

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 SENATE BILL 861

By: Jolley

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5
6 AS INTRODUCED

7 An Act relating to sales tax; amending 68 O.S. 2011,
8 Section 1356, as amended by Section 541, Chapter 304,
9 O.S.L. 2012 (68 O.S. Supp. 2012, Section 1356), which
10 relates to sales tax exemption; providing exemption
11 for certain sales related to national championship
12 events; amending 68 O.S. 2011, Section 4303, which
13 relates to the Quality Events Incentive Act;
14 modifying definitions relating to production of
15 incremental sales tax revenue; and providing an
16 effective date.

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

18 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1356, as
19 amended by Section 541, Chapter 304, O.S.L. 2012 (68 O.S. Supp.
20 2012, Section 1356), is amended to read as follows:

21 Section 1356. Exemptions - Governmental and nonprofit entities.

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

24 1. Sale of tangible personal property or services to the United
States government or to the State of Oklahoma, any political
subdivision of this state or any agency of a political subdivision
of this state; provided, all sales to contractors in connection with

1 the performance of any contract with the United States government,
2 State of Oklahoma or any of its political subdivisions shall not be
3 exempted from the tax levied by Section 1350 et seq. of this title,
4 except as hereinafter provided;

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

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

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

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

7 6. Dues paid to fraternal, religious, civic, charitable or
8 educational societies or organizations by regular members thereof,
9 provided, such societies or organizations operate under what is
10 commonly termed the lodge plan or system, and provided such
11 societies or organizations do not operate for a profit which inures
12 to the benefit of any individual member or members thereof to the
13 exclusion of other members and dues paid monthly or annually to
14 privately owned scientific and educational libraries by members
15 sharing the use of services rendered by such libraries with students
16 interested in the study of geology, petroleum engineering or related
17 subjects;

18 7. Sale of tangible personal property or services to or by
19 churches, except sales made in the course of business for profit or
20 savings, competing with other persons engaged in the same or a
21 similar business or sale of tangible personal property or services
22 by an organization exempt from federal income tax pursuant to
23 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,
24 made on behalf of or at the request of a church or churches if the

1 sale of such property is conducted not more than once each calendar
2 year for a period not to exceed three (3) days by the organization
3 and proceeds from the sale of such property are used by the church
4 or churches or by the organization for charitable purposes;

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

21 9. Sales of tangible personal property or services to the
22 council organizations or similar state supervisory organizations of
23 the Boy Scouts of America, Girl Scouts of U.S.A. and Camp Fire USA;

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1 10. Sale of tangible personal property or services to any
2 county, municipality, rural water district, public school district,
3 the institutions of The Oklahoma State System of Higher Education,
4 the Grand River Dam Authority, the Northeast Oklahoma Public
5 Facilities Authority, the Oklahoma Municipal Power Authority, City
6 of Tulsa-Rogers County Port Authority, Muskogee City-County Port
7 Authority, the Oklahoma Department of Veterans Affairs, the Broken
8 Bow Economic Development Authority, Ardmore Development Authority,
9 Durant Industrial Authority, Oklahoma Ordnance Works Authority,
10 Central Oklahoma Master Conservancy District, Arbuckle Master
11 Conservancy District, Fort Cobb Master Conservancy District, Foss
12 Reservoir Master Conservancy District, Mountain Park Master
13 Conservancy District, Waurika Lake Master Conservancy District,
14 Office of Management and Enterprise Services only when carrying out
15 a public construction contract on behalf of the Oklahoma Department
16 of Veterans Affairs or to any person with whom any of the above-
17 named subdivisions or agencies of this state has duly entered into a
18 public contract pursuant to law, necessary for carrying out such
19 public contract or to any subcontractor to such a public contract.
20 Any person making purchases on behalf of such subdivision or agency
21 of this state shall certify, in writing, on the copy of the invoice
22 or sales ticket to be retained by the vendor that the purchases are
23 made for and on behalf of such subdivision or agency of this state
24 and set out the name of such public subdivision or agency. Any

