

1 STATE OF OKLAHOMA

2 2nd Session of the 53rd Legislature (2012)

3 SENATE BILL 1573

By: Shortey

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5
6 AS INTRODUCED

7 An Act relating to sales tax; amending 68 O.S. 2011,
8 Sections 1357, 1361.1 and 1361.2, which relate to
9 sales tax exemptions for disabled veterans;
10 clarifying language; requiring eligible veterans to
11 provide specified information to Oklahoma Tax
12 Commission annually; providing for suspension or
13 nullification of exemption for failure to timely
14 provide information; authorizing reinstatement upon
15 compliance; establishing criteria for certain
16 documentation; requiring the Tax Commission to
17 provide annual certificate; requiring vendor to
18 decline to honor exemption under specified
19 circumstances; making certain acts unlawful and
20 providing penalty; requiring vendor to report
21 fraudulent use and misuse; modifying documentation
22 required to be provided to vendor at point of sale;
23 and providing an effective date.
24

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

19 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1357, is
20 amended to read as follows:

21 Section 1357. Exemptions - General.

22 There are hereby specifically exempted from the tax levied by
23 the Oklahoma Sales Tax Code:
24

- 1 1. Transportation of school pupils to and from elementary
2 schools or high schools in motor or other vehicles;
- 3 2. Transportation of persons where the fare of each person does
4 not exceed One Dollar (\$1.00), or local transportation of persons
5 within the corporate limits of a municipality except by taxicabs;
- 6 3. Sales for resale to persons engaged in the business of
7 reselling the articles purchased, whether within or without the
8 state, provided that such sales to residents of this state are made
9 to persons to whom sales tax permits have been issued as provided in
10 the Oklahoma Sales Tax Code. This exemption shall not apply to the
11 sales of articles made to persons holding permits when such persons
12 purchase items for their use and which they are not regularly
13 engaged in the business of reselling; neither shall this exemption
14 apply to sales of tangible personal property to peddlers, solicitors
15 and other salespersons who do not have an established place of
16 business and a sales tax permit. The exemption provided by this
17 paragraph shall apply to sales of motor fuel or diesel fuel to a
18 Group Five vendor, but the use of such motor fuel or diesel fuel by
19 the Group Five vendor shall not be exempt from the tax levied by the
20 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
21 is exempt from sales tax when the motor fuel is for shipment outside
22 this state and consumed by a common carrier by rail in the conduct
23 of its business. The sales tax shall apply to the purchase of motor
24 fuel or diesel fuel in Oklahoma by a common carrier by rail when

1 such motor fuel is purchased for fueling, within this state, of any
2 locomotive or other motorized flanged wheel equipment;

3 4. Sales of advertising space in newspapers and periodicals;

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

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

20 7. Eggs, feed, supplies, machinery and equipment purchased by
21 persons regularly engaged in the business of raising worms, fish,
22 any insect or any other form of terrestrial or aquatic animal life
23 and used for the purpose of raising same for marketing. This
24 exemption shall only be granted and extended to the purchaser when

1 the items are to be used and in fact are used in the raising of
2 animal life as set out above. Each purchaser shall certify, in
3 writing, on the invoice or sales ticket retained by the vendor that
4 the purchaser is regularly engaged in the business of raising such
5 animal life and that the items purchased will be used only in such
6 business. The vendor shall certify to the Oklahoma Tax Commission
7 that the price of the items has been reduced to grant the full
8 benefit of the exemption. Violation hereof by the purchaser or
9 vendor shall be a misdemeanor;

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

15 9. In addition to the exemptions authorized by Section 1357.6
16 of this title, sales of drugs sold pursuant to a prescription
17 written for the treatment of human beings by a person licensed to
18 prescribe the drugs, and sales of insulin and medical oxygen.
19 Provided, this exemption shall not apply to over-the-counter drugs;

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

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

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

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

16 a. is exempt from taxation pursuant to the provisions of
17 Section 501(c)(3) of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3), and which provides and
19 delivers prepared meals for home consumption to
20 elderly or homebound persons as part of a program
21 commonly known as "Meals on Wheels" or "Mobile Meals",
22 or

23 b. is exempt from taxation pursuant to the provisions of
24 Section 501(c)(3) of the Internal Revenue Code, 26

