

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 HOUSE BILL 3553

By: Boatman

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 1354.32, which relates to database
9 describing boundaries; modifying provisions related
10 to use of database for purposes of sales tax rate
11 determinations; making certain provisions mandatory;
12 and providing an effective date.

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

14 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1354.32, is
15 amended to read as follows:

16 Section 1354.32 The Oklahoma Tax Commission shall:

17 1. Provide and maintain a database that describes boundary
18 changes for all taxing jurisdictions within this state for sales and
19 use tax purposes. This database shall include a description of the
20 change and the effective date of the change for sales and use tax
21 purposes;

22 2. Provide and maintain a database of all sales and use tax
23 rates for all of the jurisdictions levying taxes within the state.

24 For the identification of the state, counties, and cities, codes

1 corresponding to the rates must be provided according to Federal
2 Information Processing Standards (FIPS) as developed by the National
3 Institute of Standards and Technology;

4 3. Provide and maintain a database that assigns each five-digit
5 and nine-digit zip code within the state to the proper tax rates and
6 jurisdictions. The lowest combined tax rate imposed in the zip code
7 area shall apply if the area includes more than one tax rate in any
8 level of taxing jurisdictions. The collections from an area that
9 includes more than one jurisdiction in a level shall be allocated
10 between the jurisdictions according to the pro rata population of
11 each jurisdiction in the area. If a nine-digit zip code designation
12 is not available for a street address or if a seller or certified
13 service provider (CSP) is unable to determine the nine-digit zip
14 code designation applicable to a purchaser after exercising due
15 diligence to determine the designation, the seller or CSP may apply
16 the rate for the five-digit zip code area. For the purposes of this
17 section, there is a rebuttable presumption that a seller has
18 exercised due diligence if the seller or CSP has attempted to
19 determine the nine-digit zip code designation by utilizing software
20 approved by the Tax Commission that makes this designation from the
21 street address and the five-digit zip code applicable to the
22 purchaser;

23 4. Have the option of providing address-based database records
24 for assigning taxing jurisdictions and their associated rates which

1 shall be in addition to the requirements of paragraph 3 of this
2 section. The database records must be in the same approved format
3 as the database records pursuant to paragraph 3 of this section and
4 must meet the requirements developed pursuant to the federal Mobile
5 Telecommunications Sourcing Act, 4 U.S.C. Sec. 119(a). If the Tax
6 Commission develops and adopts address-based assignment database
7 records pursuant to the Agreement, a seller or CSP ~~may~~ shall use
8 those database records in place of the five- and nine-digit zip code
9 database records provided for in paragraph 3 of this section. If a
10 seller or CSP is unable to determine the applicable rate and
11 jurisdiction using an address-based database record after exercising
12 due diligence, the seller or CSP ~~may~~ shall apply the nine-digit zip
13 code designation applicable to a purchase. If a nine-digit zip code
14 designation is not available for a street address or if a seller or
15 CSP is unable to determine the nine-digit zip code designation
16 applicable to a purchase after exercising due diligence to determine
17 the designation, the seller or CSP ~~may~~ shall apply the rate for the
18 five-digit zip code area. For the purposes of this section, there
19 is a rebuttable presumption that a seller or CSP has exercised due
20 diligence if the seller or CSP has attempted to determine the tax
21 rate and jurisdiction by utilizing software approved by the
22 governing board that makes this assignment from the address and zip
23 code information applicable to the purchase;

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1 5. Have the option, upon meeting the requirements of paragraph
2 4 of this section, to certify vendor provided address-based
3 databases for assigning tax rates and jurisdictions. The databases
4 must be in the same approved format as the database records pursuant
5 to paragraph 4 of this section and must meet the requirements
6 developed pursuant to the federal Mobile Telecommunications Sourcing
7 Act, 4 U.S.C.A., Sec. 119(a). If the Tax Commission certifies a
8 vendor address-based database, a seller or CSP may use that database
9 in place of the database provided for in paragraph 3 or 4 of this
10 section;

11 6. Review software submitted for certification as a certified
12 automated system (CAS). The review shall include a review to
13 determine that the program adequately classifies that state's
14 product-based exemptions. The Tax Commission shall certify its
15 acceptance of the classifications made by the system;

16 7. Relieve vendors and certified service providers from
17 liability for having charged and collected the incorrect amount of
18 sales or use tax resulting from the seller of the certified service
19 provider relying on erroneous data provided by the Tax Commission on
20 tax rates, boundaries, or taxing jurisdiction assignments.
21 Provided, the vendor or certified service provider shall not be
22 relieved from liability for errors resulting from the reliance on
23 the information provided pursuant to paragraph 3 of this section if
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1 the Tax Commission has provided or certified an address-based system
2 pursuant to paragraph 4 or 5 of this section;

3 8. Be authorized to provide relief from liability to vendors
4 and certified service providers who are participating with the Tax
5 Commission in the use of a sales and use tax collection system that
6 incorporates one or more databases provided or certified by the Tax
7 Commission under this section if the Tax Commission has reviewed and
8 approved such sales and use tax collection system; and

9 9. Relieve CSPs and Model 2 sellers from liability for not
10 collecting sales or use taxes resulting from the CSP or Model 2
11 seller relying on the certification provided by the Tax Commission
12 pursuant to paragraph 6 of this section. If the Tax Commission
13 determines that an item or transaction is incorrectly classified as
14 to its taxability, it shall notify the CSP or Model 2 seller of the
15 incorrect classification. The CSP or Model 2 seller shall have ten
16 (10) days to revise the classification after receipt of notice from
17 the Tax Commission of the determination.

18 SECTION 2. This act shall become effective November 1, 2020.
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