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AS AMENDED

By: Sears of the House

Mazzei of the Senate

emergency]

B. Except as otherwise provided in subsection G of this section, every person responsible for paying or remitting the tax levied by Section 1001 et seq. of this title on the production from any lease shall file with the Tax Commission a monthly report on each lease, ~~regardless of sales or purchases of production from the lease during the report period,~~ under oath, on forms prescribed by the Tax Commission, giving, with other information required, the following:

1 1. The Tax Commission assigned production unit number,
2 subnumber and merge number, or, with the consent of the Tax
3 Commission, the full description of the property by lease name,
4 subdivision of quarter section, section, township, and range, from
5 which the oil or gas was produced, or both, as may be required by
6 the Tax Commission;

7 2. The Tax Commission assigned company reporting numbers of the
8 producer and purchaser, or with the consent of the Tax Commission,
9 the company name;

10 3. The gross amount of asphalt, ores bearing lead, zinc, jack,
11 ~~gold, silver or copper, oil or gas produced or purchased, or, in the~~
12 ~~event of no production or no sale or purchase during the report~~
13 ~~period, zero gross amount shall be reported;~~

14 4. The kind of mineral, oil, gas, or casinghead gas produced or
15 purchased;

16 5. The total value of the mineral oil, gas, or casinghead gas,
17 at the time and place of production, including any and all premiums
18 paid for the sale thereof, at the price paid, if purchased at the
19 time of production;

20 6. If requested by the Tax Commission, the prevailing market
21 price of oil not sold at the time of production; and

22 7. The amount of royalty payable on the production from the
23 lease, if the royalty is claimed to be exempt from taxation by law,
24 and the facts on which such claim of exemption is based and such

1 other information pertaining to the claim as the Tax Commission may
2 require.

3 Each report required by the provisions of this section shall be
4 filed on separate forms as to product and county.

5 C. No person shall engage in the mining or production within
6 this state of asphalt or ores bearing lead, zinc, jack, ~~gold,~~
7 ~~silver,~~ or copper, oil or gas, prior to obtaining from the Tax
8 Commission a Tax Commission assigned producer reporting number and a
9 Tax Commission assigned production unit number, subnumber and merge
10 number for each producing lease. No person shall engage in the
11 purchase of asphalt, ores bearing lead, zinc, jack, ~~gold,~~ ~~silver~~ or
12 copper, oil or gas from a producing lease prior to obtaining from
13 the Tax Commission a Tax Commission assigned purchaser reporting
14 number and the Tax Commission assigned production unit number,
15 subnumber and merge number, of the lease from which the production
16 is to be purchased.

17 1. Every producer and purchaser shall make application, upon
18 forms prescribed by the Tax Commission, for a Tax Commission
19 assigned producer or purchaser reporting number prior to producing
20 or purchasing production. Every producer shall obtain, by making
21 application upon forms prescribed by the Tax Commission, a Tax
22 Commission assigned production unit number, subnumber and merge
23 number for each lease from which lease production will be sold or
24 disposed before disposing of production from any lease in the state.

1 Provided, however, the Tax Commission shall not approve any
2 application for a Tax Commission assigned producer or purchaser
3 reporting number without proper confirmation that the applicant has
4 posted the requisite surety documents with the Corporation
5 Commission pursuant to Section 318.1 of Title 52 of the Oklahoma
6 Statutes.

7 2. Every producer or purchaser shall notify the Tax Commission
8 within thirty (30) days of any changes of any producing lease in the
9 state as may be required by the Tax Commission. Provided, the Tax
10 Commission may relieve producers and purchasers of their duty to
11 file the notification required by this paragraph if the Tax
12 Commission determines that the notification is not necessary.

13 3. Gross production tax reports from either the purchaser or
14 producer shall become due on the first day of each calendar month on
15 all products subject to the tax levied by Section 1001 et seq. of
16 this title produced in and saved during the preceding monthly
17 period. If such reports are not received by the Tax Commission on
18 or before the twenty-fifth day of the second calendar month
19 following the month of production, the reports shall become
20 delinquent. Any requested or required amended report or any
21 requested information submitted in response to written demand for
22 information which is not received by the Tax Commission on or before
23 thirty (30) days after the mailing of the request or demand by the
24 Tax Commission or any of its employees shall be delinquent.

