

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

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

3 2. Ethyl alcohol when sold and used for the purpose of blending
4 same with motor fuel on which motor fuel tax is levied by Section
5 500.4 of this title;

6 3. Sales of containers when sold to a person regularly engaged
7 in the business of reselling empty or filled containers or when
8 purchased for the purpose of packaging raw products of farm, garden,
9 or orchard for resale to the consumer or processor. This exemption
10 shall not apply to the sale of any containers used more than once
11 and which are ordinarily known as returnable containers, except
12 returnable soft drink bottles and the cartons, crates, pallets, and
13 containers used to transport returnable soft drink bottles. Each
14 and every transfer of title or possession of such returnable
15 containers in this state to any person who is not regularly engaged
16 in the business of selling, reselling or otherwise transferring
17 empty or filled containers shall be taxable under this Code.
18 Additionally, this exemption shall not apply to the sale of labels
19 or other materials delivered along with items sold but which are not
20 necessary or absolutely essential to the sale of the sold
21 merchandise;

22 4. Sales of or transfers of title to or possession of any
23 containers, after June 30, 1987, used or to be used more than once
24 and which are ordinarily known as returnable containers and which do

1 or will contain beverages defined by paragraphs 4 and 14 of Section
2 506 of Title 37 of the Oklahoma Statutes, or water for human
3 consumption and the cartons, crates, pallets, and containers used to
4 transport such returnable containers;

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

10 6. Machinery, equipment, fuels and chemicals or other materials
11 incorporated into and directly used or consumed in the process of
12 treatment to substantially reduce the volume or harmful properties
13 of hazardous waste at treatment facilities specifically permitted
14 pursuant to the Oklahoma Hazardous Waste Management Act and operated
15 at the place of waste generation, or facilities approved by the
16 Department of Environmental Quality for the cleanup of a site of
17 contamination. The term "hazardous" waste may include low-level
18 radioactive waste for the purpose of this paragraph;

19 ~~7. Except as otherwise provided by subsection I of Section 3658~~
20 ~~of this title pursuant to which the exemption authorized by this~~
21 ~~paragraph may not be claimed, sales of tangible personal property to~~
22 ~~a qualified manufacturer or distributor to be consumed or~~
23 ~~incorporated in a new manufacturing or distribution facility or to~~
24 ~~expand an existing manufacturing or distribution facility. For~~

1 ~~purposes of this paragraph, sales made to a contractor or~~
2 ~~subcontractor that has previously entered into a contractual~~
3 ~~relationship with a qualified manufacturer or distributor for~~
4 ~~construction or expansion of a manufacturing or distribution~~
5 ~~facility shall be considered sales made to a qualified manufacturer~~
6 ~~or distributor. For the purposes of this paragraph, "qualified~~
7 ~~manufacturer or distributor" means:~~

8 a. ~~any manufacturing enterprise whose total cost of~~
9 ~~construction of a new or expanded facility exceeds the~~
10 ~~sum of Five Million Dollars (\$5,000,000.00) and in~~
11 ~~which at least one hundred (100) new full-time~~
12 ~~equivalent employees, as certified by the Oklahoma~~
13 ~~Employment Security Commission, are added and~~
14 ~~maintained for a period of at least thirty-six (36)~~
15 ~~months as a direct result of the new or expanded~~
16 ~~facility,~~

17 b. ~~any manufacturing enterprise whose total cost of~~
18 ~~construction of a new or expanded facility exceeds the~~
19 ~~sum of Ten Million Dollars (\$10,000,000.00) and the~~
20 ~~combined cost of construction material, machinery,~~
21 ~~equipment and other tangible personal property exempt~~
22 ~~from sales tax under the provisions of this paragraph~~
23 ~~exceeds the sum of Fifty Million Dollars~~
24 ~~(\$50,000,000.00) and in which at least seventy-five~~

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

6 e. ~~any manufacturing enterprise whose total cost of~~
7 ~~construction of an expanded facility exceeds the sum~~
8 ~~of Three Hundred Million Dollars (\$300,000,000.00) and~~
9 ~~in which the manufacturer has and maintains an average~~
10 ~~employment level of at least one thousand seven~~
11 ~~hundred fifty (1,750) full-time equivalent employees,~~
12 ~~as certified by the Employment Security Commission, or~~

13 d. ~~any enterprise primarily engaged in the general~~
14 ~~wholesale distribution of groceries defined or~~
15 ~~classified in the North American Industry~~
16 ~~Classification System (NAICS) Manual under Industry~~
17 ~~Groups No. 4244 and 4245 and which has at least~~
18 ~~seventy-five percent (75%) of its total sales to in-~~
19 ~~state customers or buyers and whose total cost of~~
20 ~~construction of a new or expanded facility exceeds the~~
21 ~~sum of Forty Million Dollars (\$40,000,000.00) with~~
22 ~~such construction commencing on or after July 1, 2005,~~
23 ~~and before December 31, 2005, and which at least fifty~~
24 ~~new full-time equivalent employees, as certified by~~

