

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 58th Legislature (2021)

4 ENGROSSED SENATE
5 BILL NO. 415

By: Simpson of the Senate

and

Hardin (Tommy) and **Luttrell**
of the House

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10 An Act relating to veteran's sales tax exemptions;
11 amending 68 O.S. 2011, Sections 205, as last amended
12 by Section 37, Chapter 210, O.S.L. 2016 and 1357, as
13 last amended by Section 1, Chapter 241, O.S.L. 2019
14 (68 O.S. Supp. 2020, Sections 205 and 1357), which
15 relate to information for determining eligibility;
16 deleting obsolete language; authorizing disclosure of
17 specified information by Oklahoma Tax Commission to
18 Oklahoma Department of Veterans Affairs relating to
19 certain eligibility; requiring veteran registration
20 for certain sales tax exemption; requiring veteran
21 registration by certain date to remain qualified for
22 certain sales tax exemption; requiring the Tax
23 Commission to promulgate rules; specifying content of
24 rules; providing statutory reference; amending
25 Section 1, Chapter 229, O.S.L. 2017, as last amended
26 by Section 1, Chapter 124, O.S.L. 2019 (72 O.S. Supp.
27 2020, Section 421), which relates to registry of
28 veterans; requiring additional verification of
29 veteran service disability status under certain
30 circumstance; and declaring an emergency.

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

1 SECTION 1. AMENDATORY 68 O.S. 2011, Section 205, as last
2 amended by Section 37, Chapter 210, O.S.L. 2016 (68 O.S. Supp. 2020,
3 Section 205), is amended to read as follows:

4 Section 205. A. The records and files of the Oklahoma Tax
5 Commission concerning the administration of the Uniform Tax
6 Procedure Code or of any state tax law shall be considered
7 confidential and privileged, except as otherwise provided for by
8 law, and neither the Tax Commission nor any employee engaged in the
9 administration of the Tax Commission or charged with the custody of
10 any such records or files nor any person who may have secured
11 information from the Tax Commission shall disclose any information
12 obtained from the records or files or from any examination or
13 inspection of the premises or property of any person.

14 B. Except as provided in paragraph 26 of subsection C of this
15 section, neither the Tax Commission nor any employee engaged in the
16 administration of the Tax Commission or charged with the custody of
17 any such records or files shall be required by any court of this
18 state to produce any of the records or files for the inspection of
19 any person or for use in any action or proceeding, except when the
20 records or files or the facts shown thereby are directly involved in
21 an action or proceeding pursuant to the provisions of the Uniform
22 Tax Procedure Code or of the state tax law, or when the
23 determination of the action or proceeding will affect the validity
24 or the amount of the claim of the state pursuant to any state tax

1 law, or when the information contained in the records or files
2 constitutes evidence of violation of the provisions of the Uniform
3 Tax Procedure Code or of any state tax law.

4 C. The provisions of this section shall not prevent the Tax
5 Commission from disclosing the following information and no
6 liability whatsoever, civil or criminal, shall attach to any member
7 of the Tax Commission or any employee thereof for any error or
8 omission in the disclosure of such information:

9 1. The delivery to a taxpayer or a duly authorized
10 representative of the taxpayer of a copy of any report or any other
11 paper filed by the taxpayer pursuant to the provisions of the
12 Uniform Tax Procedure Code or of any state tax law;

13 2. The exchange of information that is not protected by the
14 federal Privacy Protection Act, 42 U.S.C., Section 2000aa et seq.,
15 pursuant to reciprocal agreements entered into by the Tax Commission
16 and other state agencies or agencies of the federal government;

17 3. The publication of statistics so classified as to prevent
18 the identification of a particular report and the items thereof;

19 4. The examination of records and files by the State Auditor
20 and Inspector or the duly authorized agents of the State Auditor and
21 Inspector;

22 5. The disclosing of information or evidence to the Oklahoma
23 State Bureau of Investigation, Attorney General, Oklahoma State
24 Bureau of Narcotics and Dangerous Drugs Control, any district

1 attorney~~7~~ or agent of any federal law enforcement agency when the
2 information or evidence is to be used by such officials to
3 investigate or prosecute violations of the criminal provisions of
4 the Uniform Tax Procedure Code or of any state tax law or of any
5 federal crime committed against this state. Any information
6 disclosed to the Oklahoma State Bureau of Investigation, Attorney
7 General, Oklahoma State Bureau of Narcotics and Dangerous Drugs
8 Control, any district attorney~~7~~ or agent of any federal law
9 enforcement agency shall be kept confidential by such person and not
10 be disclosed except when presented to a court in a prosecution for
11 violation of the tax laws of this state or except as specifically
12 authorized by law, and a violation by the Oklahoma State Bureau of
13 Investigation, Attorney General, Oklahoma State Bureau of Narcotics
14 and Dangerous Drugs Control, district attorney~~7~~ or agent of any
15 federal law enforcement agency by otherwise releasing the
16 information shall be a felony;

17 6. The use by any division of the Tax Commission of any
18 information or evidence in the possession of or contained in any
19 report or return filed with any other division of the Tax
20 Commission;

21 7. The furnishing, at the discretion of the Tax Commission, of
22 any information disclosed by its records or files to any official
23 person or body of this state, any other state, the United States~~7~~ or
24 foreign country who is concerned with the administration or

