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By: Roberts (Dustin), McEntire  
and **Hilbert** of the House

and

**Bullard** of the Senate

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COMMITTEE SUBSTITUTE

o revenue and taxation; amending 68  
ns 401, 402-1, as amended by Section  
Extraordinary Session, O.S.L. 2018,  
, 407, 412, as amended by Section 1,  
L. 2013, 413, as amended by Section  
.S.L. 2012, 414, 415, 417, as  
n 6, Chapter 66, O.S.L. 2018, 418,  
tion 2, Chapter 334, O.S.L. 2013,  
6 (68 O.S. Supp. 2019, Sections 402-  
and 418), which relate to tobacco  
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1 and 421, which relate to tobacco

An Act relating to revenue and taxation; amending 68 O.S. 2011, Sections 401, 402-1, as amended by Section 4, Chapter 8, 2nd Extraordinary Session, O.S.L. 2018, 403, 403.1, 403.2, 407, 412, as amended by Section 1, Chapter 334, O.S.L. 2013, 413, as amended by Section 7, Chapter 357, O.S.L. 2012, 414, 415, 417, as amended by Section 6, Chapter 66, O.S.L. 2018, 418, as amended by Section 2, Chapter 334, O.S.L. 2013, 420.1, 422 and 426 (68 O.S. Supp. 2019, Sections 402-1, 412, 413, 417 and 418), which relate to tobacco products excise taxation; modifying definitions; eliminating references to certain license holder categories; eliminating references to stamps and stamped tobacco products; imposing requirement with respect to wholesalers in sales transactions involving tobacco products; providing penalties for unlawful purchase of tobacco products; providing for license revocation; providing for monthly reporting; prescribing procedures; requiring payments by wholesalers; imposing due date; providing for computation of delinquent date; providing for increase in penalty amounts for violations of requirements; providing for license revocation upon repeated violations; modifying reporting requirements; modifying provisions related to distributing agents; repealing 68 O.S. 2011, Sections 406, 408, 409, 411 and 421, which relate to tobacco

1 products excise tax procedures; providing for  
2 codification; providing an effective date; and  
3 declaring an emergency.  
4

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

6 SECTION 1. AMENDATORY 68 O.S. 2011, Section 401, is  
7 amended to read as follows:

8 Section 401. For the purpose of this article:

9 (a) The word "person" shall mean any individual, company,  
10 limited liability company, corporation, partnership, association,  
11 joint adventure, estate, trust, or any other group, or combination  
12 acting as a unit, and the plural as well as the singular, unless the  
13 intention to give a more limited meaning is disclosed by the  
14 context.

15 (b) The term "Tax Commission" shall mean the Oklahoma Tax  
16 Commission.

17 (c) The word "wholesaler" shall include dealers whose principal  
18 business is that of a wholesale dealer ~~or jobber~~, and who is known  
19 to the trade as such, who shall sell any cigars or tobacco products  
20 to licensed retail dealers only for the purpose of resale, ~~or giving~~  
21 ~~them away, or exposing the same where they may be taken or~~  
22 ~~purchased, or otherwise acquired by the retailer.~~

23 (d) The word "retailer" shall include every dealer, other than  
24 a wholesale dealer as defined above, whose principal business is

1 that of selling merchandise at retail, who shall sell, or offer for  
2 sale, cigars or tobacco products, ~~irrespective of quantity, number~~  
3 ~~of sales, giving the same away or exposing the same where they may~~  
4 ~~be taken, or purchased, or otherwise acquired by the consumer.~~

5 (e) The word "consumer" shall mean a person who comes into  
6 possession of tobacco for the purpose of consuming it, ~~giving it~~  
7 ~~away, or disposing of it in any way by sale, barter or exchange.~~

8 (f) The words "first sale" shall mean and include the first  
9 sale, or distribution, of cigars or tobacco products in intrastate  
10 commerce, or the first use or consumption of cigars, or tobacco  
11 products within this state.

12 (g) The words "tobacco products" shall mean any cigars,  
13 cheroots, stogies, smoking tobacco (including granulated, plug cut,  
14 crimp cut, ready rubbed and any other kinds and forms of tobacco  
15 suitable for smoking in a pipe or cigarette), chewing tobacco  
16 (including cavendish, twist, plug, scrap and any other kinds and  
17 forms of tobacco suitable for chewing), however prepared; and shall  
18 include any other articles or products made of tobacco or any  
19 substitute therefor.

20 (h) ~~The term "distributing agent" shall mean and include every~~  
21 ~~person in this state who acts as an agent of any person outside the~~  
22 ~~state by receiving cigars and tobacco products in interstate~~  
23 ~~commerce and storing such items subject to distribution or delivery,~~  
24 ~~upon order from said person outside the state, to distributors,~~

1 ~~wholesale dealers and retail dealers, or to consumers. The term~~  
2 ~~"distributing agent" shall also mean and include any person who~~  
3 ~~solicits or takes orders for cigars and tobacco products to be~~  
4 ~~shipped in interstate commerce to a person in this state by a person~~  
5 ~~residing outside of Oklahoma, the tax not having been paid on such~~  
6 ~~cigars and tobacco products.~~

7 ~~(i) The term "stamp" shall mean the stamp or stamps by use of~~  
8 ~~which:~~

9 ~~1. The tax levied pursuant to the provisions of Section 401 et~~  
10 ~~seq. of this title is paid;~~

