the tax is imposed upon the first sale
23 or use by such person. The tax is imposed upon, and shall be the
24 liability of, the producer of the motor fuel; and

1 3. Upon the first sale of compressed natural gas by a
2 wholesaler to a retailer or end-user and the tax is imposed upon,
3 and shall be the liability of any such wholesaler to remit the same
4 to the Tax Commission on or before the same date and in the same
5 manner as provided in Section 500.20 of this title.

6 B. In the event the tax imposed by Section 500.4 of this title
7 is not otherwise precollected or collected pursuant to the
8 provisions of subsection A of this section, it shall be collected
9 from the ultimate consumer in accordance with regulations
10 promulgated by the Commission, for the use of motor fuel on the
11 highways by any consumer, unless such person is otherwise exempted
12 pursuant to paragraphs 5, 6 and 7 of Section 500.10 of this title,
13 upon the delivery into the fuel supply tank of a highway vehicle of,
14 including, but not limited to:

- 15 1. Any diesel fuel that contains a dye; or
- 16 2. Any motor fuel on which a claim for refund has been made.

17 C. The ultimate vendor of motor fuel, other than a federally
18 recognized Indian tribe, shall be jointly and severally liable for
19 the backup tax precollected by subsection A of this section if the
20 ultimate vendor knows or has reason to know that the motor fuel, as
21 to which tax imposed by this act has not been paid, is or will be
22 consumed in a nonexempt use.

23 SECTION 6. AMENDATORY 68 O.S. 2001, Section 500.33, is
24 amended to read as follows:

1 Section 500.33 A. Each supplier engaged in business in this
2 state as a supplier shall first obtain a supplier's license.

3 B. Any person who desires to precollect the tax imposed by this
4 act as a supplier and who meets the definition of a permissive
5 supplier may obtain a permissive supplier's license. Application
6 for or possession of a permissive supplier's license shall not in
7 itself subject the applicant or licensee to the jurisdiction of this
8 state for any other purpose than administration and enforcement of
9 this act.

10 C. Each terminal operator, other than a supplier licensed under
11 subsection A of this section, engaged in business in this state as a
12 terminal operator shall first obtain a terminal operator's license
13 for each terminal site.

14 D. Each person, except suppliers, desiring to export motor fuel
15 to a destination outside of this state shall first obtain an
16 exporter's license. The state shall require that any exporter who
17 exports product to another state without first paying the motor fuel
18 tax of that destination state to the supplier shall first obtain an
19 exporter's license.

20 E. Each person who is not licensed as a supplier or bonded
21 importer shall obtain a transporter's license before transporting
22 motor fuel by whatever manner from a point outside this state to a
23 point inside this state, or from a point inside this state to a
24 point outside this state, regardless of whether the person is

1 engaged for hire in interstate commerce or for hire in intrastate
2 commerce.

3 F. 1. Each person desiring to deliver motor fuel into this
4 state on behalf of such person, for the account of that person, or
5 for resale to a purchaser in this state, from another state in a
6 fuel transport truck or in a pipeline or barge shipment into storage
7 facilities other than a qualified terminal, shall first make
8 application for and obtain either an occasional importer's license,
9 or a bonded importer's license.

10 2. Paragraph 1 of this subsection shall not apply to persons
11 who exclusively import motor fuel which is exempted because in
12 accordance with paragraph 16 of Section ~~40~~ 500.10 of this ~~act~~ title
13 it has been dyed.

14 3. Paragraph 1 of this subsection shall not apply to persons
15 who import nonexempt motor fuels meeting the following conditions:

16 a. all of the motor fuel is subject to one or more tax
17 precollection agreements with suppliers as provided
18 under Section ~~49~~ 500.19 of this ~~act~~ title,

19 b. all of the motor fuel tax precollected by the supplier
20 is expressly evidenced on the terminal-issued shipping
21 paper as more specifically provided under Section ~~44~~
22 500.44 of this ~~act~~ title, and

23

24

1 c. the Commission has determined that all border states
2 have adopted terminal reporting requirements adequate
3 for the mutual enforcement of this act.