1 U.S.C., Section 501(c)(3), and which receives federal
2 funding pursuant to the Older Americans Act of 1965,
3 as amended, for the purpose of providing nutrition
4 programs for the care and benefit of elderly persons;

5 14. a. Sales of tangible personal property or services to or
6 by organizations which are exempt from taxation
7 pursuant to the provisions of Section 501(c)(3) of the
8 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
9 and:

10 (1) are primarily involved in the collection and
11 distribution of food and other household products
12 to other organizations that facilitate the
13 distribution of such products to the needy and
14 such distributee organizations are exempt from
15 taxation pursuant to the provisions of Section
16 501(c)(3) of the Internal Revenue Code, 26
17 U.S.C., Section 501(c)(3), or

18 (2) facilitate the distribution of such products to
19 the needy.

20 b. Sales made in the course of business for profit or
21 savings, competing with other persons engaged in the
22 same or similar business shall not be exempt under
23 this paragraph;
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1 15. Sales of tangible personal property or services to
2 children's homes which are located on church-owned property and are
3 operated by organizations exempt from taxation pursuant to the
4 provisions of the Internal Revenue Code, 26 U.S.C., Section
5 501(c) (3);

6 16. Sales of computers, data processing equipment, related
7 peripherals and telephone, telegraph or telecommunications service
8 and equipment for use in a qualified aircraft maintenance or
9 manufacturing facility. For purposes of this paragraph, "qualified
10 aircraft maintenance or manufacturing facility" means a new or
11 expanding facility primarily engaged in aircraft repair, building or
12 rebuilding whether or not on a factory basis, whose total cost of
13 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
14 and which employs at least two hundred fifty (250) new full-time-
15 equivalent employees, as certified by the Oklahoma Employment
16 Security Commission, upon completion of the facility. In order to
17 qualify for the exemption provided for by this paragraph, the cost
18 of the items purchased by the qualified aircraft maintenance or
19 manufacturing facility shall equal or exceed the sum of Two Million
20 Dollars (\$2,000,000.00);

21 17. Sales of tangible personal property consumed or
22 incorporated in the construction or expansion of a qualified
23 aircraft maintenance or manufacturing facility as defined in
24 paragraph 16 of this section. For purposes of this paragraph, sales

1 made to a contractor or subcontractor that has previously entered
2 into a contractual relationship with a qualified aircraft
3 maintenance or manufacturing facility for construction or expansion
4 of such a facility shall be considered sales made to a qualified
5 aircraft maintenance or manufacturing facility;

6 18. Sales of the following telecommunications services:

7 a. Interstate and International "800 service". "800
8 service" means a "telecommunications service" that
9 allows a caller to dial a toll-free number without
10 incurring a charge for the call. The service is
11 typically marketed under the name "800", "855", "866",
12 "877", and "888" toll-free calling, and any subsequent
13 numbers designated by the Federal Communications
14 Commission, or

15 b. Interstate and International "900 service". "900
16 service" means an inbound toll "telecommunications
17 service" purchased by a subscriber that allows the
18 subscriber's customers to call in to the subscriber's
19 prerecorded announcement or live service. "900
20 service" does not include the charge for: collection
21 services provided by the seller of the
22 "telecommunications services" to the subscriber, or
23 service or product sold by the subscriber to the
24 subscriber's customer. The service is typically

1 marketed under the name "900" service, and any
2 subsequent numbers designated by the Federal
3 Communications Commission,

4 c. Interstate and International "private communications
5 service". "Private communications service" means a
6 "telecommunications service" that entitles the
7 customer to exclusive or priority use of a
8 communications channel or group of channels between or
9 among termination points, regardless of the manner in
10 which such channel or channels are connected, and
11 includes switching capacity, extension lines,
12 stations, and any other associated services that are
13 provided in connection with the use of such channel or
14 channels,

15 d. "Value-added nonvoice data service". "Value-added
16 nonvoice data service" means a service that otherwise
17 meets the definition of "telecommunications services"
18 in which computer processing applications are used to
19 act on the form, content, code, or protocol of the
20 information or data primarily for a purpose other than
21 transmission, conveyance or routing,