11 ~~2. The tax levied pursuant to the provisions of Section 426 of~~  
12 ~~this title is paid; or~~

13 ~~3. The payment in lieu of taxes authorized pursuant to a~~  
14 ~~compact entered into by the State of Oklahoma and a federally~~  
15 ~~recognized Indian tribe or nation pursuant to the provisions of~~  
16 ~~subsection C of Section 346 of this title is paid.~~

17 ~~(j) The term "drop shipment" shall mean and include any~~  
18 ~~delivery of cigars or tobacco products received by any person within~~  
19 ~~the state when payment for such cigars or tobacco products is made~~  
20 ~~to the shipper or seller by or through a person other than the~~  
21 ~~consignee.~~

22 ~~(k) The term "cigars" shall include any roll of tobacco for~~  
23 ~~smoking, irrespective of size or shape and irrespective of the~~  
24

1 tobacco being flavored, adulterated or mixed with any other  
2 ingredients, where such roll has a wrapper made chiefly of tobacco.

3 ~~(1) The word "dealer" shall include every person, firm,~~  
4 ~~corporation, or association of persons, who manufactures cigars or~~  
5 ~~tobacco products for distribution, sale, use or consumption in the~~  
6 ~~State of Oklahoma. The word "dealer" is also further defined to~~  
7 ~~mean any person, firm, corporation or association of persons, who~~  
8 ~~imports cigars or tobacco products from any state or foreign~~  
9 ~~country, for distribution, sale, use or consumption in the State of~~  
10 ~~Oklahoma.~~

11 (i) The term "untaxed" means that the full amount of tax has  
12 not been paid as required by Section 401 et seq. of this title.

13 SECTION 2. AMENDATORY 68 O.S. 2011, Section 402-1, as  
14 amended by Section 4, Chapter 8, 2nd Extraordinary Session, O.S.L.  
15 2018 (68 O.S. Supp. 2019, Section 402-1), is amended to read as  
16 follows:

17 Section 402-1. In addition to the tax levied by Section 402 of  
18 this title, there is hereby levied upon the sale, use, exchange or  
19 possession of articles containing tobacco as defined in said Section  
20 402, a tax in the following amounts:

21 (a) Upon cigars of all descriptions made of tobacco, or any  
22 substitute therefor, and weighing more than three (3) pounds per  
23 thousand, and having a manufacturer's recommended retail selling  
24 price, under the Federal Code, of more than four cents (\$0.04) for

1 each cigar, Ten Dollars (\$10.00) per thousand. For the purpose of  
2 computing the tax, cheroots, stogies, etc., are hereby classed as  
3 cigars;

4 (b) Upon all smoking tobacco including granulated, plug cut,  
5 crimp cut, ready rubbed and other kinds and forms of tobacco  
6 prepared in such manner as to be suitable for smoking in a pipe or  
7 cigarette, the tax shall be fifteen percent (15%) of the factory  
8 list price exclusive of any trade discount, special discount or  
9 deals; and

10 (c) Upon chewing tobacco, smokeless tobacco, and snuff, the tax  
11 shall be ten percent (10%) of the factory list price exclusive of  
12 any trade discount, special discount or deals.

13 This tax shall be paid by the consumer and no retailer may  
14 advertise that he will pay or absorb this tax.

15 The tax herein levied on tobacco products shall be ~~evidenced by~~  
16 ~~stamps and~~ collected on the same basis and in the same manner and in  
17 all respects as the tax levied by the Tobacco Products Tax Law. The  
18 revenue from this additional tax shall be apportioned by the  
19 Oklahoma Tax Commission in the same manner as provided in Section  
20 404 of this title, for the apportionment of other tobacco products  
21 tax revenue.

22 SECTION 3. AMENDATORY 68 O.S. 2011, Section 403, is  
23 amended to read as follows:

24

1       Section 403. (a) The excise taxes levied by this article shall  
2 be paid by ~~affixing stamps in the manner and at the time herein set~~  
3 ~~forth. In the case of cigars, including five pack and other small~~  
4 ~~packs, stogies and cheroots, the stamps shall be affixed to the box,~~  
5 ~~or container, in which or from which normally sold at wholesale.~~  
6 ~~Wholesalers and jobbers shall affix the required stamps within~~  
7 ~~seventy two (72) hours after such tobacco products are received by~~  
8 ~~them. Any retailer shall have twenty four (24) hours within which~~  
9 ~~to affix the stamps after such tobacco products are received by him,~~  
10 ~~or them~~ the wholesaler liable for payment of the tax. Provided that  
11 the Tax Commission may, in its discretion, where it is practical and  
12 reasonable for the enforcement of the collection of taxes provided  
13 hereunder, promulgate such rules ~~and regulations~~ as to permit  
14 cigars, stogies, cheroots, and tobacco products, to remain ~~unstamped~~  
15 untaxed in the hands of the wholesalers ~~and jobbers~~ until the  
16 original case or crate is broken, unpacked or sold.