1 D. Every person required to file such forms or reports or who
2 has been requested to file an amended report to provide information
3 by written demand, or who has purchased oil or gas from a lease
4 prior to being authorized by the Tax Commission to purchase
5 production from such lease, will be subject to and may be assessed
6 the following penalties for each delinquency:

7 1. Five Dollars (\$5.00) per day for each Tax Commission
8 assigned production unit number or subnumber or merge number or
9 product code, upon which a form, report, amended report, or for
10 which requested information in response to written demand is
11 delinquent and for each day from the date a purchaser buys
12 production from a lease from which it is not authorized to purchase
13 to the date the Tax Commission approves the purchaser to buy from
14 such lease; provided, such penalty shall not be assessed for an
15 amount in excess of One Thousand Five Hundred Dollars (\$1,500.00).
16 The penalties may be waived by the Tax Commission or its designee
17 for good cause shown; and

18 2. If within twelve (12) months after a previous assessment of
19 penalties as provided for by this section a subsequent delinquency
20 occurs, penalties may be assessed at the rate of Ten Dollars
21 (\$10.00) per day for each Tax Commission assigned production unit
22 number or subnumber or merge number, or product code; provided such
23 penalty shall not be assessed for an amount in excess of One
24 Thousand Five Hundred Dollars (\$1,500.00). The penalty thereon may

1 be waived, in whole or in part, by the Tax Commission, for good
2 cause shown.

3 The penalties prescribed herein shall be in addition to other
4 penalties assessable by the Tax Commission pursuant to the laws of
5 this state. The penalties prescribed by this section may be
6 collected and shall be apportioned to the General Revenue Fund.

7 E. Gross production tax forms reports, amended reports, or
8 requested information in response to written demands which are
9 received by the Tax Commission on or after the time fixed for
10 delinquency, but which were mailed prior to the time fixed for
11 delinquency, shall be deemed to have been received by the Tax
12 Commission before becoming delinquent. Postmark or registry or
13 certified receipt showing deposit in the U.S. mails shall be
14 conclusive evidence of the date of mailing. Provided all
15 remittances due under such reports or amended reports must be
16 received by the Tax Commission on or before the date specified by
17 law regardless of when mailed.

18 F. In the event a person required to remit the tax levied by
19 the provisions of Section 1001 et seq. of this title becomes
20 delinquent in reporting or remitting the tax, or upon a
21 determination by the Tax Commission that the state may lose tax
22 revenues due to the difficulty of collecting same, the Tax
23 Commission may require any person required to remit the tax to
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1 furnish a sufficient cash deposit, bond, or other security in an
2 amount as will protect the tax revenues of this state.

3 G. In lieu of monthly reporting, a royalty owner taking gas in
4 kind for the royalty owner's own consumption who is responsible for
5 remitting the tax levied by Section 1001 et seq. of this title may
6 file semiannual reports and remit taxes due thereunder to the Tax
7 Commission on or before the first day of January and July of each
8 year for the preceding six-month period. If not received on or
9 before the last day of such month, the report and tax shall be
10 delinquent.

11 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1024, is
12 amended to read as follows:

13 Section 1024. A. The Tax Commission may ~~upon written request,~~
14 release to any person the volume of production, during any specified
15 available period of time, of any substance taxable pursuant to the
16 provisions of this article from any lease lawfully plugged, pursuant
17 to the laws of this state after certification of said plugging by
18 the ~~Oklahoma~~ Corporation Commission.

19 B. The Tax Commission may, ~~upon oral or written request,~~
20 release the lease name, legal description, Oklahoma Tax Commission
21 assigned production unit number for any lease or unit in this state
22 and the Oklahoma Tax Commission assigned purchaser or producer
23 reporting number and purchaser or producer name to any person.

1 C. The Tax Commission may, ~~upon written request,~~ release the
2 volume of production, producing formation and well classification,
3 active or inactive, on a lease by lease basis to any person.