1 person who wrongfully or erroneously certifies that purchases are
2 for any of the above-named subdivisions or agencies of this state or
3 who otherwise violates this section shall be guilty of a misdemeanor
4 and upon conviction thereof shall be fined an amount equal to double
5 the amount of sales tax involved or incarcerated for not more than
6 sixty (60) days or both;

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

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

23 12. Tuition and educational fees paid to private institutions
24 of higher education and private elementary and secondary

1 institutions of education accredited by the State Department of
2 Education or registered by the State Board of Education for purposes
3 of participating in federal programs or accredited as defined by the
4 Oklahoma State Regents for Higher Education which are exempt from
5 taxation pursuant to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3);

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

- 8 (1) a public school,
- 9 (2) a private school offering instruction for grade
10 levels kindergarten through twelfth grade,
- 11 (3) a public school district,
- 12 (4) a public or private school board,
- 13 (5) a public or private school student group or
14 organization,
- 15 (6) a parent-teacher association or organization
16 other than as specified in subparagraph b of this
17 paragraph, or
- 18 (7) public or private school personnel for purposes
19 of raising funds for the benefit of a public or
20 private school, public school district, public or
21 private school board or public or private school
22 student group or organization, or

23 b. Sales of tangible personal property made by or to
24 nonprofit parent-teacher associations or organizations

1 exempt from taxation pursuant to the provisions of the
2 Internal Revenue Code, 26 U.S.C., Section 501(c)(3)
3 and before July 1, 2014, nonprofit local public or
4 private school foundations which solicit money or
5 property in the name of any public or private school
6 or public school district.

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

14 14. Sales of tangible personal property by:

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

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

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

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

10 17. Sales of tangible personal property or services to fire
11 departments organized pursuant to Section 592 of Title 18 of the
12 Oklahoma Statutes which items are to be used for the purposes of the
13 fire department. Any person making purchases on behalf of any such
14 fire department shall certify, in writing, on the copy of the
15 invoice or sales ticket to be retained by the vendor that the
16 purchases are made for and on behalf of such fire department and set
17 out the name of such fire department. Any person who wrongfully or
18 erroneously certifies that the purchases are for any such fire
19 department or who otherwise violates the provisions of this section
20 shall be deemed guilty of a misdemeanor and upon conviction thereof,
21 shall be fined an amount equal to double the amount of sales tax
22 involved or incarcerated for not more than sixty (60) days, or both;

23 18. Complimentary or free tickets for admission to places of
24 amusement, sports, entertainment, exhibition, display or other

1 recreational events or activities which are issued through a box
2 office or other entity which is operated by a state institution of
3 higher education with institutional employees or by a municipality
4 with municipal employees;

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

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

18 21. Sales of tangible personal property or services to any
19 organization, which takes court-adjudicated juveniles for purposes
20 of rehabilitation, and which is exempt from taxation pursuant to the
21 provisions of the Internal Revenue Code, 26 U.S.C., Section
22 501(c) (3), provided that at least fifty percent (50%) of the
23 juveniles served by such organization are court adjudicated and the
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1 organization receives state funds in an amount less than ten percent
2 (10%) of the annual budget of the organization;

3 22. Sales of tangible personal property or services to:

4 a. any federally qualified community health center as
5 defined in Section 254c of Title 42 of the United
6 States Code,

7 b. any migrant health center as defined in Section 254b
8 of Title 42 of the United States Code,

9 c. any clinic receiving disbursements of state monies
10 from the Indigent Health Care Revolving Fund pursuant
11 to the provisions of Section 66 of Title 56 of the
12 Oklahoma Statutes,

13 d. any community based health center which meets all of
14 the following criteria:

15 (1) provides primary care services at no cost to the
16 recipient, and

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

20 e. any community mental health center as defined in
21 Section 3-302 of Title 43A of the Oklahoma Statutes;