17       (b) ~~In the case of tobacco products wrapped in packages of two~~  
18 ~~(2) pounds or less, the stamps shall be affixed to the containers in~~  
19 ~~which or from which the individual packages are normally sold at~~  
20 ~~wholesale and the stamps shall be affixed by wholesalers and jobbers~~  
21 ~~within seventy two (72) hours after such products are received by~~  
22 ~~them, and by any retailer within the twenty four (24) hours of~~  
23 ~~receipt by him or them of any such products. Such goods must be~~  
24 ~~stamped before being sold. All retail dealers in manufactured~~

1 ~~tobacco products, purchasing or receiving such commodities from~~  
2 ~~without the state, whether the same shall have been ordered through~~  
3 ~~a wholesaler or jobber in this state and/or by drop shipment and/or~~  
4 ~~otherwise, shall within five (5) days after receipt of same, mail a~~  
5 ~~duplicate invoice of all such purchases or receipts to the Tax~~  
6 ~~Commission. Failure to furnish duplicate invoices as required shall~~  
7 ~~be deemed a misdemeanor, and, upon conviction, be punishable by a~~  
8 ~~fine of not more than One Hundred Dollars (\$100.00) for each~~  
9 ~~offense, or imprisonment in the county jail for a period not~~  
10 ~~exceeding thirty (30) days.~~

11 ~~(e) It is the intent and purpose of this section to require all~~  
12 ~~manufacturers within this state, wholesale dealers, jobbers,~~  
13 ~~distributors and retail dealers, to affix the stamps pay applicable~~  
14 ~~tax provided for in this ~~section~~ article ~~to~~ upon taxable~~  
15 ~~commodities, but when the stamps have been affixed as required~~  
16 ~~herein, no further or other stamp shall be required regardless of~~  
17 ~~how often such articles may be sold or resold within this state.~~

18 SECTION 4. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 403-1A of Title 68, unless there  
20 is created a duplication in numbering, reads as follows:

21 A. The excise tax imposed pursuant to the provisions of Section  
22 401 et seq. of Title 68 of the Oklahoma Statutes upon the sale,  
23 distribution, use, exchange, barter or possession of tobacco  
24



1 products within the state shall be paid through monthly tobacco  
2 products tax reporting procedures.

3 B. It shall not be necessary for any person or entity to  
4 purchase stamps or affix stamps to tobacco products in order to  
5 comply with the requirements of Section 401 et seq. of Title 68 of  
6 the Oklahoma Statutes or the provisions of this act.

7 C. All payments of the excise tax imposed pursuant to the  
8 provisions of Section 401 et seq. of Title 68 of the Oklahoma  
9 Statutes shall be made by the wholesaler and not by any other person  
10 or entity.

11 D. The monthly reports required by the provisions of Section  
12 401 et seq. of Title 68 of the Oklahoma Statutes shall be made not  
13 later than the twentieth day of the calendar month immediately  
14 following the calendar month in which the tobacco products subject  
15 to taxation were first received, delivered, possessed, used or in  
16 any manner dealt with in the state. The monthly report shall be  
17 submitted to the Tax Commission on such form as it may prescribe for  
18 such purpose. If the due date of a tobacco products tax report is a  
19 Saturday, Sunday, holiday recognized by the executive department of  
20 the state or a date when the Federal Reserve Banks are closed, then  
21 the due date of the report shall be the next official working day  
22 for the Oklahoma Tax Commission following such date. Any report or  
23 payment mailed or postmarked by the United States Postal Service on  
24 or prior to the due date shall be considered to have been filed or

1 paid on the due date. All excise tax or monthly reports due and not  
2 paid or submitted to the Commission or before the due date shall be  
3 delinquent.

4 SECTION 5. AMENDATORY 68 O.S. 2011, Section 403.1, is  
5 amended to read as follows:

6 Section 403.1 The Oklahoma Tax Commission is hereby authorized  
7 and empowered, if in its discretion it deems practical and  
8 reasonable, to establish procedures for payment of excise taxes  
9 levied in Section 401 et seq. of this title, for the collection from  
10 a wholesaler of payments in lieu of excise taxes authorized pursuant  
11 to a compact entered into by the State of Oklahoma and a federally  
12 recognized Indian tribe or nation pursuant to the provisions of  
13 subsection C of Section 346 of this title, in respect to articles  
14 containing tobacco, pursuant to monthly tobacco products tax reports  
15 ~~in lieu of payment by purchasing and affixing stamps,~~  
16 ~~notwithstanding the provisions of Section 403 et seq. of this title.~~

17 Provided, exercise by the Tax Commission of the authority granted  
18 herein shall be by adoption of rules ~~and regulations~~ necessary to  
19 establish procedures for collection of such tax through monthly  
20 reporting procedures consistent with the provisions of Section 401  
21 et seq. of this title, ~~other than those provisions relating directly~~  
22 ~~to payment of such tax by purchasing and affixing stamps.~~

1 In the event the Tax Commission shall determine to collect such  
2 tax through monthly reporting procedures and adopt rules and  
3 regulations therefor:

4 1. All provisions of Section 401 et seq. of this title relating  
5 to ~~unstamped~~ untaxed tobacco products shall be interpreted to  
6 include and shall be applicable to all tobacco products for which  
7 the tax required by law has not been paid;

8 2. No person, ~~dealer, distributing agent~~ retailer or  
9 wholesaler, as defined in Section 401 of this title, shall possess,  
10 sell, use, exchange, barter, give away or in any manner deal with  
11 any tobacco products within this state upon which such tax is levied  
12 and unpaid, ~~unless such person, dealer, retailer, distributing agent~~  
13 ~~or wholesaler holds a valid tobacco license issued pursuant to~~  
14 ~~Section 415 of this title; and~~

15 3. Any ~~person~~ wholesaler required to report and remit such  
16 taxes or payments in lieu of taxes required pursuant to a compact  
17 authorized by subsection C of Section 346 of this title to the Tax  
18 Commission shall be allowed a discount of two percent (2%) of the  
19 tax due for maintaining and collecting such tax or payments for the  
20 benefit of the state, if such tax or payment is timely reported and  
21 remitted.

