

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

SUBCOMMITTEE RECOMMENDATION
FOR ENGROSSED

SENATE BILL NO. 1502

By: Rader and Rogers of the
Senate

and

Fetgatter of the House

SUBCOMMITTEE RECOMMENDATION

An Act relating to sales tax; amending 68 O.S. 2021, Section 1356, as last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp. 2023, Section 1356), which relates to sales tax exemption; providing exemption to entities in connection with the performance of a contract with an exempt entity for construction or expansion of a building or facility; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1356, as last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp. 2023, Section 1356), is amended to read as follows:

Section 1356. Exemptions - Governmental and nonprofit entities.

There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1 A. Except as otherwise provided by paragraph 1 of subsection B
2 of this section, the exemptions for sales of tangible personal
3 property or services to entities provided by subsection B of this
4 section shall apply to sales to the exempt entity as well as to
5 sales to any contractor with whom the exempt entity has entered into
6 a construction contract, necessary for carrying out such contract
7 and sales to any subcontractor to such a construction contract. Any
8 contractor or subcontractor making purchases necessary for carrying
9 out such contract may present a copy of the exemption letter or card
10 issued to the exempt entity by the Oklahoma Tax Commission and
11 documentation indicating the contractual relationship between the
12 contractor and the entity to the vendor and the vendor shall retain
13 such documentation as certification that the purchase is exempt as
14 provided in this section.

15 B. 1. ~~Sale~~ Sales of tangible personal property or services to
16 the United States government or to the State of Oklahoma, any
17 political subdivision of this state or any agency of a political
18 subdivision of this state; provided, all sales to contractors in
19 connection with the performance of any contract with the United
20 States government, State of Oklahoma or any of its political
21 subdivisions shall not be exempted from the tax levied by Section
22 1350 et seq. of this title, except as hereinafter provided;

23 2. Sales of property to agents appointed by or under contract
24 with agencies or instrumentalities of the United States government

1 if ownership and possession of such property transfers immediately
2 to the United States government;

3 3. Sales of property to agents appointed by or under contract
4 with a political subdivision of this state if the sale of such
5 property is associated with the development of a qualified federal
6 facility, as provided in the Oklahoma Federal Facilities Development
7 Act, and if ownership and possession of such property transfers
8 immediately to the political subdivision or the state;

9 4. Sales made directly by county, district or state fair
10 authorities of this state, upon the premises of the fair authority,
11 for the sole benefit of the fair authority or sales of admission
12 tickets to such fairs or fair events at any location in the state
13 authorized by county, district or state fair authorities; provided,
14 the exemption provided by this paragraph for admission tickets to
15 fair events shall apply only to any portion of the admission price
16 that is retained by or distributed to the fair authority. As used
17 in this paragraph, "fair event" shall be limited to an event held on
18 the premises of the fair authority in conjunction with and during
19 the time period of a county, district or state fair;

20 5. ~~sale~~ Sales of food in cafeterias or lunchrooms of elementary
21 schools, high schools, colleges or universities which are operated
22 primarily for teachers and pupils and are not operated primarily for
23 the public or for profit;

1 6. Dues paid to fraternal, religious, civic, charitable or
2 educational societies or organizations by regular members thereof,
3 provided, such societies or organizations operate under what is
4 commonly termed the lodge plan or system, and provided such
5 societies or organizations do not operate for a profit which inures
6 to the benefit of any individual member or members thereof to the
7 exclusion of other members and dues paid monthly or annually to
8 privately owned scientific and educational libraries by members
9 sharing the use of services rendered by such libraries with students
10 interested in the study of geology, petroleum engineering or related
11 subjects;

12 7. ~~sale~~ Sales of tangible personal property or services to or
13 by churches, except sales made in the course of business for profit
14 or savings, competing with other persons engaged in the same or a
15 similar business or ~~sale~~ sales of tangible personal property or
16 services by an organization exempt from federal income tax pursuant
17 to Section 501(c)(3) of the Internal Revenue Code of 1986, as
18 amended, made on behalf of or at the request of a church or churches
19 if the sale of such property is conducted not more than once each
20 calendar year for a period not to exceed three (3) days by the
21 organization and proceeds from the sale of such property are used by
22 the church or churches or by the organization for charitable
23 purposes;

1 8. The amount of proceeds received from the ~~sale~~ sales of
2 admission tickets which is separately stated on the ticket of
3 admission for the repayment of money borrowed by any accredited
4 state-supported college or university or any public trust of which a
5 county in this state is the beneficiary, for the purpose of
6 constructing or enlarging any facility to be used for the staging of
7 an athletic event, a theatrical production, or any other form of
8 entertainment, edification or cultural cultivation to which entry is
9 gained with a paid admission ticket. Such facilities include, but
10 are not limited to, athletic fields, athletic stadiums, field
11 houses, amphitheaters and theaters. To be eligible for this sales
12 tax exemption, the amount separately stated on the admission ticket
13 shall be a surcharge which is imposed, collected and used for the
14 sole purpose of servicing or aiding in the servicing of debt
15 incurred by the college or university to effect the capital
16 improvements hereinbefore described;

17 9. Sales of tangible personal property or services to the
18 council organizations or similar state supervisory organizations of
19 the Boy Scouts of America, Girl Scouts of the U.S.A. and Camp Fire
20 ~~USA~~;

21 10. ~~Sale~~ Sales of tangible personal property or services to any
22 county, municipality, rural water district, public school district,
23 city-county library system, the institutions of The Oklahoma State
24 System of Higher Education, the Grand River Dam Authority, the