22 e. Interstate and International telecommunications
23 service which is:
24

1 (1) rendered by a company for private use within its
2 organization, or

3 (2) used, allocated, or distributed by a company to
4 its affiliated group,

5 f. Regulatory assessments and charges, including charges
6 to fund the Oklahoma Universal Service Fund, the
7 Oklahoma Lifeline Fund and the Oklahoma High Cost
8 Fund, and

9 g. Telecommunications nonrecurring charges, including but
10 not limited to the installation, connection, change or
11 initiation of telecommunications services which are
12 not associated with a retail consumer sale;

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

16 20. Sales of aircraft and aircraft parts provided such sales
17 occur at a qualified aircraft maintenance facility. As used in this
18 paragraph, "qualified aircraft maintenance facility" means a
19 facility operated by an air common carrier at which there were
20 employed at least two thousand (2,000) full-time-equivalent
21 employees in the preceding year as certified by the Oklahoma
22 Employment Security Commission and which is primarily related to the
23 fabrication, repair, alteration, modification, refurbishing,
24 maintenance, building or rebuilding of commercial aircraft or

1 aircraft parts used in air common carriage. For purposes of this
2 paragraph, "air common carrier" shall also include members of an
3 affiliated group as defined by Section 1504 of the Internal Revenue
4 Code, 26 U.S.C., Section 1504;

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

8 a. as defined under Industrial Group Numbers 7372 and
9 7373 of the Standard Industrial Classification (SIC)
10 Manual, latest version, which derive at least fifty
11 percent (50%) of their annual gross revenues from the
12 sale of a product or service to an out-of-state buyer
13 or consumer, and

14 b. as defined under Industrial Group Number 7374 of the
15 SIC Manual, latest version, which derive at least
16 eighty percent (80%) of their annual gross revenues
17 from the sale of a product or service to an out-of-
18 state buyer or consumer.

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

1 all sales to the federal government shall be considered to be to an
2 out-of-state buyer or consumer;

3 22. Sales of prosthetic devices to an individual for use by
4 such individual. For purposes of this paragraph, "prosthetic
5 device" shall have the same meaning as provided in Section 1357.6 of
6 this title, but shall not include corrective eye glasses, contact
7 lenses or hearing aids;

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

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

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

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

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

14 28. Beginning July 1, 2005, sales of aircraft engine repairs,
15 modification, and replacement parts, sales of aircraft frame repairs
16 and modification, aircraft interior modification, and paint, and
17 sales of services employed in the repair, modification and
18 replacement of parts of aircraft engines, aircraft frame and
19 interior repair and modification, and paint;

20 29. Sales of materials and supplies to the owner or operator of
21 a ship, motor vessel or barge that is used in interstate or
22 international commerce if the materials and supplies:
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1 a. are loaded on the ship, motor vessel or barge and used
2 in the maintenance and operation of the ship, motor
3 vessel or barge, or

4 b. enter into and become component parts of the ship,
5 motor vessel or barge;

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

13 a. such sale or event may not be held for a period
14 exceeding three (3) consecutive days,

15 b. the sale must be conducted within six (6) months of
16 the date of death of the decedent, and

17 c. the exemption allowed by this paragraph shall not be
18 allowed for property that was not part of the
19 decedent's estate;

20 31. Beginning January 1, 2004, sales of electricity and
21 associated delivery and transmission services, when sold exclusively
22 for use by an oil and gas operator for reservoir dewatering projects
23 and associated operations commencing on or after July 1, 2003, in
24 which the initial water-to-oil ratio is greater than or equal to

1 five-to-one water-to-oil, and such oil and gas development projects
2 have been classified by the Corporation Commission as a reservoir
3 dewatering unit;

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

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

17 34. Sales of tangible personal property or services to ~~persons~~
18 veterans who are residents of Oklahoma and have been honorably
19 discharged from active service in any branch of the Armed Forces of
20 the United States or Oklahoma National Guard and who have been
21 certified by the United States Department of Veterans Affairs or its
22 successor to be in receipt of disability compensation at the one-
23 hundred-percent rate and the disability shall be permanent and have
24 been sustained through military action or accident or resulting from