22 SECTION 6. AMENDATORY 68 O.S. 2011, Section 403.2, is  
23 amended to read as follows:  
24

1       Section 403.2   A.   It shall be unlawful ~~to affix a stamp to any~~  
2 ~~package or container of tobacco products or~~ for any wholesaler to  
3 sell, offer for sale, or import into this state any package or  
4 container of tobacco products:

5       1.   Which bears any label or notice prescribed by the United  
6 States Department of Treasury to identify tobacco products intended  
7 for export and exempt from tax by the United States pursuant to  
8 Section 5704(b) of Title 26 of the United States Code or any notice  
9 or label described in Section 290.185 of Title 27 of the United  
10 States Code of Federal Regulations;

11       2.   Which is not labeled in conformity with the provisions of  
12 the Federal Cigarette Labeling and Advertising Act, or any other  
13 federal requirement for the placement of labels, warnings or other  
14 information applicable to packages or containers of tobacco products  
15 intended for domestic consumption;

16       3.   Upon which all federal taxes due have not been paid or which  
17 is not in compliance with all federal trademark and copyright laws;  
18 or

19       4.   The packaging of which has been modified or altered by a  
20 person other than the manufacturer or person specifically authorized  
21 by the manufacturer, including, but not limited to, the placement of  
22 a sticker or label to cover information on the package or container.

23       Possession of more than thirty (30) ounces of tobacco products  
24 ~~in packages or containers bearing Oklahoma stamps~~ in violation of

1 this subsection by a person other than an employee of this state or  
2 the federal government performing official duties relating to  
3 enforcement of the provisions of Section 401 et seq. of this title  
4 shall constitute prima facie evidence of a violation of the  
5 provisions of this subsection.

6 B. Except as otherwise provided by law, the Attorney General  
7 shall enforce the provisions of this section.

8 SECTION 7. AMENDATORY 68 O.S. 2011, Section 407, is  
9 amended to read as follows:

10 Section 407. It shall be provided by regulations of the Tax  
11 Commission the methods of breaking packages, forms and kinds of  
12 containers, ~~and methods of affixing stamps,~~ that shall be employed  
13 by persons subject to the tax levied by this article which will make  
14 possible the enforcement of payment by inspection; and any such  
15 person engaging in or permitting such practices as are prohibited by  
16 this article, or in any other practice which makes it difficult to  
17 enforce the provisions of this article by inspection, and any person  
18 or agent thereof who shall upon demand of any officer or agent of  
19 the Tax Commission refuse to allow full inspection of the premises  
20 or any part thereof, or who shall hinder or in anywise delay or  
21 prevent such inspection when demand is made therefor, shall be  
22 guilty of a misdemeanor and shall, upon conviction, be fined not  
23 more than ~~Two Hundred Dollars (\$200.00)~~ Two Thousand Dollars

1 (\$2,000.00) for each offense, or imprisonment in the county jail for  
2 a period not exceeding sixty (60) days or both.

3 SECTION 8. AMENDATORY 68 O.S. 2011, Section 412, as  
4 amended by Section 1, Chapter 334, O.S.L. 2013 (68 O.S. Supp. 2019,  
5 Section 412), is amended to read as follows:

6 Section 412. (a) Every wholesaler, ~~jobber, retailer or~~  
7 ~~consumer~~ who purchases or allows to come into his or her possession  
8 any ~~unstamped~~ untaxed merchandise coming under the scope of this  
9 article shall file with the Oklahoma Tax Commission a surety or  
10 collateral or cash bond in the amount of Twenty-five Thousand  
11 Dollars (\$25,000.00), payable to the State of Oklahoma and  
12 conditioned upon compliance with the provisions of this article and  
13 the rules of the Tax Commission.

14 (b) Any consumer who purchases or brings into this state  
15 ~~unstamped~~ untaxed cigars or tobacco products whereon the tax would  
16 be more than twenty-five cents (\$0.25) is subject to the tax  
17 thereon. Upon failure to pay the tax levied in this article, the  
18 consumer shall be subject to a fine of not more than Five Hundred  
19 Dollars (\$500.00) or not less than Twenty-five Dollars (\$25.00).  
20 Provided, any person in possession of more than one thousand small  
21 or large cigars or two hundred sixteen (216) ounces of chewing or  
22 smoking tobacco products in packages or containers for which the tax  
23 required by law has not been paid shall be punished by  
24

1 administrative fines in the manner and amounts provided in  
2 subsection D of Section 418 of this title.