4 D. The Tax Commission shall, ~~upon written request,~~ release
5 information provided in the Reclaimer's and Transporters Monthly Tax
6 Report of Lease Production Stored and Sold, OTC Form 323A-7-81, or
7 any form succeeding this form, to any person.

8 E. The Tax Commission shall, ~~upon written request,~~ release the
9 following information to any person executing an affidavit, under
10 penalty of perjury, declaring that they are an interest owner in the
11 well, lease or unit for which the information is requested:

12 1. The gross, exempt and net volumes and values of production,
13 tax reimbursements, additional values and taxes remitted thereon,
14 during any available period of time of any substance taxable
15 pursuant to the provisions of this article or the Petroleum Excise
16 Tax of this state.

17 2. The lease name, legal description, industry or company well
18 or lease unique number, Oklahoma Tax Commission assigned production
19 unit number for any lease or unit in this state and the Oklahoma Tax
20 Commission assigned purchaser or producer reporting number and
21 purchaser or producer name.

22 3. The producing formation and well classification, active or
23 inactive, on a lease by lease basis and if available, on a well by
24

1 well basis, and British Thermal Unit content, NGPA classification,
2 gas code, gravity, tier, category and oil class.

3 F. It is specifically provided that:

4 1. The Tax Commission shall establish a schedule of costs for
5 the furnishing of the information in accordance with the provisions
6 of subsections A and B of this section and shall collect said costs;

7 2. No civil or criminal liability shall attach to any member of
8 the Tax Commission, or to any agents, servants, or employees of the
9 Tax Commission for any error or omission in the preparation and
10 publication of the requested information;

11 3. No costs shall be charged to the ~~Oklahoma~~ Corporation
12 Commission Oil and Gas Conservation Division or Energy Conservation
13 Services Division or to the Oklahoma Geological Survey for
14 examination of the files and records of the Tax Commission; and

15 4. All funds collected pursuant to the provisions of this
16 section shall be paid to the State Treasury and deposited to the
17 credit of the Tax Commission Revolving Fund.

18 G. A In addition to the information which may be released in
19 subsections A, B and C of this section, a duly authorized agent of
20 the ~~Oklahoma~~ Corporation Commission Oil and Gas Conservation
21 Division or Energy Conservation Services Division or of the Oklahoma
22 Geological Survey may examine necessary records and files of the Tax
23 Commission relating to the gross production tax for the purpose of
24 estimating or forecasting reserves or production of oil or gas.

1 Such examination shall be limited to information of volume of
2 production, producing formation and well classification, active or
3 inactive, on a lease by lease basis.

4 H. A duly authorized agent of the Commissioners of the Land
5 Office may examine necessary records and files of the Tax Commission
6 relating to the gross production tax for the purpose of determining
7 the amount of erroneous payment of gross production tax made to the
8 Oklahoma Tax Commission after January 1, 1978.

9 I. The provisions of this section shall be exceptions to the
10 provisions of Sections 205 and 205.1 of this title and said sections
11 shall be strictly construed against the disclosure of any other
12 information contained in the records and files of the Tax Commission
13 except as otherwise provided by law.

14 J. Any violation of the provisions of this section shall
15 constitute a misdemeanor and shall be punishable as provided for in
16 Section 205 of this title.

17 **SECTION 3. AMENDATORY 68 O.S. 2011, Section 1356, as**
18 **amended by Section 541, Chapter 304, O.S.L. 2012 (68 O.S. Supp.**
19 **2012, Section 1356), is amended to read as follows:**

20 Section 1356. Exemptions - Governmental and nonprofit entities.

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

23 1. Sale of tangible personal property or services to the United
24 States government or to the State of Oklahoma, any political

1 subdivision of this state or any agency of a political subdivision
2 of this state; provided, all sales to contractors in connection with
3 the performance of any contract with the United States government,
4 State of Oklahoma or any of its political subdivisions shall not be
5 exempted from the tax levied by Section 1350 et seq. of this title,
6 except as hereinafter provided;