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

3 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
4 from sales of tangible personal property or services to or by a
5 cultural organization established to sponsor and promote
6 educational, charitable and cultural events for disadvantaged
7 children, and which organization is exempt from taxation pursuant to
8 the provisions of the Internal Revenue Code, 26 U.S.C., Section
9 501(c) (3);

10 25. Sales of tangible personal property or services to museums
11 or other entities which have been accredited by the American
12 Association of Museums. Any person making purchases on behalf of
13 any such museum or other entity shall certify, in writing, on the
14 copy of the invoice or sales ticket to be retained by the vendor
15 that the purchases are made for and on behalf of such museum or
16 other entity and set out the name of such museum or other entity.
17 Any person who wrongfully or erroneously certifies that the
18 purchases are for any such museum or other entity or who otherwise
19 violates the provisions of this paragraph shall be deemed guilty of
20 a misdemeanor and, upon conviction thereof, shall be fined an amount
21 equal to double the amount of sales tax involved or incarcerated for
22 not more than sixty (60) days, or by both such fine and
23 incarceration;

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

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

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

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

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

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

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

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

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

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

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

8 36. The sale, lease, use, storage, consumption, or distribution
9 in this state of tangible personal property meeting the definition
10 of "section 38 property" as defined in Sections 48(a)(1)(A) and
11 (B)(i) of the Internal Revenue Code of 1986, that is an integral
12 part of and used primarily in support of space flight; however,
13 section 38 property used in support of space flight shall not
14 include general office equipment, any boat, mobile home, motor
15 vehicle, or other vehicle of a class or type required to be
16 registered, licensed, titled, or documented in this state or by the
17 United States government, or any other property not specifically
18 suited to supporting space activity. The term "in support of space
19 flight", for purposes of this paragraph, means the altering,
20 monitoring, controlling, regulating, adjusting, servicing, or
21 repairing of any space facility, space propulsion systems or space
22 vehicle, satellite, or station possessing space flight capacity,
23 including the components thereof;

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

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

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1 39. Sales of tangible personal property or services which are
2 directly used in or for the benefit of a state park in this state,
3 which are made to an organization which is exempt from taxation
4 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
5 Section 501(c) (3) and which is organized primarily for the purpose
6 of supporting one or more state parks located in this state;

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

9 41. Sales of tangible personal property or services for use on
10 campus or school construction projects for the benefit of
11 institutions of The Oklahoma State System of Higher Education,
12 private institutions of higher education accredited by the Oklahoma
13 State Regents for Higher Education or any public school or school
14 district when such projects are financed by or through the use of
15 nonprofit entities which are exempt from taxation pursuant to the
16 provisions of the Internal Revenue Code, 26 U.S.C., Section
17 501(c) (3);

18 42. Sales of tangible personal property or services by an
19 organization which is exempt from taxation pursuant to the
20 provisions of the Internal Revenue Code, 26 U.S.C., Section
21 501(c) (3), in the course of conducting a national championship
22 sports event, but only if all or a portion of the payment in
23 exchange therefor would qualify as the receipt of a qualified
24 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,

1 Section 513(i). Sales exempted pursuant to this paragraph shall be
2 exempt from all Oklahoma sales, use, excise and gross receipts
3 taxes;

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

6 a. is exempt from taxation pursuant to the provisions of
7 the Internal Revenue Code, 26 U.S.C., Section
8 501(c)(3),

9 b. is affiliated with a comprehensive university within
10 The Oklahoma State System of Higher Education, and

11 c. has been organized primarily for the purpose of
12 providing education and teacher training and
13 conducting events relating to robotics;

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

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

3 46. Sales of tangible personal property or services to or by an
4 organization which is exempt from taxation pursuant to the
5 provisions of the Internal Revenue Code, 26 U.S.C., Section
6 501(c)(3) and is operating the Oklahoma City National Memorial and
7 Museum, an affiliate of the National Park System;