3 SECTION 9. AMENDATORY 68 O.S. 2011, Section 413, as  
4 amended by Section 7, Chapter 357, O.S.L. 2012 (68 O.S. Supp. 2019,  
5 Section 413), is amended to read as follows:

6 Section 413. A. The right of a carrier in this state to carry  
7 ~~unstamped~~ untaxed cigars and tobacco products shall not be affected  
8 hereby; provided, that carriers delivering untaxed tobacco products  
9 to any person in this state other than an Oklahoma-licensed  
10 wholesaler for the purpose of selling or consuming untaxed tobacco  
11 products in this state in violation of this article shall be subject  
12 to seizure of the shipments and forfeiture of the inventory pursuant  
13 to the provisions of Section 417 of this title. Provided further,  
14 that should any such carrier sell any cigars and tobacco products in  
15 this state, such sale shall be subject to the ~~stamp~~ tax and other  
16 provisions of this article and to the rules of the Tax Commission.  
17 The carrier transporting tobacco products and cigars to a point  
18 within this state, or a bonded warehouseman or bailee having in its  
19 possession tobacco products and cigars, shall transmit to the Tax  
20 Commission a statement of such consignment of tobacco products and  
21 cigars, showing the date, point of origin, point of delivery, and to  
22 whom delivered. All carriers or bailees or warehousemen shall  
23 permit an examination by the Tax Commission, or its agents or  
24 legally authorized representatives, of their records relating to the

1 shipment or receipt of tobacco products and cigars. Any person who  
2 fails or refuses to transmit to the Tax Commission the aforesaid  
3 statement, or who refuses to permit the examination of his or her  
4 records by the Tax Commission or its legally authorized agents or  
5 representatives, shall be guilty of a misdemeanor and shall be  
6 subject to a fine of not to exceed ~~Five Hundred Dollars (\$500.00)~~  
7 Two Thousand Dollars (\$2,000.00) and not less than ~~Twenty-five~~  
8 ~~Dollars (\$25.00)~~ One Thousand Dollars (\$1,000.00).

9 B. Wholesalers shall make a monthly report to the Tax  
10 Commission. Such report must be received in the office of the Tax  
11 Commission not later than the twentieth day of each month, showing  
12 purchases and invoices of all merchandise coming under this article,  
13 for the previous month; and the report shall also show the invoice  
14 number, the name and address of the consignee and consignor, the  
15 date, and such other information as may be requested by the Tax  
16 Commission. ~~Retailers or consumers purchasing tobacco products and~~  
17 ~~cigars in drop shipments shall be required to make monthly reports~~  
18 ~~to the Tax Commission, as are required of wholesalers.~~

19 SECTION 10. AMENDATORY 68 O.S. 2011, Section 414, is  
20 amended to read as follows:

21 Section 414. (a) Each truck or vehicle wherefrom cigars or  
22 tobacco products are sold shall be considered as a place of business  
23 and required to have a wholesale license and a bond of not less than  
24 Five Hundred Dollars (\$500.00).



1 (b) Any person operating a truck or vehicle by selling,  
2 exchanging, or giving away ~~unstamped~~ untaxed merchandise covered by  
3 this article shall be deemed guilty of violation of same and shall  
4 be penalized as hereinbefore set forth, and ~~unstamped~~ untaxed  
5 merchandise handled by ~~him~~ this person as well as the vehicle used  
6 to transport the untaxed tobacco products shall be subject to  
7 confiscation by authorized agents of the Tax Commission or duly  
8 authorized peace officers.

9 (c) After seizure or confiscation by such agent or officer, the  
10 merchandise and property shall be held until all taxes, interest and  
11 penalties due have been paid. If not paid within five (5) days  
12 after date of seizure, it shall be sold at public sale by the  
13 sheriff of the county where confiscated, after being advertised by  
14 posting of notice of such sale in five public places in the county  
15 where the sale is to occur. The proceeds of the sale shall be  
16 applied to taxes, interest and penalties due and to the cost of the  
17 sale, and the remainder, if any, shall be paid to the State  
18 Treasurer, by the sheriff conducting such sale, to be deposited to  
19 the credit of the General Revenue Fund.

20 SECTION 11. AMENDATORY 68 O.S. 2011, Section 415, is  
21 amended to read as follows:

22 Section 415. A. Every ~~dealer and~~ wholesaler of tobacco  
23 products in this state, as a condition of carrying on such business,  
24 shall annually secure from the Oklahoma Tax Commission a written

1 license and shall pay an annual fee of Two Hundred Fifty Dollars  
2 (\$250.00); provided, such fee shall not be applicable if paid  
3 pursuant to Section 304 of this title. The Tax Commission shall  
4 promulgate rules which provide a procedure for the issuance of a  
5 joint license for any wholesaler making application pursuant to this  
6 section and Section 304 of this title. Application for such  
7 license, which shall be made upon such forms as prescribed by the  
8 Tax Commission, shall include the following:

9 1. The applicant's agreement to the jurisdiction of the Tax  
10 Commission and the courts of this state for purposes of enforcement  
11 of the provisions of Section 301 et seq. of this title; and

12 2. The applicant's agreement to abide by the provisions of  
13 Section 301 et seq. of this title and the rules promulgated by the  
14 Tax Commission with reference thereto. This license, which will be  
15 for the ensuing year, must at all times be displayed in a  
16 conspicuous place so that it can be seen. Persons operating more  
17 than one place of business must secure a license for each place of  
18 business. "Place of business" shall be construed to include the  
19 place where orders are received, or where tobacco products are sold.  
20 If tobacco products are sold on or from any vehicle, the vehicle  
21 shall constitute a place of business, and the license fee of Two  
22 Hundred Fifty Dollars (\$250.00) shall be paid with respect thereto.  
23 However, if the vehicle is owned or operated by a place of business  
24 for which the regular license fee is paid, the annual fee for the

1 license with respect to such vehicle shall be only Ten Dollars  
2 (\$10.00). The expiration for such vehicle license shall expire on  
3 the same date as the current license of the place of business.