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

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

17 4. Sales made directly by county, district or state fair
18 authorities of this state, upon the premises of the fair authority,
19 for the sole benefit of the fair authority or sales of admission
20 tickets to such fairs or fair events at any location in the state
21 authorized by county, district or state fair authorities; provided,
22 the exemption provided by this paragraph for admission tickets to
23 fair events shall apply only to any portion of the admission price
24 that is retained by or distributed to the fair authority. As used

1 in this paragraph, "fair event" shall be limited to an event held on
2 the premises of the fair authority in conjunction with and during
3 the time period of a county, district or state fair;

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

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

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

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

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

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

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
24

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 ~~254e~~ 254b 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 ~~e.~~ 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.~~

14 c. any community based health center which meets all of
15 the following criteria:

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

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

21 ~~e.~~

22 d. any community mental health center as defined in
23 Section 3-302 of Title 43A of the Oklahoma Statutes;

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

5 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
6 from sales of tangible personal property or services to or by a
7 cultural organization established to sponsor and promote
8 educational, charitable and cultural events for disadvantaged
9 children, and which organization is exempt from taxation pursuant to
10 the provisions of the Internal Revenue Code, 26 U.S.C., Section
11 501(c) (3);

12 25. Sales of tangible personal property or services to museums
13 or other entities which have been accredited by the American
14 Association of Museums. Any person making purchases on behalf of
15 any such museum or other entity shall certify, in writing, on the
16 copy of the invoice or sales ticket to be retained by the vendor
17 that the purchases are made for and on behalf of such museum or
18 other entity and set out the name of such museum or other entity.
19 Any person who wrongfully or erroneously certifies that the
20 purchases are for any such museum or other entity or who otherwise
21 violates the provisions of this paragraph shall be deemed guilty of
22 a misdemeanor and, upon conviction thereof, shall be fined an amount
23 equal to double the amount of sales tax involved or incarcerated for
24

1 not more than sixty (60) days, or by both such fine and
2 incarceration;

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

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

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

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

24

1 30. Transfer of tangible personal property made pursuant to
2 Section 3226 of Title 63 of the Oklahoma Statutes by the University
3 Hospitals Trust;

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

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

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

19 a. the destruction in whole or in part of the satellite
20 or launch vehicle,

21 b. the failure of a launch to occur or be successful, or

22 c. the absence of any transfer or title to, or possession
23 of, the satellite or launch vehicle after launch;

1 34. The sale, lease, use, storage, consumption, or distribution
2 in this state of any space facility, space propulsion system or
3 space vehicle, satellite, or station of any kind possessing space
4 flight capacity, including components thereof;

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

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

1 repairing of any space facility, space propulsion systems or space
2 vehicle, satellite, or station possessing space flight capacity,
3 including the components thereof;

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

22 38. The amount of a surcharge or any other amount which is
23 separately stated on an admission ticket which is imposed, collected
24 and used for the sole purpose of constructing, remodeling or

1 enlarging facilities of a public trust having a municipality or
2 county as its sole beneficiary;

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

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

11 41. Sales of tangible personal property or services for use on
12 campus or school construction projects for the benefit of
13 institutions of The Oklahoma State System of Higher Education,
14 private institutions of higher education accredited by the Oklahoma
15 State Regents for Higher Education or any public school or school
16 district when such projects are financed by or through the use of
17 nonprofit entities which are exempt from taxation pursuant to the
18 provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3);

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

1 exchange therefor would qualify as the receipt of a qualified
2 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
3 Section 513(i). Sales exempted pursuant to this paragraph shall be
4 exempt from all Oklahoma sales, use, excise and gross receipts
5 taxes;

6 43. Sales of tangible personal property or services to or by an
7 organization which:

8 a. is exempt from taxation pursuant to the provisions of
9 the Internal Revenue Code, 26 U.S.C., Section
10 501(c)(3),

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

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

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

22 45. Sales of tickets for admission to a collegiate athletic
23 event that is held in a facility owned or operated by a municipality
24 or a public trust of which the municipality is the sole beneficiary

1 and that actually determines or is part of a tournament or
2 tournament process for determining a conference tournament
3 championship, a conference championship, or a national championship;

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

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

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

22 49. Sales of tangible personal property or services to a state
23 that borders this state or any political subdivision of that state,
24 but only to the extent that the other state or political subdivision

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);

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-

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

b. to or by a grassroots fundraising program for sales related to events to raise funds for a foundation meeting the qualifications of subparagraph a of this paragraph.