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

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

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

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

7 51. Sales of tangible personal property to a public trust
8 having either a single city, town or county or multiple cities,
9 towns or counties or combination thereof as beneficiary or
10 beneficiaries or a nonprofit organization which is exempt from
11 taxation pursuant to the provisions of the Internal Revenue Code, 26
12 U.S.C., Section 501(c)(3) for the purpose of constructing
13 improvements to or expanding a hospital or nursing home owned and
14 operated by any such public trust or nonprofit entity prior to the
15 effective date of this act in counties with a population of less
16 than one hundred thousand (100,000) persons, according to the most
17 recent Federal Decennial Census. As used in this paragraph,
18 "constructing improvements to or expanding" shall not mean any
19 expense for routine maintenance or general repairs and shall require
20 a project cost of at least One Hundred Thousand Dollars
21 (\$100,000.00). For purposes of this paragraph, sales made to a
22 contractor or subcontractor that enters into a contractual
23 relationship with a public trust or nonprofit entity as described by
24 this paragraph shall be considered sales made to the public trust or

1 nonprofit entity. The exemption authorized by this paragraph shall
2 be administered in the form of a refund from the sales tax revenues
3 apportioned pursuant to Section 1353 of this title and the vendor
4 shall be required to collect the sales tax otherwise applicable to
5 the transaction. The purchaser may apply for a refund of the sales
6 tax paid in the manner prescribed by this paragraph. Within thirty
7 (30) days after the end of each fiscal year, any purchaser that is
8 entitled to make application for a refund based upon the exempt
9 treatment authorized by this paragraph may file an application for
10 refund of the sales taxes paid during such preceding fiscal year.
11 The Tax Commission shall prescribe a form for purposes of making the
12 application for refund. The Tax Commission shall determine whether
13 or not the total amount of sales tax exemptions claimed by all
14 purchasers is equal to or less than Six Hundred Fifty Thousand
15 Dollars (\$650,000.00). If such claims are less than or equal to
16 that amount, the Tax Commission shall make refunds to the purchasers
17 in the full amount of the documented and verified sales tax amounts.
18 If such claims by all purchasers are in excess of Six Hundred Fifty
19 Thousand Dollars (\$650,000.00), the Tax Commission shall determine
20 the amount of each purchaser's claim, the total amount of all claims
21 by all purchasers, and the percentage each purchaser's claim amount
22 bears to the total. The resulting percentage determined for each
23 purchaser shall be multiplied by Six Hundred Fifty Thousand Dollars
24 (\$650,000.00) to determine the amount of refundable sales tax to be

1 paid to each purchaser. The pro rata refund amount shall be the
2 only method to recover sales taxes paid during the preceding fiscal
3 year and no balance of any sales taxes paid on a pro rata basis
4 shall be the subject of any subsequent refund claim pursuant to this
5 paragraph;

6 52. Effective July 1, 2006, sales of tangible personal property
7 or services to any organization which assists, trains, educates, and
8 provides housing for physically and mentally handicapped persons and
9 which is exempt from taxation pursuant to the provisions of the
10 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
11 receives at least eighty-five percent (85%) of its annual budget
12 from state or federal funds. In order to receive the benefit of the
13 exemption authorized by this paragraph, the taxpayer shall be
14 required to make payment of the applicable sales tax at the time of
15 sale to the vendor in the manner otherwise required by law.
16 Notwithstanding any other provision of the Oklahoma Uniform Tax
17 Procedure Code to the contrary, the taxpayer shall be authorized to
18 file a claim for refund of sales taxes paid that qualify for the
19 exemption authorized by this paragraph for a period of one (1) year
20 after the date of the sale transaction. The taxpayer shall be
21 required to provide documentation as may be prescribed by the
22 Oklahoma Tax Commission in support of the refund claim. The total
23 amount of sales tax qualifying for exempt treatment pursuant to this
24 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars

1 (\$175,000.00) each fiscal year. Claims for refund shall be
2 processed in the order in which such claims are received by the
3 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
4 the total amount of refunds payable for a fiscal year, such claim
5 shall be barred;

6 53. The first Two Thousand Dollars (\$2,000.00) each year of
7 sales of tangible personal property or services to, by, or for the
8 benefit of a qualified neighborhood watch organization that is
9 endorsed or supported by or working directly with a law enforcement
10 agency with jurisdiction in the area in which the neighborhood watch
11 organization is located. As used in this paragraph, "qualified
12 neighborhood watch organization" means an organization that is a
13 not-for-profit corporation under the laws of the State of Oklahoma
14 that was created to help prevent criminal activity in an area
15 through community involvement and interaction with local law
16 enforcement and which is one of the first two thousand organizations
17 which makes application to the Oklahoma Tax Commission for the
18 exemption after the effective date of this act;

19 54. Sales of tangible personal property to a nonprofit
20 organization, exempt from taxation pursuant to the provisions of the
21 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
22 primarily for the purpose of providing services to homeless persons
23 during the day and located in a metropolitan area with a population
24 in excess of five hundred thousand (500,000) persons according to

1 the latest Federal Decennial Census. The exemption authorized by
2 this paragraph shall be applicable to sales of tangible personal
3 property to a qualified entity occurring on or after January 1,
4 2005;

5 55. Sales of tangible personal property or services to or by an
6 organization which is exempt from taxation pursuant to the
7 provisions of the Internal Revenue Code, 26 U.S.C., Section
8 501(c)(3) for events the principal purpose of which is to provide
9 funding for the preservation of wetlands and habitat for wild ducks;

10 56. Sales of tangible personal property or services to or by an
11 organization which is exempt from taxation pursuant to the
12 provisions of the Internal Revenue Code, 26 U.S.C., Section
13 501(c)(3) for events the principal purpose of which is to provide
14 funding for the preservation and conservation of wild turkeys;

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

17 a. is exempt from taxation pursuant to the provisions of
18 the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3), and

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

23 (1) serves people with workplace disadvantages and
24 disabilities by providing job training and

1 employment services, as well as job placement
2 opportunities and post-employment support,

3 (2) has locations in the United States and at least
4 twenty other countries,

5 (3) collects donated clothing and household goods to
6 sell in retail stores and provides contract labor
7 services to business and government, and

8 (4) provides documentation to the Oklahoma Tax
9 Commission that over seventy-five percent (75%)
10 of its revenues are channeled into employment,
11 job training and placement programs and other
12 critical community services;

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

1 professional athletic event in which a team in the National Hockey
2 League is a participant, which is held in a facility owned or
3 operated by a municipality, a county or a public trust of which a
4 municipality or a county is the sole beneficiary;

5 59. Sales of tickets for admission and complimentary or free
6 tickets for admission which have a value equivalent to the charge
7 that would have otherwise been made to a professional sporting event
8 involving ice hockey, baseball, basketball, football or arena
9 football, or soccer. As used in this paragraph, "professional
10 sporting event" means an organized athletic competition between
11 teams that are members of an organized league or association with
12 centralized management, other than a national league or national
13 association, that imposes requirements for participation in the
14 league upon the teams, the individual athletes or both, and which
15 uses a salary structure to compensate the athletes;

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

23 61. Sales of tangible personal property or services to an
24 organization, which is exempt from taxation pursuant to the

1 provisions of the Internal Revenue Code, 26 U.S.C., Section
2 501(c)(3), and which is itself a member of an organization which is
3 exempt from taxation pursuant to the provisions of the Internal
4 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
5 organization is primarily engaged in advancing the purposes of its
6 member organizations through fundraising, public awareness or other
7 efforts for the benefit of its member organizations, and if the
8 member organization is primarily engaged either in providing
9 educational services and programs concerning health-related diseases
10 and conditions to individuals suffering from such health-related
11 diseases and conditions or their caregivers and family members or
12 support to such individuals, or in health-related research as to
13 such diseases and conditions, or both. In order to qualify for the
14 exemption authorized by this paragraph, the member nonprofit
15 organization shall be required to provide proof to the Oklahoma Tax
16 Commission of its membership status in the membership organization;