1 Northeast Oklahoma Public Facilities Authority, the Oklahoma
2 Municipal Power Authority, City of Tulsa-Rogers County Port
3 Authority, Muskogee City-County Port Authority, the Oklahoma
4 Department of Veterans Affairs, the Broken Bow Economic Development
5 Authority, Ardmore Development Authority, Durant Industrial
6 Authority, Oklahoma Ordnance Works Authority, Central Oklahoma
7 Master Conservancy District, Arbuckle Master Conservancy District,
8 Fort Cobb Reservoir Master Conservancy District, Foss Reservoir
9 Master Conservancy District, Mountain Park Master Conservancy
10 District, Waurika Lake Master Conservancy District and the Office of
11 Management and Enterprise Services only when carrying out a public
12 construction contract on behalf of the Oklahoma Department of
13 Veterans Affairs, and effective July 1, 2022, the University
14 Hospitals Trust, or to any person with whom any of the above-named
15 subdivisions or agencies of this state has duly entered into a
16 public contract pursuant to law, necessary for carrying out such
17 public contract or to any subcontractor to such a public contract.
18 Any person making purchases on behalf of such subdivision or agency
19 of this state shall ~~certify, in writing, on the copy of the invoice~~
20 ~~or sales ticket~~ provide documentation to be retained by the vendor
21 that the purchases are made for and on behalf of such subdivision or
22 agency of this state and set out the name of such public subdivision
23 or agency. Any person who wrongfully or erroneously certifies that
24 purchases are for any of the above-named subdivisions or agencies of

1 this state or who otherwise violates this section shall be guilty of
2 a misdemeanor and upon conviction thereof shall be fined an amount
3 equal to double the amount of sales tax involved or incarcerated for
4 not more than sixty (60) days or both;

5 11. Sales of tangible personal property or services to private
6 institutions of higher education and private elementary and
7 secondary institutions of education accredited by the State
8 Department of Education or registered by the State Board of
9 Education for purposes of participating in federal programs or
10 accredited as defined by the Oklahoma State Regents for Higher
11 Education which are exempt from taxation pursuant to the provisions
12 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) including
13 materials, supplies and equipment used in the construction and
14 improvement of buildings and other structures owned by the
15 institutions and operated for educational purposes.

16 Any person, firm, agency or entity making purchases on behalf of
17 any institution, agency or subdivision in this state, shall ~~certify~~
18 ~~in writing, on the copy of the invoice or sales ticket~~ provide
19 documentation as to the nature of the purchases, and violation of
20 this paragraph shall be a misdemeanor as set forth in paragraph 10
21 of this section;

22 12. Tuition and educational fees paid to private institutions
23 of higher education and private elementary and secondary
24 institutions of education accredited by the State Department of

1 Education or registered by the State Board of Education for purposes
2 of participating in federal programs or accredited as defined by the
3 Oklahoma State Regents for Higher Education which are exempt from
4 taxation pursuant to the provisions of the Internal Revenue Code, 26
5 U.S.C., Section 501(c) (3);

6 13. a. Sales of tangible personal property made by:

7 (1) a public school,

8 (2) a private school offering instruction for grade
9 levels kindergarten through twelfth grade,

10 (3) a public school district,

11 (4) a public or private school board,

12 (5) a public or private school student group or
13 organization,

14 (6) a parent-teacher association or organization
15 other than as specified in subparagraph b of this
16 paragraph, or

17 (7) public or private school personnel for purposes
18 of raising funds for the benefit of a public or
19 private school, public school district, public or
20 private school board or public or private school
21 student group or organization, or

22 b. Sales of tangible personal property made by or to
23 nonprofit parent-teacher associations or organizations
24 exempt from taxation pursuant to the provisions of the

1 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
2 nonprofit local public or private school foundations
3 which solicit money or property in the name of any
4 public or private school or public school district.

5 The exemption provided by this paragraph for sales made by a
6 public or private school shall be limited to those public or private
7 schools accredited by the State Department of Education or
8 registered by the State Board of Education for purposes of
9 participating in federal programs. ~~Sale~~ Sales of tangible personal
10 property in this paragraph shall include ~~sale~~ sales of admission
11 tickets and concessions at athletic events;

12 14. Sales of tangible personal property by:

- 13 a. local 4-H clubs,
- 14 b. county, regional or state 4-H councils,
- 15 c. county, regional or state 4-H committees,
- 16 d. 4-H leader associations,
- 17 e. county, regional or state 4-H foundations, and
- 18 f. authorized 4-H camps and training centers.

19 The exemption provided by this paragraph shall be limited to
20 sales for the purpose of raising funds for the benefit of such
21 organizations. ~~Sale~~ Sales of tangible personal property exempted by
22 this paragraph shall include ~~sale~~ sales of admission tickets;

23 15. The first Seventy-five Thousand Dollars (\$75,000.00) each
24 year from ~~sale~~ sales of tickets and concessions at athletic events

1 by each organization exempt from taxation pursuant to the provisions
2 of the Internal Revenue Code, 26 U.S.C., Section 501(c)(4);

3 16. Sales of tangible personal property or services to any
4 person with whom the Oklahoma Tourism and Recreation Department has
5 entered into a public contract and which is necessary for carrying
6 out such contract to assist the Department in the development and
7 production of advertising, promotion, publicity and public relations
8 programs;

9 17. Sales of tangible personal property or services to fire
10 departments organized pursuant to Section 592 of Title 18 of the
11 Oklahoma Statutes which items are to be used for the purposes of the
12 fire department. Any person making purchases on behalf of any such
13 fire department shall ~~certify, in writing, on the copy of the~~
14 ~~invoice or sales ticket~~ provide documentation to be retained by the
15 vendor that the purchases are made for and on behalf of such fire
16 department and set out the name of such fire department. Any person
17 who wrongfully or erroneously certifies that the purchases are for
18 any such fire department or who otherwise violates the provisions of
19 this section shall be deemed guilty of a misdemeanor and upon
20 conviction thereof, shall be fined an amount equal to double the
21 amount of sales tax involved or incarcerated for not more than sixty
22 (60) days, or both;

23 18. Complimentary or free tickets for admission to places of
24 amusement, sports, entertainment, exhibition, display or other