SECTION 4. AMENDATORY 68 O.S. 2011, Section 1359, is amended to read as follows:

Section 1359. Exemptions - Manufacturing.

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

1. Sales of goods, wares, merchandise, tangible personal property, machinery and equipment to a manufacturer for use in a manufacturing operation. Goods, wares, merchandise, property, machinery and equipment used in a nonmanufacturing activity or process as set forth in paragraph ~~9~~ 14 of Section 1352 of this title shall not be eligible for the exemption provided for in this subsection by virtue of the activity or process being performed in conjunction with or integrated into a manufacturing operation.

For the purposes of this paragraph, sales made to any person, firm or entity that has entered into a contractual relationship for

1 the construction and improvement of manufacturing goods, wares,
2 merchandise, property, machinery and equipment for use in a
3 manufacturing operation shall be considered sales made to a
4 manufacturer which is defined or classified in the North American
5 Classification System (NAICS) Manual under Industry Group No.
6 324110. Such purchase shall be evidenced by a copy of the sales
7 ticket or invoice to be retained by the vendor indicating that the
8 purchases are made for and on behalf of such manufacturer and set
9 out the name of such manufacturer as well as include a copy of the
10 Manufacturing Exemption Permit of the manufacturer. Any person who
11 wrongfully or erroneously certifies that purchases are being made on
12 behalf of such manufacturer or who otherwise violates this paragraph
13 shall be guilty of a misdemeanor and upon conviction thereof shall
14 be fined an amount equal to double the amount of sales tax involved
15 or incarcerated for not more than sixty (60) days or both;

16 2. Ethyl alcohol when sold and used for the purpose of blending
17 same with motor fuel on which motor fuel tax is levied by Section
18 500.4 of this title;

19 3. Sales of containers when sold to a person regularly engaged
20 in the business of reselling empty or filled containers or when
21 purchased for the purpose of packaging raw products of farm, garden,
22 or orchard for resale to the consumer or processor. This exemption
23 shall not apply to the sale of any containers used more than once
24 and which are ordinarily known as returnable containers, except

1 returnable soft drink bottles and the cartons, crates, pallets, and
2 containers used to transport returnable soft drink bottles. Each
3 and every transfer of title or possession of such returnable
4 containers in this state to any person who is not regularly engaged
5 in the business of selling, reselling or otherwise transferring
6 empty or filled containers shall be taxable under this Code.
7 Additionally, this exemption shall not apply to the sale of labels
8 or other materials delivered along with items sold but which are not
9 necessary or absolutely essential to the sale of the sold
10 merchandise;

11 4. Sales of or transfers of title to or possession of any
12 containers, after June 30, 1987, used or to be used more than once
13 and which are ordinarily known as returnable containers and which do
14 or will contain beverages defined by paragraphs 4 and 14 of Section
15 506 of Title 37 of the Oklahoma Statutes, or water for human
16 consumption and the cartons, crates, pallets, and containers used to
17 transport such returnable containers;

18 5. Sale of tangible personal property when sold by the
19 manufacturer to a person who transports it to a state other than
20 Oklahoma for immediate and exclusive use in a state other than
21 Oklahoma. Provided, no sales at a retail outlet shall qualify for
22 the exemption under this paragraph;

23 6. Machinery, equipment, fuels and chemicals or other materials
24 incorporated into and directly used or consumed in the process of

1 treatment to substantially reduce the volume or harmful properties
2 of hazardous waste at treatment facilities specifically permitted
3 pursuant to the Oklahoma Hazardous Waste Management Act and operated
4 at the place of waste generation, or facilities approved by the
5 Department of Environmental Quality for the cleanup of a site of
6 contamination. The term "hazardous" waste may include low-level
7 radioactive waste for the purpose of this paragraph;