1 assessment of any similar tax in this state, any other state or the
2 United States. The provisions of this paragraph shall include the
3 furnishing of information by the Tax Commission to a county assessor
4 to determine the amount of gross household income pursuant to the
5 provisions of Section 8C of Article X of the Oklahoma Constitution
6 or Section 2890 of this title. The Tax Commission shall promulgate
7 rules to give guidance to the county assessors regarding the type of
8 information which may be used by the county assessors in determining
9 the amount of gross household income pursuant to Section 8C of
10 Article X of the Oklahoma Constitution or Section 2890 of this
11 title. The provisions of this paragraph shall also include the
12 furnishing of information to the State Treasurer for the purpose of
13 administration of the Uniform Unclaimed Property Act;

14 8. The furnishing of information to other state agencies for
15 the limited purpose of aiding in the collection of debts owed by
16 individuals to such requesting agencies;

17 9. The furnishing of information requested by any member of the
18 general public and stated in the sworn lists or schedules of taxable
19 property of public service corporations organized, existing, or
20 doing business in this state which are submitted to and certified by
21 the State Board of Equalization pursuant to the provisions of
22 Section 2858 of this title and Section 21 of Article X of the
23 Oklahoma Constitution, provided such information would be a public
24

1 record if filed pursuant to Sections 2838 and 2839 of this title on
2 behalf of a corporation other than a public service corporation;

3 10. The furnishing of information requested by any member of
4 the general public and stated in the findings of the Tax Commission
5 as to the adjustment and equalization of the valuation of real and
6 personal property of the counties of the state, which are submitted
7 to and certified by the State Board of Equalization pursuant to the
8 provisions of Section 2865 of this title and Section 21 of Article X
9 of the Oklahoma Constitution;

10 11. ~~The furnishing of information to an Oklahoma wholesaler of~~
11 ~~low point beer, licensed under the provisions of Section 163.1 et~~
12 ~~seq. of Title 37 of the Oklahoma Statutes, or an association or~~
13 ~~organization whose membership is comprised of such wholesalers, of~~
14 ~~the licensed retailers authorized by law to purchase low point beer~~
15 ~~in this state or the furnishing of information to a licensed~~
16 ~~Oklahoma wholesaler of low point beer of shipments by licensed~~
17 ~~manufacturers into this state;~~

18 12. The furnishing of information as to the issuance or
19 revocation of any tax permit, license or exemption by the Tax
20 Commission as provided for by law. Such information shall be
21 limited to the name of the person issued the permit, license or
22 exemption, the name of the business entity authorized to engage in
23 business pursuant to the permit, license or exemption, the address
24 of the business entity, and the grounds for revocation;

1 ~~13.~~ 12. The posting of notice of revocation of any tax permit
2 or license upon the premises of the place of business of any
3 business entity which has had any tax permit or license revoked by
4 the Tax Commission as provided for by law. Such notice shall be
5 limited to the name of the person issued the permit or license, the
6 name of the business entity authorized to engage in business
7 pursuant to the permit or license, the address of the business
8 entity, and the grounds for revocation;

9 ~~14.~~ 13. The furnishing of information upon written request by
10 any member of the general public as to the outstanding and unpaid
11 amount due and owing by any taxpayer of this state for any
12 delinquent tax, together with penalty and interest, for which a tax
13 warrant or a certificate of indebtedness has been filed pursuant to
14 law;

15 ~~15.~~ 14. After the filing of a tax warrant pursuant to law, the
16 furnishing of information upon written request by any member of the
17 general public as to any agreement entered into by the Tax
18 Commission concerning a compromise of tax liability for an amount
19 less than the amount of tax liability stated on such warrant;

20 ~~16.~~ 15. The disclosure of information necessary to complete the
21 performance of any contract authorized by this title to any person
22 with whom the Tax Commission has contracted;

23 ~~17.~~ 16. The disclosure of information to any person for a
24 purpose as authorized by the taxpayer pursuant to a waiver of

1 confidentiality. The waiver shall be in writing and shall be made
2 upon such form as the Tax Commission may prescribe;

3 ~~18.~~ 17. The disclosure of information required in order to
4 comply with the provisions of Section 2369 of this title;

5 ~~19.~~ 18. The disclosure to an employer, as defined in Sections
6 2385.1 and 2385.3 of this title, of information required in order to
7 collect the tax imposed by Section 2385.2 of this title;

8 ~~20.~~ 19. The disclosure to a plaintiff of a corporation's last-
9 known address shown on the records of the Franchise Tax Division of
10 the Tax Commission in order for such plaintiff to comply with the
11 requirements of Section 2004 of Title 12 of the Oklahoma Statutes;

12 ~~21.~~ 20. The disclosure of information directly involved in the
13 resolution of the protest by a taxpayer to an assessment of tax or
14 additional tax or the resolution of a claim for refund filed by a
15 taxpayer, including the disclosure of the pendency of an
16 administrative proceeding involving such protest or claim, to a
17 person called by the Tax Commission as an expert witness or as a
18 witness whose area of knowledge or expertise specifically addresses
19 the issue addressed in the protest or claim for refund. Such
20 disclosure to a witness shall be limited to information pertaining
21 to the specific knowledge of that witness as to the transaction or
22 relationship between taxpayer and witness;

23 ~~22.~~ 21. The disclosure of information necessary to implement an
24 agreement authorized by Section 2702 of this title when such

1 information is directly involved in the resolution of issues arising
2 out of the enforcement of a municipal sales tax ordinance. Such
3 disclosure shall be to the governing body or to the municipal
4 attorney, if so designated by the governing body;

5 ~~23.~~ 22. The furnishing of information regarding incentive
6 payments made pursuant to the provisions of Sections 3601 through
7 3609 of this title or incentive payments made pursuant to the
8 provisions of Sections 3501 through 3508 of this title;