1 recreational events or activities which are issued through a box
2 office or other entity which is operated by a state institution of
3 higher education with institutional employees or by a municipality
4 with municipal employees;

5 19. The first Fifteen Thousand Dollars (\$15,000.00) each year
6 from sales of tangible personal property by fire departments
7 organized pursuant to Titles 11, 18, or 19 of the Oklahoma Statutes
8 for the purposes of raising funds for the benefit of the fire
9 department. Fire departments selling tangible personal property for
10 the purposes of raising funds shall be limited to no more than six
11 (6) days each year to raise such funds in order to receive the
12 exemption granted by this paragraph;

13 20. Sales of tangible personal property or services to any Boys
14 & Girls Clubs of America affiliate in this state which is not
15 affiliated with the Salvation Army and which is exempt from taxation
16 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
17 Section 501(c)(3);

18 21. Sales of tangible personal property or services to any
19 organization, which takes court-adjudicated juveniles for purposes
20 of rehabilitation, and which is exempt from taxation pursuant to the
21 provisions of the Internal Revenue Code, 26 U.S.C., Section
22 501(c)(3), provided that at least fifty percent (50%) of the
23 juveniles served by such organization are court adjudicated and the
24

1 organization receives state funds in an amount less than ten percent
2 (10%) of the annual budget of the organization;

3 22. Sales of tangible personal property or services to:

4 a. any health center as defined in Section 254b of Title
5 42 of the United States Code,

6 b. any clinic receiving disbursements of state monies
7 from the Indigent Health Care Revolving Fund pursuant
8 to the provisions of Section 66 of Title 56 of the
9 Oklahoma Statutes,

10 c. any community-based health center which meets all of
11 the following criteria:

12 (1) provides primary care services at no cost to the
13 recipient, and

14 (2) is exempt from taxation pursuant to the
15 provisions of Section 501(c)(3) of the Internal
16 Revenue Code, 26 U.S.C., Section 501(c)(3), and

17 d. any community mental health center as defined in
18 Section 3-302 of Title 43A of the Oklahoma Statutes;

19 23. Dues or fees including free or complimentary dues or fees
20 which have a value equivalent to the charge that could have
21 otherwise been made, to YMCAs, YWCAs or municipally-owned recreation
22 centers for the use of facilities and programs;

23 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
24 from sales of tangible personal property or services to or by a

1 cultural organization established to sponsor and promote
2 educational, charitable and cultural events for disadvantaged
3 children, and which organization is exempt from taxation pursuant to
4 the provisions of the Internal Revenue Code, 26 U.S.C., Section
5 501(c) (3);

6 25. Sales of tangible personal property or services to museums
7 or other entities which have been accredited by the American
8 ~~Association~~ Alliance of Museums. Any person making purchases on
9 behalf of any such museum or other entity shall ~~certify, in writing,~~
10 ~~on the copy of the invoice or sales ticket~~ provide documentation to
11 be retained by the vendor that the purchases are made for and on
12 behalf of such museum or other entity and set out the name of such
13 museum or other entity. Any person who wrongfully or erroneously
14 certifies that the purchases are for any such museum or other entity
15 or who otherwise violates the provisions of this paragraph shall be
16 deemed guilty of a misdemeanor and, upon conviction thereof, shall
17 be fined an amount equal to double the amount of sales tax involved
18 or incarcerated for not more than sixty (60) days, or by both such
19 fine and incarceration;

20 26. Sales of tickets for admission by any museum accredited by
21 the American ~~Association~~ Alliance of Museums. In order to be
22 eligible for the exemption provided by this paragraph, an amount
23 equivalent to the amount of the tax which would otherwise be
24 required to be collected pursuant to the provisions of Section 1350

1 et seq. of this title shall be separately stated on the admission
2 ticket and shall be collected and used for the sole purpose of
3 servicing or aiding in the servicing of debt incurred by the museum
4 to effect the construction, enlarging or renovation of any facility
5 to be used for entertainment, edification or cultural cultivation to
6 which entry is gained with a paid admission ticket;

7 27. Sales of tangible personal property or services occurring
8 on or after June 1, 1995, to children's homes which are supported or
9 sponsored by one or more churches, members of which serve as
10 trustees of the home;

11 28. Sales of tangible personal property or services to the
12 organization known as the Disabled American Veterans, Department of
13 Oklahoma, ~~Inc.~~, and subordinate chapters thereof;

14 29. Sales of tangible personal property or services to youth
15 camps which are supported or sponsored by one or more churches,
16 members of which serve as trustees of the organization;

17 30. a. Until July 1, 2022, transfer of tangible personal
18 property made pursuant to Section 3226 of Title 63 of
19 the Oklahoma Statutes by the University Hospitals
20 Trust, and

21 b. Effective July 1, 2022, transfer of tangible personal
22 property or services to or by:
23
24

1 (1) the University Hospitals Trust created pursuant
2 to Section 3224 of Title 63 of the Oklahoma
3 Statutes, or

4 (2) nonprofit entities which are exempt from taxation
5 pursuant to the provisions of the Internal
6 Revenue Code of the United States, 26 U.S.C.,
7 Section 501(c)(3), which have entered into a
8 joint operating agreement with the University
9 Hospitals Trust;

10 31. Sales of tangible personal property or services to a
11 municipality, county or school district pursuant to a lease or
12 lease-purchase agreement executed between the vendor and a
13 municipality, county or school district. A copy of the lease or
14 lease-purchase agreement shall be retained by the vendor;

15 32. Sales of tangible personal property or services to any
16 spaceport user, as defined in the Oklahoma Space Industry
17 Development Act;

18 33. The sale, use, storage, consumption or distribution in this
19 state, whether by the importer, exporter or another person, of any
20 satellite or any associated launch vehicle including components of,
21 and parts and motors for, any such satellite or launch vehicle,
22 imported or caused to be imported into this state for the purpose of
23 export by means of launching into space. This exemption provided by
24 this paragraph shall not be affected by:

- a. the destruction in whole or in part of the satellite or launch vehicle,
- b. the failure of a launch to occur or be successful, or
- c. the absence of any transfer or title to, or possession of, the satellite or launch vehicle after launch;

34. The sale, lease, use, storage, consumption or distribution in this state of any space facility, space propulsion system or space vehicle, satellite or station of any kind possessing space flight capacity including components thereof;

35. The sale, lease, use, storage, consumption or distribution in this state of tangible personal property, placed on or used aboard any space facility, space propulsion system or space vehicle, satellite, or station possessing space flight capacity, which is launched into space, irrespective of whether such tangible property is returned to this state for subsequent use, storage, or consumption in any manner;

36. The sale, lease, use, storage, consumption or distribution in this state of tangible personal property meeting the definition of "section 38 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the Internal Revenue Code of 1986, that is an integral part of and used primarily in support of space flight; however, section 38 property used in support of space flight shall not include general office equipment, any boat, mobile home, motor vehicle or other vehicle of a class or type required to be

1 registered, licensed, titled or documented in this state or by the
2 United States government, or any other property not specifically
3 suited to supporting space activity. The term "in support of space
4 flight", for purposes of this paragraph, means the altering,
5 monitoring, controlling, regulating, adjusting, servicing or
6 repairing of any space facility, space propulsion systems or space
7 vehicle, satellite or station possessing space flight capacity
8 including the components thereof;

9 37. The purchase or lease of machinery and equipment for use at
10 a fixed location in this state, which is used exclusively in the
11 manufacturing, processing, compounding or producing of any space
12 facility, space propulsion system or space vehicle, satellite or
13 station of any kind possessing space flight capacity. Provided, the
14 exemption provided for in this paragraph shall not be allowed unless
15 the purchaser or lessee signs an affidavit stating that the item or
16 items to be exempted are for the exclusive use designated herein.
17 Any person furnishing a false affidavit to the vendor for the
18 purpose of evading payment of any tax imposed by Section 1354 of
19 this title shall be subject to the penalties provided by law. As
20 used in this paragraph, "machinery and equipment" means "section 38
21 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the
22 Internal Revenue Code of 1986, which is used as an integral part of
23 the manufacturing, processing, compounding or producing of items of
24 tangible personal property. Such term includes parts and

1 accessories only to the extent that the exemption thereof is
2 consistent with the provisions of this paragraph;

3 38. The amount of a surcharge or any other amount which is
4 separately stated on an admission ticket which is imposed, collected
5 and used for the sole purpose of constructing, remodeling or
6 enlarging facilities of a public trust having a municipality or
7 county as its sole beneficiary;

8 39. Sales of tangible personal property or services which are
9 directly used in or for the benefit of a state park in this state,
10 which are made to an organization which is exempt from taxation
11 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
12 Section 501(c)(3) and which is organized primarily for the purpose
13 of supporting one or more state parks located in this state;

14 40. The sale, lease or use of parking privileges by an
15 institution of The Oklahoma State System of Higher Education;

16 41. Sales of tangible personal property or services for use on
17 campus or school construction projects for the benefit of
18 institutions of The Oklahoma State System of Higher Education,
19 private institutions of higher education accredited by the Oklahoma
20 State Regents for Higher Education or any public school or school
21 district when such projects are financed by or through the use of
22 nonprofit entities which are exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c)(3);

1 42. Sales of tangible personal property or services by an
2 organization which is exempt from taxation pursuant to the
3 provisions of the Internal Revenue Code, 26 U.S.C., Section
4 501(c)(3), in the course of conducting a national championship
5 sports event, but only if all or a portion of the payment in
6 exchange therefor would qualify as the receipt of a qualified
7 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
8 Section 513(i). Sales exempted pursuant to this paragraph shall be
9 exempt from all Oklahoma sales, use, excise and gross receipts
10 taxes;

11 43. Sales of tangible personal property or services to or by an
12 organization which:

- 13 a. is exempt from taxation pursuant to the provisions of
14 the Internal Revenue Code, 26 U.S.C., Section
15 501(c)(3),
- 16 b. is affiliated with a comprehensive university within
17 The Oklahoma State System of Higher Education, and
- 18 c. has been organized primarily for the purpose of
19 providing education and teacher training and
20 conducting events relating to robotics;

21 44. The first Fifteen Thousand Dollars (\$15,000.00) each year
22 from sales of tangible personal property to or by youth athletic
23 teams which are part of an athletic organization exempt from
24 taxation pursuant to the provisions of the Internal Revenue Code, 26

1 U.S.C., Section 501(c)(4), for the purposes of raising funds for the
2 benefit of the team;

3 45. Sales of tickets for admission to a collegiate athletic
4 event that is held in a facility owned or operated by a municipality
5 or a public trust of which the municipality is the sole beneficiary
6 and that actually determines or is part of a tournament or
7 tournament process for determining a conference tournament
8 championship, a conference championship, or a national championship;

9 46. Sales of tangible personal property or services to or by an
10 organization which is exempt from taxation pursuant to the
11 provisions of the Internal Revenue Code, 26 U.S.C., Section
12 501(c)(3) and is operating the Oklahoma City National Memorial and
13 Museum, an affiliate of the National Park System;

14 47. Sales of tangible personal property or services to
15 organizations which are exempt from federal taxation pursuant to the
16 provisions of Section 501(c)(3) of the Internal Revenue Code, 26
17 U.S.C., Section 501(c)(3), the memberships of which are limited to
18 honorably discharged veterans, and which furnish financial support
19 to area veterans' organizations to be used for the purpose of
20 constructing a memorial or museum;

21 48. Sales of tangible personal property or services on or after
22 January 1, 2003, to an organization which is exempt from taxation
23 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
24 Section 501(c)(3) that is expending monies received from a private