1 disease contracted while in such active service; provided, sales for
2 the benefit of the ~~person~~-veteran to a current spouse of the
3 eligible ~~person~~ veteran or to a member of the household in which the
4 eligible ~~person~~-veteran resides and who is authorized to make
5 purchases on the ~~person's~~ veteran's behalf, when such eligible
6 ~~person~~ veteran is not present at the sale, shall also be exempt for
7 purposes of this paragraph. Sales qualifying for the exemption
8 authorized by this paragraph shall not exceed Twenty-five Thousand
9 Dollars (\$25,000.00) per year per individual. ~~Upon request of~~
10 Annually, on the date required for filing income tax returns with
11 the Tax Commission, a ~~person~~-veteran asserting or claiming the
12 exemption authorized by this paragraph shall provide his or her
13 current address, the full name of his or her current spouse, if any,
14 and the full names of all eligible household members residing in the
15 home with the disabled veteran, if any, who may be authorized to
16 make purchases on behalf of the eligible veteran, and a statement,
17 executed under oath, that the total sales amounts for which the
18 exemption is applicable have not exceeded Twenty-five Thousand
19 Dollars (\$25,000.00) ~~per~~ for the current taxable year. If the
20 amount of such exempt sales exceeds such amount, the sales tax in
21 excess of the authorized amount shall be treated as a direct sales
22 tax liability and may be recovered by the Tax Commission in the same
23 manner provided by law for other taxes, including penalty and
24 interest. Failure to timely provide the information required by

1 this paragraph shall operate to suspend the disabled veteran tax
2 exemption until the information is filed; provided, if the
3 information has not been filed within one year after its due date,
4 the Tax Commission shall declare the sales tax exemption abandoned
5 and void. Nothing shall prohibit a reinstatement of the tax
6 exemption after the eligible veteran is in full compliance with the
7 provisions of this paragraph;

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

23 36. Sales of intrastate charter and tour bus transportation.
24 As used in this paragraph, "intrastate charter and tour bus

1 transportation" means the transportation of persons from one
2 location in this state to another location in this state in a motor
3 vehicle which has been constructed in such a manner that it may
4 lawfully carry more than eighteen persons, and which is ordinarily
5 used or rented to carry persons for compensation. Provided, this
6 exemption shall not apply to regularly scheduled bus transportation
7 for the general public;

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

15 38. Sales of goods, wares, merchandise, tangible personal
16 property, machinery and equipment to a web search portal located in
17 this state which derives at least eighty percent (80%) of its annual
18 gross revenue from the sale of a product or service to an out-of-
19 state buyer or consumer. For purposes of this paragraph, "web
20 search portal" means an establishment classified under NAICS code
21 519130 which operates web sites that use a search engine to generate
22 and maintain extensive databases of Internet addresses and content
23 in an easily searchable format;

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

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

20 41. Before July 1, 2014, sales of rolling stock when sold or
21 leased by the manufacturer, regardless of whether the purchaser is a
22 public services corporation engaged in business as a common carrier
23 of property or passengers by railway, for use or consumption by a
24 common carrier directly in the rendition of public service. For

1 purposes of this paragraph, "rolling stock" means locomotives,
2 autocars and railroad cars; and

3 42. Sales of gold, silver, platinum, palladium or other bullion
4 items such as coins and bars and legal tender of any nation, which
5 legal tender is sold according to its value as precious metal or as
6 an investment. To qualify for the exemption, the gold, silver,
7 platinum, palladium or other bullion items must be stored within a
8 recognized depository facility. As used in the paragraph, "bullion"
9 means any precious metal, including, but not limited to, gold,
10 silver, platinum and palladium, that is in such a state or condition
11 that its value depends upon its precious metal content and not its
12 form. As used in this paragraph, "depository facility" means an
13 institution that accepts delivery of precious metals on behalf of
14 the purchaser and provides storage of such precious metals, but
15 shall not include financial institutions as defined in subsection E
16 of Section 71 of Title 62 of the Oklahoma Statutes. The exemption
17 authorized by this paragraph shall not apply to fabricated metals
18 that have been processed or manufactured for artistic use or as
19 jewelry.