9 ~~24.~~ 23. The furnishing to a prospective purchaser of any
10 business, or his or her authorized representative, of information
11 relating to any liabilities, delinquencies, assessments or warrants
12 of the prospective seller of the business which have not been filed
13 of record, established, or become final and which relate solely to
14 the seller's business. Any disclosure under this paragraph shall
15 only be allowed upon the presentment by the prospective buyer, or
16 the buyer's authorized representative, of the purchase contract and
17 a written authorization between the parties;

18 ~~25.~~ 24. The furnishing of information as to the amount of state
19 revenue affected by the issuance or granting of any tax permit,
20 license, exemption, deduction, credit or other tax preference by the
21 Tax Commission as provided for by law. Such information shall be
22 limited to the type of permit, license, exemption, deduction, credit
23 or other tax preference issued or granted, the date and duration of
24 such permit, license, exemption, deduction, credit or other tax

1 preference and the amount of such revenue. The provisions of this
2 paragraph shall not authorize the disclosure of the name of the
3 person issued such permit, license, exemption, deduction, credit or
4 other tax preference, or the name of the business entity authorized
5 to engage in business pursuant to the permit, license, exemption,
6 deduction, credit or other tax preference;

7 ~~26.~~ 25. The examination of records and files of a person or
8 entity by the Oklahoma State Bureau of Narcotics and Dangerous Drugs
9 Control pursuant to a court order by a magistrate in whose
10 territorial jurisdiction the person or entity resides, or where the
11 Tax Commission records and files are physically located. Such an
12 order may only be issued upon a sworn application by an agent of the
13 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control,
14 certifying that the person or entity whose records and files are to
15 be examined is the target of an ongoing investigation of a felony
16 violation of the Uniform Controlled Dangerous Substances Act and
17 that information resulting from such an examination would likely be
18 relevant to that investigation. Any records or information obtained
19 pursuant to such an order may only be used by the Oklahoma State
20 Bureau of Narcotics and Dangerous Drugs Control in the investigation
21 and prosecution of a felony violation of the Uniform Controlled
22 Dangerous Substances Act. Any such order issued pursuant to this
23 paragraph, along with the underlying application, shall be sealed
24 and not disclosed to the person or entity whose records were

1 examined, for a period of ninety (90) days. The issuing magistrate
2 may grant extensions of such period upon a showing of good cause in
3 furtherance of the investigation. Upon the expiration of ninety
4 (90) days and any extensions granted by the magistrate, a copy of
5 the application and order shall be served upon the person or entity
6 whose records were examined, along with a copy of the records or
7 information actually provided by the Tax Commission;

8 ~~27.~~ 26. The disclosure of information, as prescribed by this
9 paragraph, which is related to the proposed or actual usage of tax
10 credits pursuant to Section 2357.7 of this title, the Small Business
11 Capital Formation Incentive Act or the Rural Venture Capital
12 Formation Incentive Act. Unless the context clearly requires
13 otherwise, the terms used in this paragraph shall have the same
14 meaning as defined by Section 2357.7, 2357.61 or 2357.72 of this
15 title. The disclosure of information authorized by this paragraph
16 shall include:

- 17 a. the legal name of any qualified venture capital
18 company, qualified small business capital company⁷ or
19 qualified rural small business capital company,
- 20 b. the identity or legal name of any person or entity
21 that is a shareholder or partner of a qualified
22 venture capital company, qualified small business
23 capital company⁷ or qualified rural small business
24 capital company,

1 c. the identity or legal name of any Oklahoma business
2 venture, Oklahoma small business venture~~7~~, or Oklahoma
3 rural small business venture in which a qualified
4 investment has been made by a capital company, or

5 d. the amount of funds invested in a qualified venture
6 capital company, the amount of qualified investments
7 in a qualified small business capital company or
8 qualified rural small business capital company and the
9 amount of investments made by a qualified venture
10 capital company, qualified small business capital
11 company, or qualified rural small business capital
12 company;

13 ~~28.~~ 27. The disclosure of specific information as required by
14 Section 46 of Title 62 of the Oklahoma Statutes;

15 ~~29.~~ 28. The disclosure of specific information as required by
16 Section 205.5 of this title;

17 ~~30.~~ 29. The disclosure of specific information as required by
18 Section 205.6 of this title;

19 ~~31.~~ 30. The disclosure of information to the State Treasurer
20 necessary to implement Section 2368.27 of this title; ~~or~~

21 ~~32.~~ 31. The disclosure of specific information to the Oklahoma
22 Health Care Authority for purposes of determining eligibility for
23 current or potential recipients of assistance from the Oklahoma
24 Medicaid Program; or

1 32. The disclosure of information to the Oklahoma Department of
2 Veterans Affairs including but not limited to the name and basis for
3 eligibility of each individual who qualifies for the sales tax
4 exemption authorized in paragraph 34 of Section 1357 of this title.

5 D. The Tax Commission shall cause to be prepared and made
6 available for public inspection in the office of the Tax Commission
7 in such manner as it may determine an annual list containing the
8 name and post office address of each person, whether individual,
9 corporate, or otherwise, making and filing an income tax return with
10 the Tax Commission.

11 It is specifically provided that no liability whatsoever, civil
12 or criminal, shall attach to any member of the Tax Commission or any
13 employee thereof for any error or omission of any name or address in
14 the preparation and publication of the list.