1 foundation grant in conjunction with expenditures of local sales tax
2 revenue to construct a local public library;

3 49. Sales of tangible personal property or services to a state
4 that borders this state or any political subdivision of that state,
5 but only to the extent that the other state or political subdivision
6 exempts or does not impose a tax on similar sales of items to this
7 state or a political subdivision of this state;

8 50. Effective July 1, 2005, sales of tangible personal property
9 or services to the Career Technology Student Organizations under the
10 direction and supervision of the Oklahoma Department of Career and
11 Technology Education;

12 51. Sales of tangible personal property to a public trust
13 having either a single city, town or county or multiple cities,
14 towns or counties or combination thereof as beneficiary or
15 beneficiaries or a nonprofit organization which is exempt from
16 taxation pursuant to the provisions of the Internal Revenue Code, 26
17 U.S.C., Section 501(c)(3) for the purpose of constructing
18 improvements to or expanding a hospital or nursing home owned and
19 operated by any such public trust or nonprofit entity prior to July
20 1, 2008, in counties with a population of less than one hundred
21 thousand (100,000) persons, according to the most recent Federal
22 Decennial Census. As used in this paragraph, "constructing
23 improvements to or expanding" shall not mean any expense for routine
24 maintenance or general repairs and shall require a project cost of

1 at least One Hundred Thousand Dollars (\$100,000.00). For purposes
2 of this paragraph, sales made to a contractor or subcontractor that
3 enters into a contractual relationship with a public trust or
4 nonprofit entity as described by this paragraph shall be considered
5 sales made to the public trust or nonprofit entity. The exemption
6 authorized by this paragraph shall be administered in the form of a
7 refund from the sales tax revenues apportioned pursuant to Section
8 1353 of this title and the vendor shall be required to collect the
9 sales tax otherwise applicable to the transaction. The purchaser
10 may apply for a refund of the sales tax paid in the manner
11 prescribed by this paragraph. Within thirty (30) days after the end
12 of each fiscal year, any purchaser that is entitled to make
13 application for a refund based upon the exempt treatment authorized
14 by this paragraph may file an application for refund of the sales
15 taxes paid during such preceding fiscal year. The Oklahoma Tax
16 Commission shall prescribe a form for purposes of making the
17 application for refund. The Tax Commission shall determine whether
18 or not the total amount of sales tax exemptions claimed by all
19 purchasers is equal to or less than Six Hundred Fifty Thousand
20 Dollars (\$650,000.00). If such claims are less than or equal to
21 that amount, the Tax Commission shall make refunds to the purchasers
22 in the full amount of the documented and verified sales tax amounts.
23 If such claims by all purchasers are in excess of Six Hundred Fifty
24 Thousand Dollars (\$650,000.00), the Tax Commission shall determine

1 the amount of each purchaser's claim, the total amount of all claims
2 by all purchasers, and the percentage each purchaser's claim amount
3 bears to the total. The resulting percentage determined for each
4 purchaser shall be multiplied by Six Hundred Fifty Thousand Dollars
5 (\$650,000.00) to determine the amount of refundable sales tax to be
6 paid to each purchaser. The pro rata refund amount shall be the
7 only method to recover sales taxes paid during the preceding fiscal
8 year and no balance of any sales taxes paid on a pro rata basis
9 shall be the subject of any subsequent refund claim pursuant to this
10 paragraph;

11 52. Effective July 1, 2006, sales of tangible personal property
12 or services to any organization which assists, trains, educates, and
13 provides housing for physically and mentally handicapped persons and
14 which is exempt from taxation pursuant to the provisions of the
15 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
16 receives at least eighty-five percent (85%) of its annual budget
17 from state or federal funds. In order to receive the benefit of the
18 exemption authorized by this paragraph, the taxpayer shall be
19 required to make payment of the applicable sales tax at the time of
20 sale to the vendor in the manner otherwise required by law.

21 Notwithstanding any other provision of the ~~Oklahoma~~ Uniform Tax
22 Procedure Code to the contrary, the taxpayer shall be authorized to
23 file a claim for refund of sales taxes paid that qualify for the
24 exemption authorized by this paragraph for a period of one (1) year

1 after the date of the sale transaction. The taxpayer shall be
2 required to provide documentation as may be prescribed by the
3 Oklahoma Tax Commission in support of the refund claim. The total
4 amount of sales tax qualifying for exempt treatment pursuant to this
5 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
6 (\$175,000.00) each fiscal year. Claims for refund shall be
7 processed in the order in which such claims are received by the
8 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
9 the total amount of refunds payable for a fiscal year, such claim
10 shall be barred;

11 53. The first Two Thousand Dollars (\$2,000.00) each year of
12 sales of tangible personal property or services to, by, or for the
13 benefit of a qualified neighborhood watch organization that is
14 endorsed or supported by or working directly with a law enforcement
15 agency with jurisdiction in the area in which the neighborhood watch
16 organization is located. As used in this paragraph, "qualified
17 neighborhood watch organization" means an organization that is a
18 not-for-profit corporation under the laws of ~~the State of Oklahoma~~
19 this state that was created to help prevent criminal activity in an
20 area through community involvement and interaction with local law
21 enforcement and which is one of the first two thousand organizations
22 which makes application to the Oklahoma Tax Commission for the
23 exemption after March 29, 2006;

24

1 54. Sales of tangible personal property to a nonprofit
2 organization, exempt from taxation pursuant to the provisions of the
3 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
4 primarily for the purpose of providing services to homeless persons
5 during the day and located in a metropolitan area with a population
6 in excess of five hundred thousand (500,000) persons according to
7 the latest Federal Decennial Census. The exemption authorized by
8 this paragraph shall be applicable to sales of tangible personal
9 property to a qualified entity occurring on or after January 1,
10 2005;

