

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 SENATE BILL 1392

By: Quinn

6 AS INTRODUCED

7 An Act relating to sales tax exemptions; amending 68  
8 O.S. 2011, Section 1358.1, which relates to  
9 agricultural exemption; modifying manner in which  
10 exemption is claimed; conforming language;  
11 establishing certain requirement for total sales  
12 amount; requiring Oklahoma Tax Commission to  
13 establish certain forms and procedures; and providing  
14 an effective date.

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

14 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1358.1, is  
15 amended to read as follows:

16 Section 1358.1. A. In order to qualify for any exemption  
17 claimed at the time of sale and authorized by Section 1358 of this  
18 title, ~~at the time of sale,~~ the person to whom the sale is made  
19 shall be required to furnish the vendor proof of eligibility for the  
20 exemption as required by this section; provided, for sales made on  
21 or after November 1, 2018, the exemption shall be claimed only  
22 through refund and shall be subject to the provisions of subsection  
23 I of this section.

1 B. ~~All~~ For sales which occur before November 1, 2018, all  
2 vendors shall honor the proof of eligibility for sales tax exemption  
3 as authorized by this section and sales to a person providing such  
4 proof shall be exempt at the time of sale from the tax levied by  
5 this article, Section 1350 et seq. of this title.

6 C. The agricultural exemption permit, the size and design of  
7 which shall be prescribed by the Oklahoma Tax Commission, shall  
8 constitute proof of eligibility for sales tax exemptions authorized  
9 by Section 1358 of this title. ~~The~~ Subject to requirements of  
10 subsection I of this section, the permit shall be obtained by  
11 listing personal property used in farming or ranching by the person  
12 with the county assessor each year as provided by law. If the  
13 assessor determines that the personal property is correctly listed  
14 and assessed for ad valorem taxation and the county treasurer  
15 certifies whether the person has delinquent accounts appearing on  
16 the personal property tax lien docket in the county treasurer's  
17 office, the assessor shall certify the assessment upon a form  
18 prescribed by the Oklahoma Tax Commission. One copy shall be  
19 retained by the assessor, one copy shall be forwarded to the  
20 Oklahoma Tax Commission and one copy shall be given to the person  
21 listing the personal property. Upon verification that the applicant  
22 qualifies for the exemptions authorized by Section 1358 of this  
23 title and that the applicant has no delinquent accounts appearing on  
24 the personal property tax lien docket in the office of the county

1 treasurer, a permit shall be issued as prescribed by this section.

2 The permit shall be renewable ~~every three (3) years~~ annually in the  
3 manner provided by this section.

4 D. A person who does not otherwise qualify for a permit  
5 pursuant to subsection C of this section, except as provided in  
6 subsection E of this section, shall file with the Oklahoma Tax  
7 Commission an application for an agricultural exemption permit  
8 constituting proof of eligibility for the sales tax exemptions  
9 authorized by Section 1358 of this title, setting forth such  
10 information as the Tax Commission may require. The application  
11 shall be certified by the applicant that the applicant is engaged in  
12 custom farming operations or in the business of farming or ranching.  
13 If the applicant is a corporation, the application shall be  
14 certified by a legally constituted officer thereof.

15 E. Except as provided in this subsection, for a person who is a  
16 resident of another state and who is engaged in custom farming  
17 operations in this state, the person shall provide the vendor proof  
18 of residency, the name, address and telephone number of the person  
19 engaging the custom farmer and certification on the face of the  
20 invoice, under the penalty of perjury, that the property purchased  
21 shall be used in agricultural production as proof of eligibility for  
22 the sales tax exemption authorized by Section 1358 of this title.  
23 Any person who is a resident of another state and who is engaged in  
24 custom farming operations in this state and who owns property in

1 this state, shall obtain proof of eligibility as provided in  
2 subsection C or D of this section.

3 F. If an agricultural exemption permit holder purchases  
4 tangible personal property from a vendor on a regular basis, the  
5 permit holder may furnish the vendor proof of eligibility as  
6 provided for in subsections C and D of this section and the vendor  
7 may subsequently make sales of tangible personal property to the  
8 permit holder without requiring proof of eligibility for each  
9 subsequent sale for sales which occur before November 1, 2018.

10 Provided, the permit holder shall notify the vendor of all purchases  
11 which are not exempt from sales tax under the provisions of Section  
12 1358 of this title and remit the applicable amount of tax thereon.

13 If the permit holder fails to notify the vendor of purchases not  
14 exempt from sales tax, then sufficient grounds shall exist for the  
15 Oklahoma Tax Commission to cancel the agricultural exemption permit  
16 of the permit holder who so failed to notify the vendor.

17 G. If an out-of-state agricultural exemption permit holder  
18 purchases tangible personal property from a vendor within this state  
19 who is not in the business of shipping the tangible personal  
20 property purchased, then the out-of-state agricultural exemption  
21 permit holder is responsible for providing an export bill of lading  
22 or other documentation to the vendor from whom the tangible personal  
23 property was purchased showing that the point of delivery of such  
24 goods for use and consumption is outside the State of Oklahoma.

1 H. A purchaser who uses an agricultural exemption permit or  
2 provides proof of eligibility pursuant to subsection E of this  
3 section to purchase, exempt from sales tax, items not authorized for  
4 exemption under Section 1358 of this title shall be subject to a  
5 penalty in the amount of Five Hundred Dollars (\$500.00).

6 I. 1. For sales which occur on or after November 1, 2018, an  
7 applicant for the exemption authorized by Section 1358 of this title  
8 shall only qualify if total sales for which the exemption is being  
9 claimed exceed Twenty-five Thousand Dollars (\$25,000.00) per year.  
10 If total sales exceed such amount, the exemption shall apply to the  
11 total sales amount.

12 2. The Oklahoma Tax Commission shall develop such forms and  
13 procedures as may be necessary to issue refunds for sales tax paid  
14 on or after November 1, 2018, which is subject to the exemption  
15 authorized by Section 1358 of this title.

16 SECTION 2. This act shall become effective November 1, 2018.  
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