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February 19, 2024

AS AMENDED

SENATE BILL NO. 1259

By: Thompson (Roger) and Boren
of the Senate

and

Wallace of the House

An Act relating to sales tax; amending 68 O.S. 2021, Section 1357.21, as amended by Section 2, Chapter 44, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2023, Section 1357.21), which relates to rebates for sales tax exemption on qualifying broadband equipment; providing deadline for filing rebate claims on certain purchases; eliminating deadline for processing claims; and providing deadline for report filing.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357.21, as amended by Section 2, Chapter 44, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2023, Section 1357.21), is amended to read as follows:

Section 1357.21. A. The exemption authorized by the provisions of paragraph 43 of Section 1357 of this title shall be administered as a rebate.

1 B. No claim for a rebate shall be approved unless the equipment
2 was purchased in order to establish or expand broadband services in
3 underserved or unserved areas. As used in this subsection and for
4 purposes of the exemption authorized by paragraph 43 of Section 1357
5 of this title, "broadband", "underserved" and "unserved" shall mean
6 those services and areas as defined in Section 139.102 of Title 17
7 of the Oklahoma Statutes.

8 C. No claim for rebate shall be approved unless the claimant
9 establishes that as a result of the equipment purchase there has
10 been net growth in the number of potential customers served in
11 underserved or unserved areas.

12 D. In order to qualify for rebate payments during the fiscal
13 year beginning July 1, 2022, equipment or other items qualifying for
14 the exemption authorized by paragraph 43 of Section 1357 of this
15 title must be purchased and placed in service between January 1,
16 2022, and December 31, 2023. Claims for rebates of sales tax or use
17 tax paid for such equipment purchased in calendar year 2022 shall be
18 filed with the Oklahoma Tax Commission not later than September 1,
19 2023, and claims for rebates for sales or use tax paid for such
20 equipment purchased in subsequent calendar ~~year 2023~~ years shall be
21 filed with the Oklahoma Tax Commission not later than September 1,
22 2024 of the following year. ~~All claims shall be processed by the~~
23 ~~Tax Commission not later than March 1, 2025.~~

1 E. Qualifying purchases do not include supporting or ancillary
2 functions, such as office operations, field operations, marketing,
3 transportation, warehousing, data storage, or similar operations
4 that do not directly result in the distribution of broadband
5 Internet service. Property directly used or consumed in or during
6 the provision, creation, or production of a data processing service
7 or information service, or property the provider grants, sells, or
8 leases to the customer for use within the home or establishment
9 receiving broadband is not eligible for a rebate under this section.

10 F. The total amount of rebates that may be paid shall not
11 exceed Forty-two Million Dollars (\$42,000,000.00) with Thirty-one
12 Million Five Hundred Thousand Dollars (\$31,500,000.00) of the total
13 reserved for eligible projects serving counties having a population
14 density of fewer than one hundred persons per square mile and Ten
15 Million Five Hundred Thousand Dollars (\$10,500,000.00) of the total
16 reserved for eligible projects serving counties having a population
17 density of one hundred or more persons per square mile.

18 G. The amount of rebate paid to each claimant shall be computed
19 by dividing the applicable total rebate pool amount by the dollar
20 amount of claims timely received by the Tax Commission with respect
21 to each fiscal year, and paying in full the amount of the claims
22 submitted if the amount of claims are equal to, or less than, the
23 total rebate pool, or a pro rata share if the total amount of claims
24 submitted exceed the rebate pool.

1 H. For the fiscal year beginning July 1, 2023, and all
2 subsequent fiscal years, the total amount of rebate that may be paid
3 shall not exceed Forty-two Million Dollars (\$42,000,000.00).

4 I. Claims for rebate shall be on such forms as the Oklahoma Tax
5 Commission may prescribe for such purpose and shall contain any
6 required information or supporting documentation the Commission
7 requires to verify eligibility for the rebate payment.

8 J. The Oklahoma Department of Commerce ~~and the Oklahoma~~
9 ~~Broadband Office~~ shall use information provided by the Oklahoma Tax
10 Commission and the Oklahoma Broadband Office to prepare a report to
11 identify the qualifying rural broadband projects completed with the
12 equipment purchased together with the location of the equipment and
13 the geographic areas served as a result of the equipment purchases,
14 including the total number of potential new customers receiving
15 qualifying broadband services resulting from the project. The
16 report shall not identify any entity by name that purchased
17 equipment.

18 K. The report shall be filed not later than April 1, 2025, with
19 respect to rebates paid for equipment purchases made during calendar
20 years 2022 and 2023 and April 1 of the second succeeding year for
21 equipment purchases made in subsequent calendar years. The Oklahoma
22 Tax Commission shall make information available as required by
23 subsection J of this section as claims are completed to assist with
24 the timely preparation of the report.

1 L. The report shall be filed with the Governor, the Speaker of
2 the House of Representatives and the President Pro Tempore of the
3 Senate and posted on the Oklahoma Broadband Office website.

4 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
February 19, 2024 - DO PASS AS AMENDED
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