11 55. Sales of tangible personal property or services to or by an
12 organization which is exempt from taxation pursuant to the
13 provisions of the Internal Revenue Code, 26 U.S.C., Section
14 501(c)(3) for events the principal purpose of which is to provide
15 funding for the preservation of wetlands and habitat for wild ducks;

16 56. Sales of tangible personal property or services to or by an
17 organization which is exempt from taxation pursuant to the
18 provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3) for events the principal purpose of which is to provide
20 funding for the preservation and conservation of wild turkeys;

21 57. Sales of tangible personal property or services to an
22 organization which:
23
24

1 a. is exempt from taxation pursuant to the provisions of
2 the Internal Revenue Code, 26 U.S.C., Section
3 501(c)(3), and

4 b. is part of a network of community-based, autonomous
5 member organizations that meets the following
6 criteria:

7 (1) serves people with workplace disadvantages and
8 disabilities by providing job training and
9 employment services, as well as job placement
10 opportunities and post-employment support,

11 (2) has locations in the United States and at least
12 twenty other countries,

13 (3) collects donated clothing and household goods to
14 sell in retail stores and provides contract labor
15 services to business and government, and

16 (4) provides documentation to the Oklahoma Tax
17 Commission that over seventy-five percent (75%)
18 of its revenues are channeled into employment,
19 job training and placement programs and other
20 critical community services;

21 58. Sales of tickets made on or after September 21, 2005, and
22 complimentary or free tickets for admission issued on or after
23 September 21, 2005, which have a value equivalent to the charge that
24 would have otherwise been made, for admission to a professional

1 athletic event in which a team in the National Basketball
2 Association is a participant, which is held in a facility owned or
3 operated by a municipality, a county or a public trust of which a
4 municipality or a county is the sole beneficiary, and sales of
5 tickets made on or after July 1, 2007, and complimentary or free
6 tickets for admission issued on or after July 1, 2007, which have a
7 value equivalent to the charge that would have otherwise been made,
8 for admission to a professional athletic event in which a team in
9 the National Hockey League is a participant, which is held in a
10 facility owned or operated by a municipality, a county or a public
11 trust of which a municipality or a county is the sole beneficiary;

12 59. Sales of tickets for admission and complimentary or free
13 tickets for admission which have a value equivalent to the charge
14 that would have otherwise been made to a professional sporting event
15 involving ice hockey, baseball, basketball, football or arena
16 football, or soccer. As used in this paragraph, "professional
17 sporting event" means an organized athletic competition between
18 teams that are members of an organized league or association with
19 centralized management, other than a national league or national
20 association, that imposes requirements for participation in the
21 league upon the teams, the individual athletes or both, and which
22 uses a salary structure to compensate the athletes;

23 60. Sales of tickets for admission to an annual event sponsored
24 by an educational and charitable organization of women which is

1 exempt from taxation pursuant to the provisions of the Internal
2 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission
3 promoting volunteerism, developing the potential of women and
4 improving the community through the effective action and leadership
5 of trained volunteers;

6 61. Sales of tangible personal property or services to an
7 organization, which is exempt from taxation pursuant to the
8 provisions of the Internal Revenue Code, 26 U.S.C., Section
9 501(c)(3), and which is itself a member of an organization which is
10 exempt from taxation pursuant to the provisions of the Internal
11 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
12 organization is primarily engaged in advancing the purposes of its
13 member organizations through fundraising, public awareness or other
14 efforts for the benefit of its member organizations, and if the
15 member organization is primarily engaged either in providing
16 educational services and programs concerning health-related diseases
17 and conditions to individuals suffering from such health-related
18 diseases and conditions or their caregivers and family members or
19 support to such individuals, or in health-related research as to
20 such diseases and conditions, or both. In order to qualify for the
21 exemption authorized by this paragraph, the member nonprofit
22 organization shall be required to provide proof to the Oklahoma Tax
23 Commission of its membership status in the membership organization;

1 62. Sales of tangible personal property or services to or by an
2 organization which is part of a national volunteer women's service
3 organization dedicated to promoting patriotism, preserving American
4 history and securing better education for children and which has at
5 least 168,000 members in 3,000 chapters across the United States;

6 63. Sales of tangible personal property or services to or by a
7 YWCA or YMCA organization which is part of a national nonprofit
8 community service organization working to meet the health and social
9 service needs of its members across the United States;

10 64. Sales of tangible personal property or services to or by a
11 veteran's organization which is exempt from taxation pursuant to the
12 provisions of the Internal Revenue Code, 26 U.S.C., Section
13 501(c)(19) and which is known as the Veterans of Foreign Wars ~~of the~~
14 ~~United States, Oklahoma Chapters~~ Department of Oklahoma;

15 65. Sales of boxes of food by a church or by an organization,
16 which is exempt from taxation pursuant to the provisions of the
17 Internal Revenue Code, 26 U.S.C., Section 501(c)(3). To qualify
18 under the provisions of this paragraph, the organization must be
19 organized for the primary purpose of feeding needy individuals or to
20 encourage volunteer service by requiring such service in order to
21 purchase food. These boxes shall only contain edible staple food
22 items;

23 66. Sales of tangible personal property or services to any
24 person with whom a church has duly entered into a construction

1 contract, necessary for carrying out such contract or to any
2 subcontractor to such a construction contract;

3 67. Sales of tangible personal property or services used
4 exclusively for charitable or educational purposes, to or by an
5 organization which:

6 a. is exempt from taxation pursuant to the provisions of
7 the Internal Revenue Code, 26 U.S.C., Section
8 501(c)(3),

9 b. has filed a Not-for-Profit Certificate of
10 Incorporation in this state, and

11 c. is organized for the purpose of:

12 (1) providing training and education to
13 developmentally disabled individuals,

14 (2) educating the community about the rights,
15 abilities and strengths of developmentally
16 disabled individuals, and

17 (3) promoting unity among developmentally disabled
18 individuals in their community and geographic
19 area;

20 68. Sales of tangible personal property or services to any
21 organization which is a shelter for abused, neglected, or abandoned
22 children and which is exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c)(3); provided, until July 1, 2008, such exemption shall apply

1 only to eligible shelters for children from birth to age twelve (12)
2 and after July 1, 2008, such exemption shall apply to eligible
3 shelters for children from birth to age eighteen (18);

4 69. Sales of tangible personal property or services to a child
5 care center which is licensed pursuant to the Oklahoma Child Care
6 Facilities Licensing Act and which:

- 7 a. possesses a 3-star rating from the Department of Human
8 Services Reaching for the Stars Program or a national
9 accreditation, and
- 10 b. allows on-site universal prekindergarten education to
11 be provided to four-year-old children through a
12 contractual agreement with any public school or school
13 district.