15 E. The Tax Commission shall prepare or cause to be prepared a
16 report on all provisions of state tax law that reduce state revenue
17 through exclusions, deductions, credits, exemptions, deferrals or
18 other preferential tax treatments. The report shall be prepared not
19 later than October 1 of each even-numbered year and shall be
20 submitted to the Governor, the President Pro Tempore of the Senate
21 and the Speaker of the House of Representatives. The Tax Commission
22 may prepare and submit supplements to the report at other times of
23 the year if additional or updated information relevant to the report
24 becomes available. The report shall include, for the previous

1 fiscal year, the Tax Commission's best estimate of the amount of
2 state revenue that would have been collected but for the existence
3 of each such exclusion, deduction, credit, exemption, deferral or
4 other preferential tax treatment allowed by law. The Tax Commission
5 may request the assistance of other state agencies as may be needed
6 to prepare the report. The Tax Commission is authorized to require
7 any recipient of a tax incentive or tax expenditure to report to the
8 Tax Commission such information as requested so that the Tax
9 Commission may fulfill its obligations as required by this
10 subsection. The Tax Commission may require this information to be
11 submitted in an electronic format. The Tax Commission may disallow
12 any claim of a person for a tax incentive due to its failure to file
13 a report as required under the authority of this subsection.

14 F. It is further provided that the provisions of this section
15 shall be strictly interpreted and shall not be construed as
16 permitting the disclosure of any other information contained in the
17 records and files of the Tax Commission relating to income tax or to
18 any other taxes.

19 G. Unless otherwise provided for in this section, any violation
20 of the provisions of this section shall constitute a misdemeanor and
21 shall be punishable by the imposition of a fine not exceeding One
22 Thousand Dollars (\$1,000.00) or by imprisonment in the county jail
23 for a term not exceeding one (1) year, or by both such fine and
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1 imprisonment, and the offender shall be removed or dismissed from
2 office.

3 H. Offenses described in Section 2376 of this title shall be
4 reported to the appropriate district attorney of this state by the
5 Tax Commission as soon as the offenses are discovered by the Tax
6 Commission or its agents or employees. The Tax Commission shall
7 make available to the appropriate district attorney or to the
8 authorized agent of the district attorney its records and files
9 pertinent to prosecutions, and such records and files shall be fully
10 admissible as evidence for the purpose of such prosecutions.

11 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1357, as
12 last amended by Section 1, Chapter 241, O.S.L. 2019 (68 O.S. Supp.
13 2020, Section 1357), is amended to read as follows:

14 Section 1357. Exemptions - General.

15 There are hereby specifically exempted from the tax levied by
16 the Oklahoma Sales Tax Code:

17 1. Transportation of school pupils to and from elementary
18 schools or high schools in motor or other vehicles;

19 2. Transportation of persons where the fare of each person does
20 not exceed One Dollar (\$1.00), or local transportation of persons
21 within the corporate limits of a municipality except by taxicabs;

22 3. Sales for resale to persons engaged in the business of
23 reselling the articles purchased, whether within or without the
24 state, provided that such sales to residents of this state are made

1 to persons to whom sales tax permits have been issued as provided in
2 the Oklahoma Sales Tax Code. This exemption shall not apply to the
3 sales of articles made to persons holding permits when such persons
4 purchase items for their use and which they are not regularly
5 engaged in the business of reselling; neither shall this exemption
6 apply to sales of tangible personal property to peddlers, solicitors
7 and other salespersons who do not have an established place of
8 business and a sales tax permit. The exemption provided by this
9 paragraph shall apply to sales of motor fuel or diesel fuel to a
10 Group Five vendor, but the use of such motor fuel or diesel fuel by
11 the Group Five vendor shall not be exempt from the tax levied by the
12 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
13 is exempt from sales tax when the motor fuel is for shipment outside
14 this state and consumed by a common carrier by rail in the conduct
15 of its business. The sales tax shall apply to the purchase of motor
16 fuel or diesel fuel in Oklahoma by a common carrier by rail when
17 such motor fuel is purchased for fueling, within this state, of any
18 locomotive or other motorized flanged wheel equipment;

19 4. Sales of advertising space in newspapers and periodicals;

20 5. Sales of programs relating to sporting and entertainment
21 events, and sales of advertising on billboards (including signage,
22 posters, panels, marquees, or on other similar surfaces, whether
23 indoors or outdoors) or in programs relating to sporting and
24 entertainment events, and sales of any advertising, to be displayed

1 at or in connection with a sporting event, via the Internet,
2 electronic display devices, or through public address or broadcast
3 systems. The exemption authorized by this paragraph shall be
4 effective for all sales made on or after January 1, 2001;

5 6. Sales of any advertising, other than the advertising
6 described by paragraph 5 of this section, via the Internet,
7 electronic display devices, or through the electronic media,
8 including radio, public address or broadcast systems, television
9 (whether through closed circuit broadcasting systems or otherwise),
10 and cable and satellite television, and the servicing of any
11 advertising devices;

12 7. Eggs, feed, supplies, machinery and equipment purchased by
13 persons regularly engaged in the business of raising worms, fish,
14 any insect or any other form of terrestrial or aquatic animal life
15 and used for the purpose of raising same for marketing. This
16 exemption shall only be granted and extended to the purchaser when
17 the items are to be used and in fact are used in the raising of
18 animal life as set out above. Each purchaser shall certify, in
19 writing, on the invoice or sales ticket retained by the vendor that
20 the purchaser is regularly engaged in the business of raising such
21 animal life and that the items purchased will be used only in such
22 business. The vendor shall certify to the Oklahoma Tax Commission
23 that the price of the items has been reduced to grant the full
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1 benefit of the exemption. Violation hereof by the purchaser or
2 vendor shall be a misdemeanor;

