

**SENATE CHAMBER**  
**STATE OF OKLAHOMA**

DISPOSITION

☐ FLOOR AMENDMENT

No. \_\_\_\_\_

\_\_\_\_\_

☐ COMMITTEE AMENDMENT

\_\_\_\_\_  
(Date)

Mr./Madame President:

I move to amend Senate Bill No. 477, by substituting the attached floor substitute for the title, enacting clause and entire body of the measure.

Submitted by:

\_\_\_\_\_  
Senator Quinn

Quinn-JCR-FS-Req#2101  
3/13/2019 11:17 AM

(Floor Amendments Only)    Date and Time Filed: \_\_\_\_\_

☐ Untimely

☐ Amendment Cycle Extended

☐ Secondary Amendment

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

FLOOR SUBSTITUTE

FOR

SENATE BILL NO. 477

By: Quinn

FLOOR SUBSTITUTE

[ sales tax - proof of eligibility for agricultural  
exemptions - effective date ]

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

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

Section 1358.1. A. In order to qualify for any exemption  
claimed at the time of sale and authorized by Section 1358 of this  
title, ~~at the time of sale,~~ the person to whom the sale is made  
shall be required to furnish the vendor proof of eligibility for the  
exemption as required by this section.

B. All vendors shall honor the proof of eligibility for sales  
tax exemption as authorized by this section and sales to a person  
providing such proof shall be exempt at the time of sale from the  
tax levied by this article, Section 1350 et seq. of this title.

C. The agricultural exemption permit, the size and design of  
which shall be prescribed by the Oklahoma Tax Commission, shall

1 constitute proof of eligibility for sales tax exemptions authorized  
2 by Section 1358 of this title. The permit shall be obtained by  
3 listing personal property used in farming or ranching by the person  
4 with the county assessor each year as provided by law. If the  
5 assessor determines that the personal property is correctly listed  
6 and assessed for ad valorem taxation and the county treasurer  
7 certifies whether the person has delinquent accounts appearing on  
8 the personal property tax lien docket in the county treasurer's  
9 office, the assessor shall certify the assessment upon a form  
10 prescribed by the Oklahoma Tax Commission. One copy shall be  
11 retained by the assessor, one copy shall be forwarded to the  
12 Oklahoma Tax Commission and one copy shall be given to the person  
13 listing the personal property. Upon verification that the applicant  
14 qualifies for the exemptions authorized by Section 1358 of this  
15 title and that the applicant has no delinquent accounts appearing on  
16 the personal property tax lien docket in the office of the county  
17 treasurer, a permit shall be issued as prescribed by this section.  
18 The permit shall be renewable every three (3) years in the manner  
19 provided by this section.

20 D. A person who does not otherwise qualify for a permit  
21 pursuant to subsection C of this section, except as provided in  
22 subsection E of this section, shall file with the Oklahoma Tax  
23 Commission an application for an agricultural exemption permit  
24 constituting proof of eligibility for the sales tax exemptions

1 authorized by Section 1358 of this title, setting forth such  
2 information as the Tax Commission may require. The application  
3 shall be certified by the applicant that the applicant is engaged in  
4 custom farming operations or in the business of farming or ranching.  
5 If the applicant is a corporation, the application shall be  
6 certified by a legally constituted officer thereof.

7 E. Except as provided in this subsection, for a person who is a  
8 resident of another state and who is engaged in custom farming  
9 operations in this state, the person shall provide the vendor proof  
10 of residency, the name, address and telephone number of the person  
11 engaging the custom farmer and certification on the face of the  
12 invoice, under the penalty of perjury, that the property purchased  
13 shall be used in agricultural production as proof of eligibility for  
14 the sales tax exemption authorized by Section 1358 of this title.  
15 Any person who is a resident of another state and who is engaged in  
16 custom farming operations in this state and who owns property in  
17 this state, shall obtain proof of eligibility as provided in  
18 subsection C or D of this section.

19 F. If an agricultural exemption permit holder purchases  
20 tangible personal property from a vendor on a regular basis, the  
21 permit holder may furnish the vendor proof of eligibility as  
22 provided for in subsections C and D of this section and the vendor  
23 may subsequently make sales of tangible personal property to the  
24 permit holder without requiring proof of eligibility for each

1 subsequent sale. Provided, the permit holder shall notify the  
2 vendor of all purchases which are not exempt from sales tax under  
3 the provisions of Section 1358 of this title and remit the  
4 applicable amount of tax thereon. If the permit holder fails to  
5 notify the vendor of purchases not exempt from sales tax, then  
6 sufficient grounds shall exist for the Oklahoma Tax Commission to  
7 cancel the agricultural exemption permit of the permit holder who so  
8 failed to notify the vendor.

9 G. If an out-of-state agricultural exemption permit holder  
10 purchases tangible personal property from a vendor within this state  
11 who is not in the business of shipping the tangible personal  
12 property purchased, then the out-of-state agricultural exemption  
13 permit holder is responsible for providing an export bill of lading  
14 or other documentation to the vendor from whom the tangible personal  
15 property was purchased showing that the point of delivery of such  
16 goods for use and consumption is outside the State of Oklahoma.

17 H. A purchaser who uses an agricultural exemption permit or  
18 provides proof of eligibility pursuant to subsection E of this  
19 section to purchase, exempt from sales tax, items not authorized for  
20 exemption under Section 1358 of this title shall be subject to a  
21 penalty in the amount of Five Hundred Dollars (\$500.00). The Tax  
22 Commission shall provide permit holders notice of: those items which  
23 may be purchased exempt from sales tax under Section 158 of this  
24 title, the requirement to provide documentation that the permit

1 holder is in the business of farming and ranching if requested by  
2 the Tax Commission; and the penalty for misuse of the exemption  
3 permit provided herein.

4 I. The Tax Commission shall perform audits to verify that  
5 permit holders are in the business of farming or ranching or are  
6 otherwise qualified for the exemption provided in Section 1358 of  
7 this title. Such verification may be made from records of the Tax  
8 Commission or satisfactory proof submitted by the permit holder. If  
9 the permit holder is unable to provide documentation as required  
10 herein, the Tax Commission may revoke the exemption permit.

11 J. A notice stating that "The Oklahoma Tax Commission reviews  
12 purchases made through the use of a sales tax exemption card to  
13 verify that only eligible items are purchased tax exempt." shall be  
14 displayed by retailers accepting permits. The notice shall be  
15 conspicuously displayed at all times at the retailer's place of  
16 business.

17 SECTION 2. This act shall become effective November 1, 2019.

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19 57-1-2101 JCR 3/13/2019 11:17:23 AM  
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