14 For the purposes of this paragraph, sales made to any person,
15 firm, agency or entity that has entered previously into a
16 contractual relationship with a child care center for construction
17 and improvement of buildings and other structures owned by the child
18 care center and operated for educational purposes shall be
19 considered sales made to a child care center. Any such person,
20 firm, agency or entity making purchases on behalf of a child care
21 center shall ~~certify, in writing, on the copy of the invoice or~~
22 ~~sales ticket~~ provide documentation as to the nature of the purchase.
23 Any such person, or person acting on behalf of a firm, agency or
24 entity making purchases on behalf of a child care center in

1 violation of this paragraph shall be guilty of a misdemeanor and
2 upon conviction thereof shall be fined an amount equal to double the
3 amount of sales tax involved or incarcerated for not more than sixty
4 (60) days or both;

5 70. a. Sales of tangible personal property to a service
6 organization of mothers who have children who are
7 serving or who have served in the military, which
8 service organization is exempt from taxation pursuant
9 to the provisions of the Internal Revenue Code, 26
10 U.S.C., Section 501(c)(19) and which is known as the
11 Blue Star Mothers of America, Inc. The exemption
12 provided by this paragraph shall only apply to the
13 purchase of tangible personal property actually sent
14 to United States military personnel overseas who are
15 serving in a combat zone and not to any other tangible
16 personal property purchased by the organization.
17 Provided, this exemption shall not apply to any sales
18 tax levied by a city, town, county, or any other
19 jurisdiction in this state.

20 b. The exemption authorized by this paragraph shall be
21 administered in the form of a refund from the sales
22 tax revenues apportioned pursuant to Section 1353 of
23 this title, and the vendor shall be required to
24 collect the sales tax otherwise applicable to the

1 transaction. The purchaser may apply for a refund of
2 the state sales tax paid in the manner prescribed by
3 this paragraph. Within sixty (60) days after the end
4 of each calendar quarter, any purchaser that is
5 entitled to make application for a refund based upon
6 the exempt treatment authorized by this paragraph may
7 file an application for refund of the state sales
8 taxes paid during such preceding calendar quarter.
9 The Tax Commission shall prescribe a form for purposes
10 of making the application for refund.

11 c. A purchaser who applies for a refund pursuant to this
12 paragraph shall certify that the items were actually
13 sent to military personnel overseas in a combat zone.
14 Any purchaser that applies for a refund for the
15 purchase of items that are not authorized for
16 exemption under this paragraph shall be subject to a
17 penalty in the amount of Five Hundred Dollars
18 (\$500.00);

19 71. Sales of food and snack items to or by an organization
20 which is exempt from taxation pursuant to the provisions of the
21 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), whose primary
22 and principal purpose is providing funding for scholarships in the
23 medical field;
24

1 72. Sales of tangible personal property or services for use
2 solely on construction projects for organizations which are exempt
3 from taxation pursuant to the provisions of the Internal Revenue
4 Code, 26 U.S.C., Section 501(c)(3) and whose purpose is providing
5 end-of-life care and access to hospice services to low-income
6 individuals who live in a facility owned by the organization. The
7 exemption provided by this paragraph applies to sales to the
8 organization as well as to sales to any person with whom the
9 organization has duly entered into a construction contract,
10 necessary for carrying out such contract or to any subcontractor to
11 such a construction contract. Any person making purchases on behalf
12 of such organization shall ~~certify, in writing, on the copy of the~~
13 ~~invoice or sales ticket~~ provide documentation to be retained by the
14 vendor that the purchases are made for and on behalf of such
15 organization and set out the name of such organization. Any person
16 who wrongfully or erroneously certifies that purchases are for any
17 of the above-named organizations or who otherwise violates this
18 section shall be guilty of a misdemeanor and upon conviction thereof
19 shall be fined an amount equal to double the amount of sales tax
20 involved or incarcerated for not more than sixty (60) days or both;

21 73. Sales of tickets for admission to events held by
22 organizations exempt from taxation pursuant to the provisions of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) that are
24

1 organized for the purpose of supporting general hospitals licensed
2 by the State Department of Health;

3 74. Sales of tangible personal property or services:

- 4 a. to a foundation which is exempt from taxation pursuant
5 to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3) and which raises tax-
7 deductible contributions in support of a wide range of
8 firearms-related public interest activities of the
9 National Rifle Association of America and other
10 organizations that defend and foster Second Amendment
11 rights, and
12 b. to or by a grassroots fundraising program for sales
13 related to events to raise funds for a foundation
14 meeting the qualifications of subparagraph a of this
15 paragraph;

16 75. Sales by an organization or entity which is exempt from
17 taxation pursuant to the provisions of the Internal Revenue Code, 26
18 U.S.C., Section 501(c)(3) which are related to a fundraising event
19 sponsored by the organization or entity when the event does not
20 exceed any five (5) consecutive days and when the sales are not in
21 the organization's or the entity's regular course of business.
22 Provided, the exemption provided in this paragraph shall be limited
23 to tickets sold for admittance to the fundraising event and items
24

1 which were donated to the organization or entity for sale at the
2 event;