8 7. Except as otherwise provided by subsection I of Section 3658
9 of this title pursuant to which the exemption authorized by this
10 paragraph may not be claimed, sales of tangible personal property to
11 a qualified manufacturer or distributor to be consumed or
12 incorporated in a new manufacturing or distribution facility or to
13 expand an existing manufacturing or distribution facility. For
14 purposes of this paragraph, sales made to a contractor or
15 subcontractor that has previously entered into a contractual
16 relationship with a qualified manufacturer or distributor for
17 construction or expansion of a manufacturing or distribution
18 facility shall be considered sales made to a qualified manufacturer
19 or distributor. For the purposes of this paragraph, "qualified
20 manufacturer or distributor" means:

- 21 a. any manufacturing enterprise whose total cost of
22 construction of a new or expanded facility exceeds the
23 sum of Five Million Dollars (\$5,000,000.00) and in
24 which at least one hundred (100) new full-time-

1 equivalent employees, as certified by the Oklahoma
2 Employment Security Commission, are added and
3 maintained for a period of at least thirty-six (36)
4 months as a direct result of the new or expanded
5 facility,

6 b. any manufacturing enterprise whose total cost of
7 construction of a new or expanded facility exceeds the
8 sum of Ten Million Dollars (\$10,000,000.00) and the
9 combined cost of construction material, machinery,
10 equipment and other tangible personal property exempt
11 from sales tax under the provisions of this paragraph
12 exceeds the sum of Fifty Million Dollars
13 (\$50,000,000.00) and in which at least seventy-five
14 (75) new full-time-equivalent employees, as certified
15 by the Oklahoma Employment Security Commission, are
16 added and maintained for a period of at least thirty-
17 six (36) months as a direct result of the new or
18 expanded facility,

19 c. any manufacturing enterprise whose total cost of
20 construction of an expanded facility exceeds the sum
21 of Three Hundred Million Dollars (\$300,000,000.00) and
22 in which the manufacturer has and maintains an average
23 employment level of at least one thousand seven
24

1 hundred fifty (1,750) full-time-equivalent employees,
2 as certified by the Employment Security Commission, or
3 d. any enterprise primarily engaged in the general
4 wholesale distribution of groceries defined or
5 classified in the North American Industry
6 Classification System (NAICS) Manual under Industry
7 Groups No. 4244 and 4245 and which has at least
8 seventy-five percent (75%) of its total sales to in-
9 state customers or buyers and whose total cost of
10 construction of a new or expanded facility exceeds the
11 sum of Forty Million Dollars (\$40,000,000.00) with
12 such construction commencing on or after July 1, 2005,
13 and before December 31, 2005, and which at least fifty
14 new full-time-equivalent employees, as certified by
15 the Oklahoma Employment Security Commission, are added
16 and maintained for a period of at least thirty-six
17 (36) months as a direct result of the new or expanded
18 facility.

19 For purposes of this paragraph, the total cost of construction
20 shall include building and construction material and engineering and
21 architectural fees or charges directly associated with the
22 construction of a new or expanded facility. The total cost of
23 construction shall not include attorney fees. For purposes of
24 subparagraph c of this paragraph, the total cost of construction

1 shall also include the cost of qualified depreciable property as
2 defined in Section 2357.4 of this title and labor services performed
3 in the construction of an expanded facility. For the purpose of
4 subparagraph d of this paragraph, the total cost of construction
5 shall also include the cost of all parking, security and dock
6 structures or facilities necessary to manage, process or secure
7 vehicles used to receive and/or distribute groceries through such a
8 facility. The employment requirement of this paragraph can be
9 satisfied by the employment of a portion of the required number of
10 new full-time-equivalent employees at a manufacturing or
11 distribution facility that is related to or supported by the new or
12 expanded manufacturing or distribution facility as long as both
13 facilities are owned by one person or business entity. For purposes
14 of this section, "manufacturing facility" shall mean building and
15 land improvements used in manufacturing as defined in Section 1352
16 of this title and shall also mean building and land improvements
17 used for the purpose of packing, repackaging, labeling or assembling
18 for distribution to market, products at least seventy percent (70%)
19 of which are made in Oklahoma by the same company but at an off-
20 site, in-state manufacturing or distribution facility or facilities.
21 It shall not include a retail outlet unless the retail outlet is
22 operated in conjunction with and on the same site or premises as the
23 manufacturing facility. Up to ten percent (10%) of the square feet
24 of a manufacturing or distribution facility building may be devoted