4 B. Every retailer in this state, as a condition of carrying on  
5 such business, shall secure from the Tax Commission a license and  
6 shall pay therefor a fee of Thirty Dollars (\$30.00). Application  
7 for such license, which shall be made upon such forms as prescribed  
8 by the Tax Commission, shall include the following:

9 1. The applicant's agreement to the jurisdiction of the Tax  
10 Commission and the courts of this state for purposes of enforcement  
11 of the provisions of Section 301 et seq. of this title; and

12 2. The applicant's agreement to abide by the provisions of  
13 Section 301 et seq. of this title and the rules promulgated by the  
14 Tax Commission with reference thereto;

15 3. The applicant's agreement that it shall not purchase any  
16 tobacco products for resale from a supplier that does not hold a  
17 current wholesaler's license issued pursuant to this section; and

18 4. The applicant's agreement to sell tobacco products only to  
19 consumers.

20 Such license, which will be for the ensuing three (3) years,  
21 must at all times be displayed in a conspicuous place so that it can  
22 be seen. Upon expiration of such license, the retailer to whom such  
23 license was issued may obtain a renewal license which shall be valid  
24 for three (3) years or until expiration of the retailer's sales tax

1 permit, whichever is earlier, after which a renewal license shall be  
2 valid for three (3) years. The manner and prorated fee for renewals  
3 shall be prescribed by the Tax Commission. Every person operating  
4 under such license as a retailer and who owns or operates more than  
5 one place of business must secure a license for each place of  
6 business. "Place of business" shall be construed to include places  
7 where orders are received or where tobacco products are sold.

8 C. Nothing in this section shall be construed to prohibit any  
9 person holding a retail license from also holding a wholesaler  
10 license.

11 ~~D. Every distributing agent shall, as a condition of carrying~~  
12 ~~on such business, pursuant to written application on a form~~  
13 ~~prescribed by and in such detailed form as the Tax Commission may~~  
14 ~~require, annually secure from the Tax Commission a license, and~~  
15 ~~shall pay therefor an annual fee of One Hundred Dollars (\$100.00).~~  
16 ~~An application shall be filed and a license obtained for each place~~  
17 ~~of business owned or operated by a distributing agent. The license,~~  
18 ~~which will be for the ensuing year, shall be consecutively numbered,~~  
19 ~~nonassignable and nontransferable, and shall authorize the storing~~  
20 ~~and distribution of unstamped tobacco products within this state~~  
21 ~~when such distribution is made upon interstate orders only.~~

22 ~~E. 1. All wholesale, or retail, and distributing agents'~~  
23 licenses shall be nonassignable and nontransferable from one person  
24 to another person. Such licenses may be transferred from one

1 location to another location after an application has been filed  
2 with the Tax Commission requesting such transfer and after the  
3 approval of the Tax Commission.

4 2. Wholesale, and retail, ~~and distributing agent's~~ licenses  
5 shall be applied for on a form prescribed by the Tax Commission.

6 Any person operating as a wholesaler, or retailer, ~~or distributing~~  
7 ~~agent~~ must at all times have an effective unexpired license which  
8 has been issued by the Tax Commission. If any such person or  
9 licensee continues to operate as such on a license issued by the Tax  
10 Commission which has expired, or operates without ever having  
11 obtained from the Tax Commission such license, such person or  
12 licensee shall, after becoming delinquent for a period in excess of  
13 fifteen (15) days, pay to the Tax Commission, in addition to the  
14 annual license fee, a penalty of ~~twenty-five cents (\$0.25)~~ Ten  
15 Dollars (\$10.00) per day on each delinquent license for each day so  
16 operated in excess of fifteen (15) days. The penalty provided for  
17 herein shall not exceed the annual license fee for such license.

18 ~~F.~~ E. No license may be granted, maintained or renewed if any  
19 of the following conditions apply to the applicant. For purposes of  
20 this section, "applicant" includes any combination of persons owning  
21 directly or indirectly, in the aggregate, more than ten percent  
22 (10%) of the ownership interests in the applicant:

23 1. The applicant owes Five Hundred Dollars (\$500.00) or more in  
24 delinquent tobacco products taxes;

1        2. The applicant had a ~~dealer~~, wholesaler, or retailer license  
2        revoked by the Tax Commission within the past two (2) years; or

3        3. The applicant has been convicted of a crime relating to  
4        stolen or counterfeit tobacco products, or receiving stolen or  
5        counterfeit tobacco products.

6        ~~G.~~ F. No person or entity licensed pursuant to the provisions  
7        of this section shall purchase tobacco products from or sell tobacco  
8        products to a person or entity required to obtain a license unless  
9        such person or entity has obtained such license.

10       ~~H.~~ G. In addition to any civil or criminal penalty provided by  
11       law, upon a finding that a licensee has violated any provision of  
12       Section 301 et seq. of this title, the Tax Commission may revoke or  
13       suspend the license or licenses of the licensee pursuant to the  
14       procedures applicable to revocation of a license set forth in  
15       Section 418 of this title.