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

5 ~~For purposes of this paragraph, the total cost of construction~~
6 ~~shall include building and construction material and engineering and~~
7 ~~architectural fees or charges directly associated with the~~
8 ~~construction of a new or expanded facility. The total cost of~~
9 ~~construction shall not include attorney fees. For purposes of~~
10 ~~subparagraph c of this paragraph, the total cost of construction~~
11 ~~shall also include the cost of qualified depreciable property as~~
12 ~~defined in Section 2357.4 of this title and labor services performed~~
13 ~~in the construction of an expanded facility. For the purpose of~~
14 ~~subparagraph d of this paragraph, the total cost of construction~~
15 ~~shall also include the cost of all parking, security and dock~~
16 ~~structures or facilities necessary to manage, process or secure~~
17 ~~vehicles used to receive and/or distribute groceries through such a~~
18 ~~facility. The employment requirement of this paragraph can be~~
19 ~~satisfied by the employment of a portion of the required number of~~
20 ~~new full-time-equivalent employees at a manufacturing or~~
21 ~~distribution facility that is related to or supported by the new or~~
22 ~~expanded manufacturing or distribution facility as long as both~~
23 ~~facilities are owned by one person or business entity. For purposes~~
24 ~~of this section, "manufacturing facility" shall mean building and~~

1 ~~land improvements used in manufacturing as defined in Section 1352~~
2 ~~of this title and shall also mean building and land improvements~~
3 ~~used for the purpose of packing, repackaging, labeling or assembling~~
4 ~~for distribution to market, products at least seventy percent (70%)~~
5 ~~of which are made in Oklahoma by the same company but at an off-~~
6 ~~site, in-state manufacturing or distribution facility or facilities.~~
7 ~~It shall not include a retail outlet unless the retail outlet is~~
8 ~~operated in conjunction with and on the same site or premises as the~~
9 ~~manufacturing facility. Up to ten percent (10%) of the square feet~~
10 ~~of a manufacturing or distribution facility building may be devoted~~
11 ~~to office space used to provide clerical support for the~~
12 ~~manufacturing operation. Such ten percent (10%) may be in a~~
13 ~~separate building as long as it is part of the same contiguous tract~~
14 ~~of property on which the manufacturing or distribution facility is~~
15 ~~located. Only sales of tangible personal property made after June~~
16 ~~1, 1988, shall be eligible for the exemption provided by this~~
17 ~~paragraph. The exemption authorized pursuant to subparagraph d of~~
18 ~~this paragraph shall only become effective when the governing body~~
19 ~~of the municipality in which the enterprise is located approves a~~
20 ~~resolution expressing the municipality's support for the~~
21 ~~construction for such new or expanded facility. Upon approval by~~
22 ~~the municipality, the municipality shall forward a copy of such~~
23 ~~resolution to the Oklahoma Tax Commission;~~

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

14 ~~9.~~ 8. Sales of tangible personal property purchased or used by
15 a licensed cable television operator in cablecasting. 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 cablecast signal or is such that the failure
19 of the machinery or equipment to operate would cause cablecasting to
20 cease. This exemption begins with the equipment used in producing
21 local programming or the electronic equipment behind the satellite
22 receiving dish, microwave tower or antenna, and ends with the
23 transmission of the signal from the cablecast head-end 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 ~~10.~~ 9. Sales of packaging materials for use in packing,
4 shipping or delivering tangible personal property for sale when sold
5 to a producer of agricultural products. This exemption shall not
6 apply to the sale of any packaging material which is ordinarily
7 known as a returnable container;

8 ~~11.~~ 10. Sales of any pattern used in the process of
9 manufacturing iron, steel or other metal castings. The exemption
10 provided by this paragraph shall be applicable irrespective of
11 ownership of the pattern provided that such pattern is used in the
12 commercial production of metal castings;

13 ~~12.~~ 11. Deposits or other charges made and which are
14 subsequently refunded for returnable cartons, crates, pallets, and
15 containers used to transport cement and cement products;

16 ~~13.~~ 12. Beginning January 1, 1998, machinery, electricity,
17 fuels, explosives and materials, excluding chemicals, used in the
18 mining of coal in this state;

19 ~~14.~~ 13. Deposits, rent or other charges made for returnable
20 cartons, crates, pallets, and containers used to transport mushrooms
21 or mushroom products from a farm for resale to the consumer or
22 processor;

23 ~~15.~~ 14. Sales of tangible personal property and services used
24 or consumed in all phases of the extraction and manufacturing of

1 crushed stone and sand, including but not limited to site
2 preparation, dredging, overburden removal, explosive placement and
3 detonation, onsite material hauling and/or transfer, material
4 washing, screening and/or crushing, product weighing and site
5 reclamation; and

6 ~~16.~~ 15. Sale, use or consumption of paper stock and other raw
7 materials which are manufactured into commercial printed material in
8 this state primarily for use and delivery outside this state. For
9 the purposes of this section, "commercial printed material" shall
10 include magazines, catalogs, retail inserts and direct mail.

11 SECTION 2. REPEALER 68 O.S. 2011, Section 1359.1, is
12 hereby repealed.

13 SECTION 3. This act shall become effective July 1, 2020.

14 SECTION 4. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

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19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
20 02/20/2020 - DO PASS, As Coauthored.

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