1 to office space used to provide clerical support for the
2 manufacturing operation. Such ten percent (10%) may be in a
3 separate building as long as it is part of the same contiguous tract
4 of property on which the manufacturing or distribution facility is
5 located. Only sales of tangible personal property made after June
6 1, 1988, shall be eligible for the exemption provided by this
7 paragraph. The exemption authorized pursuant to subparagraph d of
8 this paragraph shall only become effective when the governing body
9 of the municipality in which the enterprise is located approves a
10 resolution expressing the municipality's support for the
11 construction for such new or expanded facility. Upon approval by
12 the municipality, the municipality shall forward a copy of such
13 resolution to the Oklahoma Tax Commission;

14 8. Sales of tangible personal property purchased and used by a
15 licensed radio or television station in broadcasting. This
16 exemption shall not apply unless such machinery and equipment is
17 used directly in the manufacturing process, is necessary for the
18 proper production of a broadcast signal or is such that the failure
19 of the machinery or equipment to operate would cause broadcasting to
20 cease. This exemption begins with the equipment used in producing
21 live programming or the electronic equipment directly behind the
22 satellite receiving dish or antenna, and ends with the transmission
23 of the broadcast signal from the broadcast antenna system. For
24 purposes of this paragraph, "proper production" shall include, but

1 not be limited to, machinery or equipment required by Federal
2 Communications Commission rules and regulations;

3 9. Sales of tangible personal property purchased or used by a
4 licensed cable television operator in cablecasting. This exemption
5 shall not apply unless such machinery and equipment is used directly
6 in the manufacturing process, is necessary for the proper production
7 of a cablecast signal or is such that the failure of the machinery
8 or equipment to operate would cause cablecasting to cease. This
9 exemption begins with the equipment used in producing local
10 programming or the electronic equipment behind the satellite
11 receiving dish, microwave tower or antenna, and ends with the
12 transmission of the signal from the cablecast head-end system. For
13 purposes of this paragraph, "proper production" shall include, but
14 not be limited to, machinery or equipment required by Federal
15 Communications Commission rules and regulations;

16 10. Sales of packaging materials for use in packing, shipping
17 or delivering tangible personal property for sale when sold to a
18 producer of agricultural products. This exemption shall not apply
19 to the sale of any packaging material which is ordinarily known as a
20 returnable container;

21 11. Sales of any pattern used in the process of manufacturing
22 iron, steel or other metal castings. The exemption provided by this
23 paragraph shall be applicable irrespective of ownership of the
24

1 pattern provided that such pattern is used in the commercial
2 production of metal castings;

3 12. Deposits or other charges made and which are subsequently
4 refunded for returnable cartons, crates, pallets, and containers
5 used to transport cement and cement products;

6 13. Beginning January 1, 1998, machinery, electricity, fuels,
7 explosives and materials, excluding chemicals, used in the mining of
8 coal in this state;

9 14. Deposits, rent or other charges made for returnable
10 cartons, crates, pallets, and containers used to transport mushrooms
11 or mushroom products from a farm for resale to the consumer or
12 processor; and

13 15. Sales of tangible personal property and services used or
14 consumed in all phases of the extraction and manufacturing of
15 crushed stone and sand, including but not limited to site
16 preparation, dredging, overburden removal, explosive placement and
17 detonation, onsite material hauling and/or transfer, material
18 washing, screening and/or crushing, product weighing and site
19 reclamation.

20 SECTION 5. REPEALER 68 O.S. 2011, Section 1368.2, is
21 hereby repealed.

22 SECTION 6. This act shall become effective July 1, 2013.

23 SECTION 7. It being immediately necessary for the preservation
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

3 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
4 March 26, 2013 - DO PASS AS AMENDED
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