16       SECTION 12.       NEW LAW       A new section of law to be codified  
17       in the Oklahoma Statutes as Section 415.1 of Title 68, unless there  
18       is created a duplication in numbering, reads as follows:

19       Retailers shall only purchase tobacco products from an Oklahoma-  
20       licensed tobacco wholesaler evidenced by a current listing provided  
21       by the Oklahoma Tax Commission. Any purchases of tobacco products  
22       from a person who is not holding a current Oklahoma wholesale  
23       tobacco license shall be a misdemeanor, punishable by a fine of the  
24       greater of One Thousand Dollars (\$1,000.00) or five times the unpaid

1 tax on such products. A second or subsequent offense shall be  
2 punishable by revocation of the license. The Oklahoma Tax  
3 Commission shall make available for all licensed retailers a list of  
4 currently licensed wholesalers at least monthly or through the use  
5 of a website maintained by or on behalf of the Oklahoma Tax  
6 Commission with updates made as often as practical but no less than  
7 often than each thirty (30) days.

8 SECTION 13. AMENDATORY 68 O.S. 2011, Section 417, as  
9 amended by Section 6, Chapter 66, O.S.L. 2018 (68 O.S. Supp. 2019,  
10 Section 417), is amended to read as follows:

11 Section 417. A. All ~~unstamped~~ tobacco products upon which a  
12 tax is levied by Section 401 et seq. of this title and all tobacco  
13 products ~~stamped~~, sold, offered for sale, or imported into this  
14 state in violation of the provisions of Section 403.2 of this title,  
15 found in the possession, custody or control of any person for the  
16 purpose of being consumed, sold or transported from one place to  
17 another in this state, for the purpose of evading or violating the  
18 provisions of Section 401 et seq. of this title, or with intent to  
19 avoid payment of the tax imposed thereunder, and any vehicle being  
20 used in avoidance of such tax may be seized by any authorized agent  
21 of the Oklahoma Tax Commission or any sheriff, deputy sheriff or  
22 police within the state. Tobacco products from the time of seizure  
23 shall be forfeited to the State of Oklahoma. A proper proceeding  
24 shall be filed to maintain such seizure and prosecute the forfeiture

1 as herein provided; the provisions of this section shall not apply,  
2 however, where the tax on such ~~unstamped~~ tobacco products does not  
3 exceed One Dollar (\$1.00).

4 B. All such tobacco products so seized shall first be listed  
5 and appraised by the officer making such seizure and turned over to  
6 the Tax Commission and a receipt taken therefor.

7 C. The person making such seizure shall immediately make and  
8 file a written report thereof to the Tax Commission, showing the  
9 name of the person making such seizure, the place where seized, the  
10 person from whom seized, the property seized and an inventory and  
11 appraisement thereof, which inventory shall be based on the usual  
12 and ordinary retail price or value of the articles seized, and the  
13 Attorney General, in the case of tobacco products ~~stamped~~, sold,  
14 offered for sale, or imported into this state in violation of the  
15 provisions of Section 403.2 of this title. Within sixty (60) days  
16 of seizure, the person from whom the property was seized may file a  
17 request for hearing with the Tax Commission or the Attorney General  
18 to show why the seized property should not be forfeited and  
19 destroyed. If a hearing is requested, the owner of the tobacco  
20 products shall be given at least ten (10) days' notice of the  
21 hearing. If no request for hearing is filed within the time  
22 provided, the property seized will be forfeited and destroyed.



1 D. The seizure of such tobacco products shall not relieve the  
2 person from whom such tobacco products were seized from prosecution  
3 or the payment of penalties.

4 E. The forfeiture provisions of Section 401 et seq. of this  
5 title shall only apply to persons having possession of or  
6 transporting tobacco products with intent to barter, sell or give  
7 away the same.

8 SECTION 14. AMENDATORY 68 O.S. 2011, Section 418, as  
9 amended by Section 2, Chapter 334, O.S.L. 2013 (68 O.S. Supp. 2019,  
10 Section 418), is amended to read as follows:

11 Section 418. A. It shall be unlawful for any person to  
12 transport or possess ~~unstamped~~ tobacco products where the tax on  
13 such ~~unstamped~~ tobacco products has not been paid and exceeds the  
14 sum of One Dollar (\$1.00).

15 B. Except as otherwise provided in subsections C and D of this  
16 section, any person found guilty of violating the provisions of  
17 Section 401 et seq. of this title shall be punished by an  
18 administrative fine of not more than ~~Five Hundred Dollars (\$500.00)~~  
19 One Thousand Dollars (\$1,000.00) for a first offense or not more  
20 than Four Thousand Dollars (\$4,000.00) for a second or subsequent  
21 offense. Provided, any person in possession of more than one  
22 thousand small or large cigars or two hundred sixteen (216) ounces  
23 of chewing or smoking tobacco products in packages or containers for  
24 which the tax required by law has not been paid shall be punished by

1 administrative fines in the manner and amounts provided in  
2 subsection D of this section.