4 4. A person desiring to import motor fuel to a destination in
5 this state from another specific terminal source state, and who has
6 not entered into an agreement to prepay the motor fuel tax of this
7 state to the supplier or permissive supplier with respect to the
8 imports, shall obtain a valid occasional importer's license, or
9 subject to the bonding requirements of subsection B of Section ~~35~~
10 500.35 of this ~~act~~ title, a valid bonded importer's license under
11 paragraph 1 of this subsection. In either event, the person shall:

12 a. obtain an import verification number from the
13 Commission no sooner than twenty-four (24) hours prior
14 to entering the state for each separate import into
15 this state, but in any event the number shall be
16 obtained prior to entering this state, and

17 b. display the handwritten import verification number on
18 the terminal-issued shipping document required under
19 Section ~~50~~ 500.50 of this ~~act~~ title, and

20 c. comply with the payment requirements under Section ~~18~~
21 500.18 of this ~~act~~ title, whichever is applicable.

22 5. The importers' licenses issued pursuant to this section
23 shall be specific to each source of supply state, and in the event
24 that the other terminal source of supply state shall have adopted

1 reciprocal legislation, or a multi-state compact, providing for
2 collection of destination state tax by the terminal supplier in
3 accordance with terminal-issued shipping papers designating the
4 intended state of destination, then the importer shall be ineligible
5 for a license to import motor fuel outside the bulk transfer system
6 from the other state, and any license to so import from the other
7 state shall be rendered invalid.

8 G. Each person who is an importer of motor fuel into this state
9 by a tank wagon operating out of or controlling a bulk plant in
10 another state, if the destination of that tank wagon is within
11 twenty-five (25) miles of the border of this state, shall make
12 application for and obtain a license from the Commission prior to
13 engaging in such importation activities. However, registration as a
14 tank wagon operator-importer shall not constitute authorization of
15 such persons to acquire nonexempt motor fuel free of the tax imposed
16 by this act at a terminal either within this state or without this
17 state for direct delivery to a location in this state. Any person
18 who possesses a valid importer's license shall be eligible as a tank
19 wagon operator-importer without issuance of a separate license
20 provided the importer also operates one or more bulk plants outside
21 this state. Operators of a tank wagon delivering a product into
22 this state more than twenty-five (25) miles from the border shall be
23 required to apply for an importer's license under subsection F of
24 this section.

1 H. 1. Each person who engages in the business of selling motor
2 fuel or compressed natural gas at wholesale or retail, or storing or
3 distributing motor fuel or compressed natural gas for resale within
4 this state, shall first obtain a fuel vendor license which shall be
5 operative for all locations controlled or operated by that licensee
6 in this state or in any other state from which the person removes
7 fuel for delivery and use in this state.

8 2. Each fuel vendor shall maintain detailed records of all
9 purchases and sales for a period of not less than three (3) years.

10 3. All fuel vendor records shall be maintained in English and
11 Arabic numerals or language acceptable to electronic formats.

12 4. The Commission may, in its discretion, exempt from paragraph
13 1 of this subsection any or all classes of persons who possess a
14 valid supplier, terminal operator, carrier, importer, tank wagon
15 operator or exporter license.

16 SECTION 7. AMENDATORY 68 O.S. 2001, Section 701, is
17 amended to read as follows:

18 Section 701. The following words and phrases when used in this
19 act are hereby defined as follows:

20 (a) The term "motor vehicle" or "vehicle" means and includes
21 any automobile, truck, truck-tractor, bus, vehicle or mechanical
22 contrivance which is propelled by an internal combustion engine or
23 motor and not used in the air or upon fixed rails or tracks.

24

1 (b) The term "person" means and includes every natural person,
2 fiduciary, individual, partnership, firm, association, limited
3 liability company, corporation, business trust, or combination
4 acting as a unit, or any receiver appointed by any state or federal
5 court, and the use of the singular number shall include the plural.
6 Whenever used in any clause prescribing and imposing a fine or
7 imprisonment or both, the term "person" as applied to an association
8 means and includes the parties or members thereof, and as applied to
9 corporations, the officers thereof.

10 (c) "Commission" or "Tax Commission" means the Oklahoma Tax
11 Commission.