3 8. Sale of natural or artificial gas and electricity, and
4 associated delivery or transmission services, when sold exclusively
5 for residential use. Provided, this exemption shall not apply to
6 any sales tax levied by a city or town, or a county~~7~~ or any other
7 jurisdiction in this state;

8 9. In addition to the exemptions authorized by Section 1357.6
9 of this title, sales of drugs sold pursuant to a prescription
10 written for the treatment of human beings by a person licensed to
11 prescribe the drugs, and sales of insulin and medical oxygen.
12 Provided, this exemption shall not apply to over-the-counter drugs;

13 10. Transfers of title or possession of empty, partially
14 filled, or filled returnable oil and chemical drums to any person
15 who is not regularly engaged in the business of selling, reselling
16 or otherwise transferring empty, partially filled~~7~~ or filled
17 returnable oil drums;

18 11. Sales of one-way utensils, paper napkins, paper cups,
19 disposable hot containers and other one-way carry out materials to a
20 vendor of meals or beverages;

21 12. Sales of food or food products for home consumption which
22 are purchased in whole or in part with coupons issued pursuant to
23 the federal food stamp program as authorized by Sections 2011
24 through 2029 of Title 7 of the United States Code, as to that

1 portion purchased with such coupons. The exemption provided for
2 such sales shall be inapplicable to such sales upon the effective
3 date of any federal law that removes the requirement of the
4 exemption as a condition for participation by the state in the
5 federal food stamp program;

6 13. Sales of food or food products, or any equipment or
7 supplies used in the preparation of the food or food products to or
8 by an organization which:

9 a. is exempt from taxation pursuant to the provisions of
10 Section 501(c)(3) of the Internal Revenue Code, 26
11 U.S.C., Section 501(c)(3), and which provides and
12 delivers prepared meals for home consumption to
13 elderly or homebound persons as part of a program
14 commonly known as "Meals on Wheels" or "Mobile Meals",
15 or

16 b. is exempt from taxation pursuant to the provisions of
17 Section 501(c)(3) of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3), and which receives federal
19 funding pursuant to the Older Americans Act of 1965,
20 as amended, for the purpose of providing nutrition
21 programs for the care and benefit of elderly persons;

22 14. a. Sales of tangible personal property or services to or
23 by organizations which are exempt from taxation
24 pursuant to the provisions of Section 501(c)(3) of the

1 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
2 and:

- 3 (1) are primarily involved in the collection and
4 distribution of food and other household products
5 to other organizations that facilitate the
6 distribution of such products to the needy and
7 such distributee organizations are exempt from
8 taxation pursuant to the provisions of Section
9 501(c)(3) of the Internal Revenue Code, 26
10 U.S.C., Section 501(c)(3), or
11 (2) facilitate the distribution of such products to
12 the needy.

- 13 b. Sales made in the course of business for profit or
14 savings, competing with other persons engaged in the
15 same or similar business shall not be exempt under
16 this paragraph;

17 15. Sales of tangible personal property or services to
18 children's homes which are located on church-owned property and are
19 operated by organizations exempt from taxation pursuant to the
20 provisions of the Internal Revenue Code, 26 U.S.C., Section
21 501(c)(3);

22 16. Sales of computers, data processing equipment, related
23 peripherals and telephone, telegraph or telecommunications service
24 and equipment for use in a qualified aircraft maintenance or

1 manufacturing facility. For purposes of this paragraph, "qualified
2 aircraft maintenance or manufacturing facility" means a new or
3 expanding facility primarily engaged in aircraft repair, building or
4 rebuilding whether or not on a factory basis, whose total cost of
5 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
6 and which employs at least two hundred fifty (250) new full-time-
7 equivalent employees, as certified by the Oklahoma Employment
8 Security Commission, upon completion of the facility. In order to
9 qualify for the exemption provided for by this paragraph, the cost
10 of the items purchased by the qualified aircraft maintenance or
11 manufacturing facility shall equal or exceed the sum of Two Million
12 Dollars (\$2,000,000.00);

13 17. Sales of tangible personal property consumed or
14 incorporated in the construction or expansion of a qualified
15 aircraft maintenance or manufacturing facility as defined in
16 paragraph 16 of this section. For purposes of this paragraph, sales
17 made to a contractor or subcontractor that has previously entered
18 into a contractual relationship with a qualified aircraft
19 maintenance or manufacturing facility for construction or expansion
20 of such a facility shall be considered sales made to a qualified
21 aircraft maintenance or manufacturing facility;

22 18. Sales of the following telecommunications services:

23 a. Interstate and International "800 service". "800
24 service" means a "telecommunications service" that

1 allows a caller to dial a toll-free number without
2 incurring a charge for the call. The service is
3 typically marketed under the name "800", "855", "866",
4 "877"~~7~~ and "888" toll-free calling, and any subsequent
5 numbers designated by the Federal Communications
6 Commission, or

7 b. Interstate and International "900 service". "900
8 service" means an inbound toll "telecommunications
9 service" purchased by a subscriber that allows the
10 subscriber's customers to call in to the subscriber's
11 prerecorded announcement or live service. "900
12 service" does not include the charge for: collection
13 services provided by the seller of the
14 "telecommunications services" to the subscriber, or
15 service or product sold by the subscriber to the
16 subscriber's customer. The service is typically
17 marketed under the name "900" service, and any
18 subsequent numbers designated by the Federal
19 Communications Commission,