20 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1361.1, is
21 amended to read as follows:

22 Section 1361.1. A. If a vendor, in good faith, timely accepts
23 from a consumer valid identification and properly completed
24 documentation certified by the Oklahoma Tax Commission that such

1 consumer is exempt from the taxes levied by the Oklahoma Sales Tax
2 Code, the vendor shall be relieved of any liability for any sales
3 tax or the duty to collect any sales tax imposed by the provisions
4 of Section 1361 of this title upon such vendor with respect to such
5 sale.

6 B. Properly completed documentation for a veteran's sale tax
7 exemption shall be the valid veteran tax exemption card issued by
8 the Tax Commission bearing the full name and address of the eligible
9 disabled veteran or the valid certificate of sale tax exemption
10 issued by the Tax Commission which shall have printed on the face of
11 the certificate the veteran's full name, the veteran's current
12 address, the name of his or her current spouse, if any, and the
13 names of all eligible household members residing with the eligible
14 veteran, if any, authorized to make purchases on behalf of the
15 veteran. Annually, the Tax Commission shall provide to the eligible
16 disabled veteran a sale tax exemption certificate based upon the
17 information required to be furnished by the veteran in paragraph 34
18 of Section 1357 of this title. When a consumer's identification
19 does not match the Tax Commission's documentation presented to the
20 vendor by the consumer claiming a veteran's sales tax exemption, the
21 vender shall decline to honor the tax exemption.

22 C. Any person altering a veteran's sales tax exemption card or
23 certificate issued by the Tax Commission, or using, or attempting to
24 use, a disabled veteran's tax exemption documentation without lawful

1 authority, shall be guilty, upon conviction, of a misdemeanor
2 punishable by a fine of One Thousand Dollars (\$1,000.00) plus any
3 other penalties and costs allowed by law. Each infraction shall be
4 deemed a separate violation. Vendors shall report fraudulent use
5 and misuse of disabled veteran sales tax exemptions by consumers to
6 the Tax Commission.

7 D. A vendor who has actual knowledge that a consumer is
8 entitled to an exemption under paragraph 34 of Section 1357 of this
9 title and who willfully or intentionally refuses to honor the
10 exemption shall be punished by an administrative fine of Five
11 Hundred Dollars (\$500.00) per offense. A second or subsequent
12 violation of this subsection shall be unlawful and constitute a
13 misdemeanor offense punishable by a fine of not more than Five
14 Hundred Dollars (\$500.00) per such offense, in addition to any
15 administrative fine. The Tax Commission shall refer any vendor who
16 has more than once willfully or intentionally refused to honor the
17 exemption, whether fined or not, to the district attorney where the
18 vendor is located for prosecution. For the purposes of this
19 subsection, "vendor" means any individual most responsible for
20 supervising, and the conduct of, any employee who intentionally
21 refuses to honor the exemption including, but not limited to, a
22 manager, owner, partner or corporate officer.

23 ~~C.~~ E. Any written communication between the Commission and any
24 holder of a sales tax permit that is an attempt by the Commission to

1 enforce the provisions of this section shall be public and,
2 notwithstanding any other provision of law, no presumption of
3 confidentiality shall exist for such communications. The Commission
4 shall, upon request of any consumer entitled to an exemption under
5 paragraph 34 of Section 1357 of this title, transmit to such
6 consumer copies of such communication.

7 SECTION 3. AMENDATORY 68 O.S. 2011, Section 1361.2, is
8 amended to read as follows:

9 Section 1361.2. In order to claim the exemption authorized by
10 paragraph 34 of Section 1357 of ~~Title 68 of the Oklahoma Statutes~~
11 this title, the person to whom the sale is made shall be required to
12 furnish the vendor proof of eligibility for the exemption as issued
13 by the Oklahoma Tax Commission and a valid driver license, state
14 issued identification card or military identification card which
15 confirms the person's identity as the eligible disabled veteran or
16 the current spouse or member of the household in which the eligible
17 disabled veteran resides and who is authorized to make purchases on
18 behalf of the veteran as printed on the face of the certificate for
19 sales tax exemption. All vendors shall honor ~~the~~ proper proof of
20 eligibility for sales tax exemption and sales for the benefit of the
21 disabled veteran to a person providing such proof shall be exempt
22 from the tax levied pursuant to the Oklahoma Sales Tax Code.

23 SECTION 4. This act shall become effective November 1, 2012.
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