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

22 63. Sales of tangible personal property or services to or by a
23 YWCA or YMCA organization which is part of a national nonprofit
24

1 community service organization working to meet the health and social
2 service needs of its members across the United States;

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

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

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

20 67. Sales of tangible personal property or services used
21 exclusively for charitable or educational purposes, to or by an
22 organization which:
23
24

- 1 a. is exempt from taxation pursuant to the provisions of
2 the Internal Revenue Code, 26 U.S.C., Section
3 501(c)(3),
- 4 b. has filed a Not-for-Profit Certificate of
5 Incorporation in this state, and
- 6 c. is organized for the purpose of:
- 7 (1) providing training and education to
8 developmentally disabled individuals,
- 9 (2) educating the community about the rights,
10 abilities and strengths of developmentally
11 disabled individuals, and
- 12 (3) promoting unity among developmentally disabled
13 individuals in their community and geographic
14 area;

15 68. Sales of tangible personal property or services to any
16 organization which is a shelter for abused, neglected, or abandoned
17 children and which is exempt from taxation pursuant to the
18 provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3); provided, until July 1, 2008, such exemption shall apply
20 only to eligible shelters for children from birth to age twelve (12)
21 and after July 1, 2008, such exemption shall apply to eligible
22 shelters for children from birth to age eighteen (18);

23
24

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

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

11 For the purposes of this paragraph, sales made to any person,
12 firm, agency or entity that has entered previously into a
13 contractual relationship with a child care center for construction
14 and improvement of buildings and other structures owned by the child
15 care center and operated for educational purposes shall be
16 considered sales made to a child care center. Any such person,
17 firm, agency or entity making purchases on behalf of a child care
18 center shall certify in writing, on the copy of the invoice or sales
19 ticket the nature of the purchase. Any such person, or person
20 acting on behalf of a firm, agency or entity making purchases on
21 behalf of a child care center in violation of this paragraph shall
22 be guilty of a misdemeanor and upon conviction thereof shall be
23 fined an amount equal to double the amount of sales tax involved or
24 incarcerated for not more than sixty (60) days or both;

1 70. a. Sales of tangible personal property to a service
2 organization of mothers who have children who are
3 serving or who have served in the military, which
4 service organization is exempt from taxation pursuant
5 to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(19) and which is known as the
7 Blue Star Mothers of America, Inc. The exemption
8 provided by this paragraph shall only apply to the
9 purchase of tangible personal property actually sent
10 to United States military personnel overseas who are
11 serving in a combat zone and not to any other tangible
12 personal property purchased by the organization.
13 Provided, this exemption shall not apply to any sales
14 tax levied by a city, town, county, or any other
15 jurisdiction in this state.

16 b. The exemption authorized by this paragraph shall be
17 administered in the form of a refund from the sales
18 tax revenues apportioned pursuant to Section 1353 of
19 this title, and the vendor shall be required to
20 collect the sales tax otherwise applicable to the
21 transaction. The purchaser may apply for a refund of
22 the state sales tax paid in the manner prescribed by
23 this paragraph. Within sixty (60) days after the end
24 of each calendar quarter, any purchaser that is

1 entitled to make application for a refund based upon
2 the exempt treatment authorized by this paragraph may
3 file an application for refund of the state sales
4 taxes paid during such preceding calendar quarter.
5 The Tax Commission shall prescribe a form for purposes
6 of making the application for refund.