20 c. Interstate and International "private communications
21 service". "Private communications service" means a
22 "telecommunications service" that entitles the
23 customer to exclusive or priority use of a
24 communications channel or group of channels between or

1 among termination points, regardless of the manner in
2 which such channel or channels are connected, and
3 includes switching capacity, extension lines,
4 stations, and any other associated services that are
5 provided in connection with the use of such channel or
6 channels,

7 d. "Value-added nonvoice data service". "Value-added
8 nonvoice data service" means a service that otherwise
9 meets the definition of "telecommunications services"
10 in which computer processing applications are used to
11 act on the form, content, code, or protocol of the
12 information or data primarily for a purpose other than
13 transmission, conveyance or routing,

14 e. Interstate and International telecommunications
15 service which is:

16 (1) rendered by a company for private use within its
17 organization, or

18 (2) used, allocated, or distributed by a company to
19 its affiliated group,

20 f. Regulatory assessments and charges, including charges
21 to fund the Oklahoma Universal Service Fund, the
22 Oklahoma Lifeline Fund and the Oklahoma High Cost
23 Fund, and
24

1 g. Telecommunications nonrecurring charges, including but
2 not limited to the installation, connection, change or
3 initiation of telecommunications services which are
4 not associated with a retail consumer sale;

5 19. Sales of railroad track spikes manufactured and sold for
6 use in this state in the construction or repair of railroad tracks,
7 switches, sidings and turnouts;

8 20. Sales of aircraft and aircraft parts provided such sales
9 occur at a qualified aircraft maintenance facility. As used in this
10 paragraph, "qualified aircraft maintenance facility" means a
11 facility operated by an air common carrier, including one or more
12 component overhaul support buildings or structures in an area owned,
13 leased or controlled by the air common carrier, at which there were
14 employed at least two thousand (2,000) full-time-equivalent
15 employees in the preceding year as certified by the Oklahoma
16 Employment Security Commission and which is primarily related to the
17 fabrication, repair, alteration, modification, refurbishing,
18 maintenance, building or rebuilding of commercial aircraft or
19 aircraft parts used in air common carriage. For purposes of this
20 paragraph, "air common carrier" shall also include members of an
21 affiliated group as defined by Section 1504 of the Internal Revenue
22 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of
23 machinery, tools, supplies, equipment and related tangible personal
24 property and services used or consumed in the repair, remodeling or

1 maintenance of aircraft, aircraft engines, or aircraft component
2 parts which occur at a qualified aircraft maintenance facility;

3 21. Sales of machinery and equipment purchased and used by
4 persons and establishments primarily engaged in computer services
5 and data processing:

6 a. as defined under Industrial Group Numbers 7372 and
7 7373 of the Standard Industrial Classification (SIC)
8 Manual, latest version, which derive at least fifty
9 percent (50%) of their annual gross revenues from the
10 sale of a product or service to an out-of-state buyer
11 or consumer, and

12 b. as defined under Industrial Group Number 7374 of the
13 SIC Manual, latest version, which derive at least
14 eighty percent (80%) of their annual gross revenues
15 from the sale of a product or service to an out-of-
16 state buyer or consumer.

17 Eligibility for the exemption set out in this paragraph shall be
18 established, subject to review by the Tax Commission, by annually
19 filing an affidavit with the Tax Commission stating that the
20 facility so qualifies and such information as required by the Tax
21 Commission. For purposes of determining whether annual gross
22 revenues are derived from sales to out-of-state buyers or consumers,
23 all sales to the federal government shall be considered to be to an
24 out-of-state buyer or consumer;

1 22. Sales of prosthetic devices to an individual for use by
2 such individual. For purposes of this paragraph, "prosthetic
3 device" shall have the same meaning as provided in Section 1357.6 of
4 this title, but shall not include corrective eye glasses, contact
5 lenses or hearing aids;

6 23. Sales of tangible personal property or services to a motion
7 picture or television production company to be used or consumed in
8 connection with an eligible production. For purposes of this
9 paragraph, "eligible production" means a documentary, special, music
10 video, or a television commercial or television program that will
11 serve as a pilot for or be a segment of an ongoing dramatic or
12 situation comedy series filmed or taped for network or national or
13 regional syndication or a feature-length motion picture intended for
14 theatrical release or for network or national or regional
15 syndication or broadcast. The provisions of this paragraph shall
16 apply to sales occurring on or after July 1, 1996. In order to
17 qualify for the exemption, the motion picture or television
18 production company shall file any documentation and information
19 required to be submitted pursuant to rules promulgated by the Tax
20 Commission;

21 24. Sales of diesel fuel sold for consumption by commercial
22 vessels, barges and other commercial watercraft;

23 25. Sales of tangible personal property or services to tax-
24 exempt independent nonprofit biomedical research foundations that

1 provide educational programs for Oklahoma science students and
2 teachers and to tax-exempt independent nonprofit community blood
3 banks headquartered in this state;

4 26. Effective May 6, 1992, sales of wireless telecommunications
5 equipment to a vendor who subsequently transfers the equipment at no
6 charge or for a discounted charge to a consumer as part of a
7 promotional package or as an inducement to commence or continue a
8 contract for wireless telecommunications services;

9 27. Effective January 1, 1991, leases of rail transportation
10 cars to haul coal to coal-fired plants located in this state which
11 generate electric power;