12 (d) The term "special fuel" or "fuel" means and includes all
13 combustible gases and liquids, including liquefied gases, which
14 exist in the gaseous state at a temperature of sixty (60) degrees
15 Fahrenheit and at a pressure of fourteen and seven-tenths (14.7)
16 pounds per square inch absolute, but the term does not include
17 compressed natural gas subject to the levy of tax pursuant to
18 paragraph 3 of subsection A of Section 500.4 of this title.

19 (e) The term "use" shall mean and include the following: (1)
20 the delivery or placing of special fuel into the fuel supply tank or
21 tanks of any motor vehicle in this state for use in whole or in part
22 to propel such vehicle on the public highways of this state; (2) the
23 consumption on the public highways of Oklahoma of any special fuel
24 imported into this state in the fuel supply tank or tanks of any

1 motor vehicle using the public highways of this state for commercial
2 purposes; (3) the consumption of special fuel in any type of motor
3 vehicle on the public highways of this state for any purpose by any
4 person who refuses to divulge the source of such fuel.

5 (f) The term "public highway" means and includes every road,
6 highway, street, way or place within this state, of whatever nature,
7 generally open to the use of the public as a matter of right for the
8 purposes of vehicular travel, including a toll highway, and
9 including streets and alleys of any town or city, notwithstanding
10 that the same may be temporarily closed for the purpose of
11 construction, reconstruction, maintenance, or repair.

12 (g) The term "gallon" means one (1) United States standard
13 gallon at a temperature of sixty (60) degrees Fahrenheit.

14 (h) The term "special fuel dealer" shall mean any person
15 engaged in the business of handling special fuel who delivers any
16 part thereof into the fuel supply tank or tanks of any motor
17 vehicle.

18 (i) The term "special fuel user" shall mean and include any
19 person other than a special fuel dealer, who uses special fuel in
20 this state, within the meanings of the word "use" as defined in this
21 act, and shall include any person who consumes special fuel to
22 propel a motor vehicle upon the public highways of this state when
23 such special fuel has been purchased or obtained from any source
24 free from the payment to this state of the tax levied by this act.

1 SECTION 8. AMENDATORY 68 O.S. 2001, Section 723, is
2 amended to read as follows:

3 Section 723. A. In lieu of the special fuel tax imposed by
4 Sections 703, 705, 707.1, 707.2 and 707.3 of this title, there is
5 hereby levied a flat fee of Fifty Dollars (\$50.00) on each passenger
6 automobile, and on each pickup truck or van not exceeding one (1)
7 ton in capacity, using liquefied petroleum gas or natural gas as
8 fuel, except that no such fee shall be levied on any vehicle which
9 is the subject of an exemption pursuant to Section 708 of this
10 title. Provided that, should the passenger automobile, pickup truck
11 or van have been acquired or should the liquefied petroleum gas or
12 natural gas system be installed on or after July 1, the flat fee
13 shall be Twenty-five Dollars (\$25.00) for the remainder of the
14 calendar year, except as hereinafter provided.

15 B. Beginning January 1, 1991, in lieu of the special fuel tax
16 imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title,
17 there is hereby levied a flat fee of One Hundred Dollars (\$100.00)
18 on each passenger automobile, and on each pickup truck or van not
19 exceeding one (1) ton in capacity, using ~~compressed natural gas,~~
20 liquefied natural gas, methanol or "M-85" which is a mixture of
21 methanol and gasoline containing at least eighty-five percent (85%)
22 methanol as fuel, except that no such fee shall be levied on any
23 vehicle which is the subject of an exemption pursuant to Section 708
24 of this title. Provided that, should the passenger automobile,

1 pickup truck or van have been acquired or should the ~~compressed~~
2 ~~natural gas~~, liquefied natural gas, methanol or "M-85" system be
3 installed on or after July 1, the flat fee shall be Fifty Dollars
4 (\$50.00) for the remainder of the calendar year, except as
5 hereinafter provided.