3 C. Any retailer violating the provisions of Section 403.2 of  
4 this title shall:

5 1. For a first offense, be punished by an administrative fine  
6 of not more than ~~One Thousand Dollars (\$1,000.00)~~ Two Thousand  
7 Dollars (\$2,000.00);

8 2. For a second offense, punished by an administrative fine of  
9 not more than ~~Five Thousand Dollars (\$5,000.00)~~ Ten Thousand Dollars  
10 (\$10,000.00); and

11 3. For a third or subsequent offense, be punished by an  
12 administrative fine of not more than ~~Ten Thousand Dollars~~  
13 ~~(\$10,000.00)~~ Twenty Thousand Dollars (\$20,000.00).

14 D. Any wholesaler, ~~distributing agent or dealer~~ violating the  
15 provisions of Section 403.2 of this title shall:

16 1. For a first offense, be punished by an administrative fine  
17 of not more than ~~Five Thousand Dollars (\$5,000.00)~~ Ten Thousand  
18 Dollars (\$10,000.00); and

19 2. For a second or subsequent offense, be punished by an  
20 administrative fine of not more than Twenty Thousand Dollars  
21 (\$20,000.00).

22 Administrative fines collected pursuant to the provisions of  
23 this subsection shall be deposited to the revolving fund created in  
24 Section 305.2 of this title.

1 E. The Oklahoma Tax Commission shall immediately revoke the  
2 license of a person punished for a violation pursuant to the  
3 provisions of paragraph 3 of subsection C of this section or a  
4 person punished for a violation pursuant to the provisions of  
5 subsection D of this section. A person whose license is so revoked  
6 shall not be eligible to receive another license pursuant to the  
7 provisions of Section 301 et seq. of this title for a period of ten  
8 (10) years.

9 SECTION 15. AMENDATORY 68 O.S. 2011, Section 420.1, is  
10 amended to read as follows:

11 Section 420.1 A. Each ~~distributor~~ wholesaler of tobacco  
12 products, as defined in Section 401 of ~~Title 68 of the Oklahoma~~  
13 ~~Statutes~~ this title, shall maintain copies of invoices or equivalent  
14 documentation for each of its facilities for every transaction in  
15 which the ~~distributor~~ wholesaler is the seller, purchaser,  
16 consignor, consignee, or recipient of tobacco products. The  
17 invoices or documentation shall contain the ~~distributor's~~  
18 wholesaler's tobacco license number and the retailer's tobacco  
19 license number if the sale is to a retailer and the quantity by  
20 brand style of the tobacco products involved in the transaction.

21 B. Each retailer of tobacco products, as defined in Section 401  
22 of ~~Title 68 of the Oklahoma Statutes~~ this title, shall maintain  
23 copies of invoices or equivalent documentation for every transaction  
24 in which the retailer receives or purchases tobacco products at each

1 of its facilities. The invoices or documentation shall show the  
2 name ~~and~~, address and tobacco license number of the ~~distributor~~  
3 wholesaler from whom, or the address of another facility of the same  
4 retailer from which, the tobacco products were received, the  
5 quantity of each brand style received in such transaction and the  
6 retail cigarette license number or sales tax license number.

7 SECTION 16. AMENDATORY 68 O.S. 2011, Section 422, is  
8 amended to read as follows:

9 Section 422. All ~~manufacturers~~, wholesalers, ~~jobbers~~, or  
10 ~~retailers, or other person~~, selling or distributing such tobacco  
11 products under ~~the three preceding sections~~ the provisions of this  
12 act shall comply with the provisions of such sections, and the rules  
13 and regulations of the Oklahoma Tax Commission as to such sale or  
14 distribution, and failure to so comply shall constitute grounds for  
15 revocation of any license issued to said ~~manufacturer~~, wholesaler,  
16 ~~jobber~~, or retailer ~~or other person~~, by the Tax Commission.

17 SECTION 17. AMENDATORY 68 O.S. 2011, Section 426, is  
18 amended to read as follows:

19 Section 426. A. It shall be unlawful for any person knowingly  
20 to ship, transport, receive, possess, sell, distribute or purchase  
21 contraband tobacco products. Any person who engages in shipping,  
22 transporting, receiving, possessing, selling, distributing or  
23 purchasing contraband tobacco products shall, upon conviction, be  
24 guilty of a misdemeanor punishable by a fine of not more than ~~One~~

1 ~~Thousand Dollars (\$1,000.00)~~ Two Thousand Dollars (\$2,000.00). Any  
2 person convicted of a second or subsequent violation hereof shall be  
3 guilty of a felony and shall be punishable by a fine of not more  
4 than Five Thousand Dollars (\$5,000.00), by a term of imprisonment in  
5 the State Penitentiary for not more than two (2) years, or by both  
6 such fine and imprisonment.

7 B. Any person who knowingly engages in shipping, transporting,  
8 receiving, possessing, selling, distributing or purchasing  
9 contraband tobacco products shall be subject to the forfeiture of  
10 property as is provided by Section 417 of this title and assessment  
11 of penalty as provided thereby and assessment for any delinquent  
12 taxes found to be owing.

13 SECTION 18. REPEALER 68 O.S. 2011, Sections 406, 408,  
14 409, 411 and 421, are hereby repealed.

15 SECTION 19. This act shall become effective July 1, 2020.

16 SECTION 20. It being immediately necessary for the preservation  
17 of the public peace, health or safety, an emergency is hereby  
18 declared to exist, by reason whereof this act shall take effect and  
19 be in full force from and after its passage and approval.

20  
21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
22 02/26/2020 - DO PASS, As Amended and Coauthored.