12 28. Beginning July 1, 2005, sales of aircraft engine repairs,
13 modification, and replacement parts, sales of aircraft frame repairs
14 and modification, aircraft interior modification, and paint, and
15 sales of services employed in the repair, modification and
16 replacement of parts of aircraft engines, aircraft frame and
17 interior repair and modification, and paint;

18 29. Sales of materials and supplies to the owner or operator of
19 a ship, motor vessel or barge that is used in interstate or
20 international commerce if the materials and supplies:

- 21 a. are loaded on the ship, motor vessel or barge and used
22 in the maintenance and operation of the ship, motor
23 vessel or barge, or
24

1 b. enter into and become component parts of the ship,
2 motor vessel or barge;

3 30. Sales of tangible personal property made at estate sales at
4 which such property is offered for sale on the premises of the
5 former residence of the decedent by a person who is not required to
6 be licensed pursuant to the Transient Merchant Licensing Act, or who
7 is not otherwise required to obtain a sales tax permit for the sale
8 of such property pursuant to the provisions of Section 1364 of this
9 title; provided:

10 a. such sale or event may not be held for a period
11 exceeding three (3) consecutive days,

12 b. the sale must be conducted within six (6) months of
13 the date of death of the decedent, and

14 c. the exemption allowed by this paragraph shall not be
15 allowed for property that was not part of the
16 decedent's estate;

17 31. Beginning January 1, 2004, sales of electricity and
18 associated delivery and transmission services, when sold exclusively
19 for use by an oil and gas operator for reservoir dewatering projects
20 and associated operations commencing on or after July 1, 2003, in
21 which the initial water-to-oil ratio is greater than or equal to
22 five-to-one water-to-oil, and such oil and gas development projects
23 have been classified by the Corporation Commission as a reservoir
24 dewatering unit;

1 32. Sales of prewritten computer software that is delivered
2 electronically. For purposes of this paragraph, "delivered
3 electronically" means delivered to the purchaser by means other than
4 tangible storage media;

5 33. Sales of modular dwelling units when built at a production
6 facility and moved in whole or in parts, to be assembled on-site,
7 and permanently affixed to the real property and used for
8 residential or commercial purposes. The exemption provided by this
9 paragraph shall equal forty-five percent (45%) of the total sales
10 price of the modular dwelling unit. For purposes of this paragraph,
11 "modular dwelling unit" means a structure that is not subject to the
12 motor vehicle excise tax imposed pursuant to Section 2103 of this
13 title;

14 34. Sales of tangible personal property or services to:

15 a. persons who are residents of Oklahoma and have been
16 honorably discharged from active service in any branch
17 of the Armed Forces of the United States or Oklahoma
18 National Guard and who have been certified by the
19 United States Department of Veterans Affairs or its
20 successor to be in receipt of disability compensation
21 at the one-hundred-percent rate and the disability
22 shall be permanent and have been sustained through
23 military action or accident or resulting from disease
24 contracted while in such active service and registered

1 with the veterans registry created by the Oklahoma
2 Department of Veterans Affairs; provided, that if the
3 veteran received the sales tax exemption prior to
4 November 1, 2020, he or she shall be required to
5 register with the veterans registry prior to July 1,
6 2023, in order to remain qualified, or

7 b. the surviving spouse of ~~such~~ the person in
8 subparagraph a of this paragraph if the person is
9 deceased and the spouse has not remarried; ~~provided,~~
10 ~~sales.~~ Sales for the benefit of ~~the~~ an eligible
11 person to a spouse of the eligible person or to a
12 member of the household in which the eligible person
13 resides and who is authorized to make purchases on the
14 person's behalf, when such eligible person is not
15 present at the sale, shall also be exempt for purposes
16 of this paragraph. The Oklahoma Tax Commission shall
17 issue a separate exemption card to a spouse of an
18 eligible person or to a member of the household in
19 which the eligible person resides who is authorized to
20 make purchases on the person's behalf, if requested by
21 the eligible person. Sales qualifying for the
22 exemption authorized by this paragraph shall not
23 exceed Twenty-five Thousand Dollars (\$25,000.00) per
24 year per individual while the disabled veteran is

1 living. Sales qualifying for the exemption authorized
2 by this paragraph shall not exceed One Thousand
3 Dollars (\$1,000.00) per year for an unremarried
4 surviving spouse. Upon request of the Tax Commission,
5 a person asserting or claiming the exemption
6 authorized by this paragraph shall provide a
7 statement, executed under oath, that the total sales
8 amounts for which the exemption is applicable have not
9 exceeded Twenty-five Thousand Dollars (\$25,000.00) per
10 year per living disabled veteran or One Thousand
11 Dollars (\$1,000.00) per year for an unremarried
12 surviving spouse. If the amount of such exempt sales
13 exceeds such amount, the sales tax in excess of the
14 authorized amount shall be treated as a direct sales
15 tax liability and may be recovered by the Tax
16 Commission in the same manner provided by law for
17 other taxes, including penalty and interest. The Tax
18 Commission shall promulgate any rules necessary to
19 implement the provisions of this paragraph, which
20 shall include rules providing for the disclosure of
21 information about persons eligible for the exemption
22 authorized in this paragraph to the Oklahoma
23 Department of Veteran's Affairs, as authorized in
24 Section 205 of this title;