6 C. ~~Beginning January 1, 1993, in~~ In lieu of the special fuel
7 tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this
8 title, there is hereby levied a flat fee of One Hundred Fifty
9 Dollars (\$150.00) on each vehicle exceeding one (1) ton in capacity,
10 using liquefied petroleum gas, ~~compressed natural gas~~, liquefied
11 natural gas, methanol or "M-85" as fuel, except that no such fee
12 shall be levied on any vehicle which is the subject of an exemption
13 pursuant to Section 708 of this title. Provided that, should the
14 vehicle be acquired or should the ~~compressed natural gas~~, liquefied
15 natural gas, methanol or "M-85" system be installed on or after July
16 1, the flat fee shall be Seventy-five Dollars (\$75.00) for the
17 remainder of the calendar year, except as hereinafter provided.

18 D. Every person operating a vehicle using liquefied petroleum
19 gas, liquefied natural gas, ~~compressed natural gas~~, methanol or "M-
20 85" as fuel shall make application for and obtain a decal to be
21 issued on a yearly basis by the Oklahoma Tax Commission on forms
22 prescribed and furnished by the Tax Commission.

23 E. Every person required to make application for and receive a
24 decal under this section shall, at the time of making said

1 application, remit to the Tax Commission the total amount of the fee
2 due.

3 F. Each decal issued by the Tax Commission pursuant to the
4 provisions of this section, shall expire on December 31 of every
5 year, and in addition thereto said decals shall be displayed in the
6 lower right hand corner of the front windshield of said vehicle.
7 Upon receipt of satisfactory proof by the Tax Commission that it has
8 become necessary to replace the windshield of the vehicle for which
9 the decal was issued, another decal shall be issued by the Tax
10 Commission as a replacement for a fee of One Dollar (\$1.00).

11 G. When any vehicle using liquefied petroleum gas, liquefied
12 natural gas, ~~compressed natural gas~~, methanol or "M-85" as fuel and
13 displaying a current decal as provided in this section is sold, such
14 decal shall remain with the vehicle sold, unless the equipment
15 installed to enable the vehicle to use liquefied petroleum gas,
16 liquefied natural gas, ~~compressed natural gas~~, methanol or "M-85"
17 has been removed from the vehicle before the sale.

18 H. When the aforementioned equipment has been removed before
19 the sale, the seller of the vehicle shall also remove the decal
20 required of vehicles using liquefied petroleum gas, liquefied
21 natural gas, ~~compressed natural gas~~, methanol or "M-85". The
22 removed decal, a receipt from the Oklahoma Tax Commission showing
23 that the fee required has been paid for the current year, and the
24 payment of a one-dollar fee for duplicate decal shall entitle the

1 seller to make application for and obtain a new decal to be used for
2 the remainder of the year on any vehicle using liquefied petroleum
3 gas, liquefied natural gas, ~~compressed natural gas~~, methanol or "M-
4 85" in accordance with the provisions of this section.

5 I. Provisions contained in Sections 701 through 721 of this
6 title shall not apply to any vehicle using liquefied petroleum gas,
7 liquefied natural gas, ~~compressed natural gas~~, methanol or "M-85".

8 J. All funds derived from the fee imposed by subsection A of
9 this section shall be deposited annually in the General Revenue Fund
10 of the State Treasury by the Tax Commission. When any person fails
11 to obtain a current decal within thirty (30) days of the date said
12 decal is required as provided in this section, there shall become
13 due and payable a penalty of twenty percent (20%) of the fee in
14 addition to the fee. Said penalty to be deposited in the same
15 manner as the fee pursuant to this subsection.

16 K. All funds derived from the fee imposed by subsections B and
17 C of this section shall be collected by the Oklahoma Tax Commission
18 and apportioned annually to the State Transportation Fund. When any
19 person fails to obtain a current decal within thirty (30) days of
20 the date such decal is required as provided in this section, there
21 shall become due and payable a penalty of twenty percent (20%) of
22 the fee in addition to the fee. Such penalty shall be deposited in
23 the same manner as the fee pursuant to this subsection.

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SECTION 9. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

Until the effective date of this act, the Oklahoma Tax Commission shall presume that all sales of compressed natural gas for use in a vehicle for fuel shall have been delivered into the fuel supply system of a vehicle bearing a decal issued by the Tax Commission pursuant to the provisions of Section 723 of Title 68 of the Oklahoma Statutes.

SECTION 10. This act shall become effective January 1, 2012.

53-1-7021 MAH 03/02/11