3 76. Effective November 1, 2017, sales of tangible personal
4 property or services to an organization which is exempt from
5 taxation pursuant to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(3) and operates as a collaborative model
7 which connects community agencies in one location to serve
8 individuals and families affected by violence and where victims have
9 access to services and advocacy at no cost to the victim;

10 77. Effective July 1, 2018, sales of tangible personal property
11 or services to or by an association which is exempt from taxation
12 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
13 Section 501(c)(19) and which is known as the National Guard
14 Association of Oklahoma;

15 78. Effective July 1, 2018, sales of tangible personal property
16 or services to or by an association which is exempt from taxation
17 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
18 Section 501(c)(4) and which is known as the Marine Corps League
19 Department of Oklahoma;

20 79. Sales of tangible personal property or services to the
21 American Legion, whether the purchase is made by the entity
22 chartered by the United States Congress or is an entity organized
23 under the laws of this or another state pursuant to the authority of
24 the national American Legion organization;

1 80. Sales of tangible personal property or services to or by an
2 organization which is:

- 3 a. exempt from taxation pursuant to the provisions of the
4 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 5 b. verified with a letter from the ~~MIT~~ Fab Foundation as
6 an official member of the Fab Lab Network in
7 compliance with the Fab Charter, and
- 8 c. able to provide documentation that its primary and
9 principal purpose is to provide community access to
10 advanced 21st century manufacturing and digital
11 fabrication tools for science, technology,
12 engineering, art and math (STEAM) learning skills,
13 developing inventions, creating and sustaining
14 businesses and producing personalized products;

15 81. Effective November 1, 2021, sales of tangible personal
16 property or services used solely for construction and remodeling
17 projects to an organization which is exempt from taxation pursuant
18 to the provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c)(3), and which meets the following requirements:

- 20 a. its primary purpose is to construct or remodel and
21 sell affordable housing and provide homeownership
22 education to residents of Oklahoma that have an income
23 that is below one hundred percent (100%) of the Family
24

1 Median Income guidelines as defined by the U.S.

2 Department of Housing and Urban Development,

3 b. it conducts its activities in a manner that serves
4 public or charitable purposes, rather than commercial
5 purposes,

6 c. it receives funding and revenue and charges fees in a
7 manner that does not incentivize it or its employees
8 to act other than in the best interests of its
9 clients, and

10 d. it compensates its employees in a manner that does not
11 incentivize employees to act other than in the best
12 interests of its clients;

13 82. Effective November 1, 2021, sales of tangible personal
14 property or services to a nonprofit entity, organized pursuant to
15 Oklahoma law before January 1, 2022, exempt from federal income
16 taxation pursuant to Section 501(c) of the Internal Revenue Code of
17 1986, as amended, the principal functions of which are to provide
18 assistance to natural persons following a disaster, with program
19 emphasis on repair or restoration to single-family residential
20 dwellings or the construction of a replacement single-family
21 residential dwelling. As used in this paragraph, "disaster" means
22 damage to property with or without accompanying injury to persons
23 from heavy rain, high winds, tornadic winds, drought, wildfire,
24 snow, ice, geologic disturbances, explosions, chemical accidents or

1 spills and other events causing damage to property on a large scale.
2 For purposes of this paragraph, an entity that expended at least
3 seventy-five percent (75%) of its funds on the restoration to
4 single-family housing following a disaster including related general
5 and administrative expenses, shall be eligible for the exemption
6 authorized by this paragraph;

7 83. Effective November 1, 2021, through December 31, 2024,
8 sales of tangible personal property or services to a museum that:

- 9 a. operates as a part of an organization which is exempt
10 from taxation pursuant to the provisions of the
11 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 12 b. is not accredited by the American Alliance of Museums,
13 and
- 14 c. operates on an annual budget of less than One Million
15 Dollars (\$1,000,000.00);

16 84. Until July 1, 2022, sales of tangible personal property or
17 services for use in a clinical practice or medical facility operated
18 by an organization which is exempt from taxation pursuant to the
19 provisions of the Internal Revenue Code of the United States, 26
20 U.S.C., Section 501(c)(3), and which has entered into a joint
21 operating agreement with the University Hospitals Trust created
22 pursuant to Section 3224 of Title 63 of the Oklahoma Statutes. The
23 exemption provided by this paragraph shall be limited to the
24 purchase of tangible personal property and services for use in

1 clinical practices or medical facilities acquired or leased by the
2 organization from the University Hospitals Authority, University
3 Hospitals Trust, or the University of Oklahoma on or after June 1,
4 2021; and

5 85. Sales of tangible personal property or services to a
6 nonprofit entity, organized pursuant to Oklahoma law before January
7 1, 2019, exempt from federal income taxation pursuant to Section
8 501(c) of the Internal Revenue Code of 1986, as amended, the
9 principal functions of which are to provide assistance to natural
10 persons following a disaster, with program emphasis on repair or
11 restoration to single-family residential dwellings or the
12 construction of a replacement single-family residential dwelling.
13 For purposes of this paragraph, an entity operated exclusively for
14 charitable and educational purposes through the coordination of
15 volunteers for the disaster recovery of homes (as derived from Part
16 III, Statement of Program Services, of Internal Revenue Service Form
17 990) and offers its services free of charge to disaster survivors
18 statewide who are low income with no or limited means of recovery on
19 their own for the restoration to single-family housing following a
20 disaster including related general and administrative expenses,
21 shall be eligible for the exemption authorized by this paragraph.
22 The exemption provided by this paragraph shall only be applicable to
23 sales made on or after the effective date of this act. As used in
24 this paragraph, "disaster" means damage to property with or without

1 accompanying injury to persons from heavy rain, high winds, tornadic
2 winds, drought, wildfire, snow, ice, geologic disturbances,
3 explosions, chemical accidents or spills and other events causing
4 damage to property on a large scale.

5 SECTION 2. This act shall become effective November 1, 2024.

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