1 35. Sales of electricity to the operator, specifically
2 designated by the Corporation Commission, of a spacing unit or lease
3 from which oil is produced or attempted to be produced using
4 enhanced recovery methods, including, but not limited to, increased
5 pressure in a producing formation through the use of water or
6 saltwater if the electrical usage is associated with and necessary
7 for the operation of equipment required to inject or circulate
8 fluids in a producing formation for the purpose of forcing oil or
9 petroleum into a wellbore for eventual recovery and production from
10 the wellhead. In order to be eligible for the sales tax exemption
11 authorized by this paragraph, the total content of oil recovered
12 after the use of enhanced recovery methods shall not exceed one
13 percent (1%) by volume. The exemption authorized by this paragraph
14 shall be applicable only to the state sales tax rate and shall not
15 be applicable to any county or municipal sales tax rate;

16 36. Sales of intrastate charter and tour bus transportation.
17 As used in this paragraph, "intrastate charter and tour bus
18 transportation" means the transportation of persons from one
19 location in this state to another location in this state in a motor
20 vehicle which has been constructed in such a manner that it may
21 lawfully carry more than eighteen persons, and which is ordinarily
22 used or rented to carry persons for compensation. Provided, this
23 exemption shall not apply to regularly scheduled bus transportation
24 for the general public;

1 37. Sales of vitamins, minerals and dietary supplements by a
2 licensed chiropractor to a person who is the patient of such
3 chiropractor at the physical location where the chiropractor
4 provides chiropractic care or services to such patient. The
5 provisions of this paragraph shall not be applicable to any drug,
6 medicine or substance for which a prescription by a licensed
7 physician is required;

8 38. Sales of goods, wares, merchandise, tangible personal
9 property, machinery and equipment to a web search portal located in
10 this state which derives at least eighty percent (80%) of its annual
11 gross revenue from the sale of a product or service to an out-of-
12 state buyer or consumer. For purposes of this paragraph, "web
13 search portal" means an establishment classified under NAICS code
14 519130 which operates websites that use a search engine to generate
15 and maintain extensive databases of Internet addresses and content
16 in an easily searchable format;

17 39. Sales of tangible personal property consumed or
18 incorporated in the construction or expansion of a facility for a
19 corporation organized under Section 437 et seq. of Title 18 of the
20 Oklahoma Statutes as a rural electric cooperative. For purposes of
21 this paragraph, sales made to a contractor or subcontractor that has
22 previously entered into a contractual relationship with a rural
23 electric cooperative for construction or expansion of a facility
24 shall be considered sales made to a rural electric cooperative;

1 40. Sales of tangible personal property or services to a
2 business primarily engaged in the repair of consumer electronic
3 goods, including, but not limited to, cell phones, compact disc
4 players, personal computers, MP3 players, digital devices for the
5 storage and retrieval of information through hard-wired or wireless
6 computer or Internet connections, if the devices are sold to the
7 business by the original manufacturer of such devices and the
8 devices are repaired, refitted or refurbished for sale by the entity
9 qualifying for the exemption authorized by this paragraph directly
10 to retail consumers or if the devices are sold to another business
11 entity for sale to retail consumers;

12 41. On or after July 1, 2019, and prior to July 1, 2024, sales
13 or leases of rolling stock when sold or leased by the manufacturer,
14 regardless of whether the purchaser is a public services corporation
15 engaged in business as a common carrier of property or passengers by
16 railway, for use or consumption by a common carrier directly in the
17 rendition of public service. For purposes of this paragraph,
18 "rolling stock" means locomotives, autocars and railroad cars and
19 "sales or leases" includes railroad car maintenance and retrofitting
20 of railroad cars for their further use only on the railways; and

21 42. Sales of gold, silver, platinum, palladium or other bullion
22 items such as coins and bars and legal tender of any nation, which
23 legal tender is sold according to its value as precious metal or as
24 an investment. As used in the paragraph, "bullion" means any

precious metal~~7~~, including, but not limited to, gold, silver,
platinum and palladium, that is in such a state or condition that
its value depends upon its precious metal content and not its form.
The exemption authorized by this paragraph shall not apply to
fabricated metals that have been processed or manufactured for
artistic use or as jewelry.

SECTION 3. AMENDATORY Section 1, Chapter 229, O.S.L.
2017, as last amended by Section 1, Chapter 124, O.S.L. 2019 (72
O.S. Supp. 2020, Section 421), is amended to read as follows:

Section 421. A. The Oklahoma Department of Veterans Affairs
shall create and maintain a registry of all veterans in this state
by January 1, 2020, which shall be titled the "Oklahoma Veterans
Registry". The registry shall include the following information
regarding the veteran:

1. Name;
2. Military rank and branch of service;
3. Dates of service;
4. Percentage of service-connected disability, if applicable;
5. Date of death and place of interment, if applicable; and
6. Name of the veteran's spouse, if applicable.

B. As a component of the veterans registry created pursuant to
subsection A of this section, the Oklahoma Department of Veterans
Affairs shall designate those veterans within the registry as one
hundred percent (100%) service-disabled Oklahoma veterans, if

1 applicable. The registry designation shall also be maintained as a
2 separate list within the registry for all one hundred percent (100%)
3 service-disabled Oklahoma veterans. The Department shall be
4 responsible for verification of all information provided through the
5 registry and shall verify veteran service disability status at least
6 once every four (4) years or upon request of the Oklahoma Tax
7 Commission, as needed to verify eligibility for the sales tax
8 exemption authorized in paragraph 34 of Section 1357 of Title 68 of
9 the Oklahoma Statutes.

10 C. The Oklahoma Department of Veterans Affairs may promulgate
11 rules for implementing the provisions of this section.

12 D. For purposes of this section, "veteran" shall have the same
13 meaning as specified in Section 2 of this title.

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.

18
19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
20 04/08/2021 - DO PASS, As Coauthored.
21
22
23
24