7 c. A purchaser who applies for a refund pursuant to this
8 paragraph shall certify that the items were actually
9 sent to military personnel overseas in a combat zone.
10 Any purchaser that applies for a refund for the
11 purchase of items that are not authorized for
12 exemption under this paragraph shall be subject to a
13 penalty in the amount of Five Hundred Dollars
14 (\$500.00);

15 71. Sales of food and snack items to or by an organization
16 which is exempt from taxation pursuant to the provisions of the
17 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), whose primary
18 and principal purpose is providing funding for scholarships in the
19 medical field;

20 72. Sales of tangible personal property or services for use
21 solely on construction projects for organizations which are exempt
22 from taxation pursuant to the provisions of the Internal Revenue
23 Code, 26 U.S.C., Section 501(c)(3) and whose purpose is providing
24 end-of-life care and access to hospice services to low-income

1 individuals who live in a facility owned by the organization. The
2 exemption provided by this paragraph applies to sales to the
3 organization as well as to sales to any person with whom the
4 organization has duly entered into a construction contract,
5 necessary for carrying out such contract or to any subcontractor to
6 such a construction contract. Any person making purchases on behalf
7 of such organization shall certify, in writing, on the copy of the
8 invoice or sales ticket to be retained by the vendor that the
9 purchases are made for and on behalf of such organization and set
10 out the name of such organization. Any person who wrongfully or
11 erroneously certifies that purchases are for any of the above-named
12 organizations or who otherwise violates this section shall be guilty
13 of a misdemeanor and upon conviction thereof shall be fined an
14 amount equal to double the amount of sales tax involved or
15 incarcerated for not more than sixty (60) days or both;

16 73. Sales of tickets for admission to events held by
17 organizations exempt from taxation pursuant to the provisions of the
18 Internal Revenue Code, 26 U.S.C., Section 501(c) (3) that are
19 organized for the purpose of supporting general hospitals licensed
20 by the State Department of Health; ~~and~~

21 74. Sales of tangible personal property or services:

22 a. to a foundation which is exempt from taxation pursuant
23 to the provisions of the Internal Revenue Code, 26
24 U.S.C., Section 501(c) (3) and which raises tax-

1 deductible contributions in support of a wide range of
2 firearms-related public interest activities of the
3 National Rifle Association of America and other
4 organizations that defend and foster Second Amendment
5 rights, and

6 b. to or by a grassroots fundraising program for sales
7 related to events to raise funds for a foundation
8 meeting the qualifications of subparagraph a of this
9 paragraph; and

10 75. Sales of admissions tickets to, and hospitality packages
11 for, a national championship sports event which is hosted by a
12 limited liability partnership in conjunction with a national sports
13 association which is a governing body of a sport and is exempt from
14 taxation pursuant to the provisions of the Internal Revenue Code, 26
15 U.S.C., Section 501(c)(3).

16 SECTION 2. AMENDATORY 68 O.S. 2011, Section 4303, is
17 amended to read as follows:

18 Section 4303. As used in the Oklahoma Quality Events Incentive
19 Act:

20 1. "Certified sponsor" means an entity or organization
21 authorized to promote and conduct a quality event, which is
22 incurring expenses for the promotion of such event to be conducted
23 within the corporate limits of an eligible municipality or an
24 unincorporated area within a county;

1 2. "Economic impact study" means a study of the geographic area
2 designated by a host community pursuant to Section 4 4304 of this
3 ~~act~~ title, which includes:

- 4 a. a description and, if applicable, history of the
5 quality event,
- 6 b. information regarding the site selection process for
7 the quality event,
- 8 c. an estimate of the expenses anticipated to be incurred
9 in connection with hosting the quality event,
- 10 d. an estimate of the total gross sales made by vendors
11 within the designated area during any period of time
12 during which no quality event activity occurs,
- 13 e. a detailed estimate of the anticipated increase in
14 sales tax revenue directly attributable to the quality
15 event,
- 16 f. the general economic impact likely to occur in the
17 designated area as a result of the preparation for,
18 occurrence of and activity occurring in connection
19 with the dissolution of, a quality event, and
- 20 g. any additional information the Oklahoma Tax Commission
21 may require;

22 3. "Eligible local support amounts" means:

- 23 a. any payment made by a local government entity or
24 transfer of monies from the general fund or transfer

1 of tax revenues derived from a locally imposed tax to
2 a certified sponsor for the purpose of attracting,
3 promoting, advertising, organizing, conducting or
4 otherwise supporting a quality event, or

5 b. any direct payment made by a certified sponsor to a
6 for-profit or nonprofit entity, other than the host
7 community, for the purpose of attracting, promoting,
8 advertising, organizing, conducting or otherwise
9 supporting a quality event;

10 4. "Host community" means any county, incorporated city or
11 town, or any combination of counties, incorporated cities or towns
12 of the state which are authorized by their respective governing
13 bodies to host or assist in the presentation of a quality event;

14 5. "Incremental sales tax revenue" means, with respect to a new
15 event, a comparison of the amount of additional state sales tax
16 revenue, if any, in excess of the amount of state sales tax revenue
17 collected within a quality event area during the same month of the
18 preceding year for purposes of the economic impact study required by
19 Section 4 4304 of this ~~act~~ title; or, with respect to a recurring
20 event, a comparison of the amount of additional sales tax revenue,
21 if any, in excess of the calculated average amount of sales tax
22 revenue collected in the quality event area during the preceding
23 year for purposes of the economic impact study required by Section 4
24 4304 of this ~~act~~ title. For purposes of computing the calculated

1 average amount of monthly sales tax revenue collected as required by
2 this paragraph with respect to a recurring event, the Oklahoma Tax
3 Commission shall average total sales tax revenue collected by month
4 but shall exclude revenue collected during the same month or months
5 in a prior year during which the recurring event was conducted and
6 if the event does not occur during the months of November or
7 December, shall also exclude revenue collected during the
8 immediately preceding November and December. The calculated average
9 amount of monthly sales tax revenue shall be used to determine
10 whether a recurring event produces incremental sales tax revenues
11 for purposes of this act;

12 6. "New event" means a quality event which did not occur within
13 a period of twenty-four (24) months prior to the month during which
14 a quality event is held;

15 7. "Quality event" means a new event or a meeting of a
16 nationally recognized organization or its members which is being
17 located at a site chosen through a competitive site selection
18 process in which at least one site not located in this state was
19 considered;

20 8. "Quality event area" means a geographic area designated by a
21 host community pursuant to Section 4 4304 of this ~~act~~ title,
22 determined to realize direct economic benefit from the preparation
23 for, occurrence of and activity occurring in connection with the
24 dissolution of, a quality event; provided, the designated area shall

1 never constitute an area greater than ~~thirteen (13)~~ twenty (20)
2 miles from any property line of the primary property at which the
3 quality event is located. For purposes of this act the property
4 line shall be based on the legal description or survey of a single
5 location determined by a host community to be the primary property
6 for a quality event area;

7 9. "Recurring event" means a quality event which occurred at
8 least once within the twenty-four (24) months prior to the month
9 during which a quality event is held;

10 10. "Revenue capture period" means a time period beginning no
11 earlier than ~~two (2)~~ seven (7) days prior to the quality event date
12 or the first day upon which the quality event occurs and ending no
13 later than ~~two (2)~~ seven (7) days after the conclusion of the
14 quality event date or the last day upon which quality event
15 activities occur;

16 11. "State sales tax revenue" means the proceeds from the state
17 sales tax levy imposed pursuant to Section 1354 of ~~Title 68 of the~~
18 ~~Oklahoma Statutes~~ this title upon taxable transactions occurring
19 within the quality event area during the authorized revenue capture
20 period; and

21 12. "Vendors" means those persons or business entities making
22 taxable sales of tangible personal property or services within a
23 quality event area and, unless the context otherwise requires, shall
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1 have the same meaning as defined by Section 1352 of ~~Title 68 of the~~
2 ~~Oklahoma Statutes~~ this title.

3 SECTION 3. This act shall become effective November 1, 2013.

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