

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 3078

By: Hays

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Sections 1355, as amended by Section 1, Chapter 370, O.S.L. 2023, 2106, 1361, 1402, and 1404, as amended by Section 2, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2023, Sections 1355 and 1404), which relate to motor vehicle excise taxes and sales tax; eliminating sales tax levy upon sale of motor vehicles; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1355, as amended by Section 1, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2023, Section 1355), is amended to read as follows:

Section 1355. Exemptions - Subject to other tax.

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

1. Sale of gasoline, motor fuel, methanol, "M-85" which is a mixture of methanol and gasoline containing at least eighty-five percent (85%) methanol, compressed natural gas, liquefied natural gas, or liquefied petroleum gas on which the Motor Fuel Tax,

1 Gasoline Excise Tax, Special Fuels Tax, or the fee in lieu of
2 Special Fuels Tax levied in Section 500.1 et seq., Section 601 et
3 seq. or Section 701 et seq. of this title has been, or will be paid;

4 2. For the sale of motor vehicles or any optional equipment or
5 accessories attached to motor vehicles on which the Oklahoma Motor
6 Vehicle Excise Tax levied in Section 2101 et seq. of this title has
7 been, or will be paid, ~~all but a portion of the levy provided under~~
8 ~~Section 1354 of this title, equal to one and twenty-five hundredths~~
9 ~~percent (1.25%) of the gross receipts of such sales. For the~~
10 ~~purposes of this paragraph, if the sale of a motor vehicle includes~~
11 ~~a trade-in, gross receipts shall be calculated based only on the~~
12 ~~difference between the value of the trade-in vehicle and the actual~~
13 ~~sales price of the vehicle being purchased. Provided, the sale of~~
14 ~~motor vehicles shall not be subject to any sales and use taxes~~
15 ~~levied by cities, counties, or other jurisdictions of the state;~~

16 3. Sale of crude petroleum or natural or casinghead gas, and
17 other products subject to gross production tax pursuant to the
18 provisions of Section 1001 et seq. and Section 1101 et seq. of this
19 title. This exemption shall not apply when such products are sold
20 to a consumer or user for consumption or use, except when used for
21 injection into the earth for the purpose of promoting or
22 facilitating the production of oil or gas. This paragraph shall not
23 operate to increase or repeal the gross production tax levied by the
24 laws of this state;

1 4. Sale of aircraft on which the tax levied pursuant to the
2 provisions of Sections 6001 through 6007 of this title has been, or
3 will be paid or which are specifically exempt from such tax pursuant
4 to the provisions of Section 6003 of this title;

5 5. Sales from coin-operated devices on which the fee imposed by
6 Sections 1501 through 1512 of this title has been paid;

7 6. Leases of twelve (12) months or more of motor vehicles in
8 which the owners of the vehicles have paid the vehicle excise tax
9 levied by Section 2103 of this title;

10 7. Sales of charity game equipment on which a tax is levied
11 pursuant to the Oklahoma Charity Games Act, Section 401 et seq. of
12 Title 3A of the Oklahoma Statutes, or which is sold to an
13 organization that is:

14 a. a veterans' organization exempt from taxation pursuant
15 to the provisions of paragraph (4), (7), (8), (10), or
16 (19) of subsection (c) of Section 501 of the United
17 States Internal Revenue Code of 1986, as amended, 26
18 U.S.C., Section 501(c) et seq.,

19 b. a group home for mentally disabled individuals exempt
20 from taxation pursuant to the provisions of paragraph
21 (3) of subsection (c) of Section 501 of the United
22 States Internal Revenue Code of 1986, as amended, 26
23 U.S.C., Section 501(c) et seq., or
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1 c. a charitable health care organization which is exempt
2 from taxation pursuant to the provisions of paragraph
3 (3) of subsection (c) of Section 501 of the United
4 States Internal Revenue Code of 1986, as amended, 26
5 U.S.C., Section 501(c) et seq.;

6 8. Sales of cigarettes or tobacco products to:

7 a. a federally recognized Indian tribe or nation which
8 has entered into a compact with the State of Oklahoma
9 pursuant to the provisions of subsection C of Section
10 346 of this title or to a licensee of such a tribe or
11 nation, upon which the payment in lieu of taxes
12 required by the compact has been paid, or

13 b. a federally recognized Indian tribe or nation or to a
14 licensee of such a tribe or nation upon which the tax
15 levied pursuant to the provisions of Section 349.1 or
16 Section 426 of this title has been paid;

17 9. Leases of aircraft upon which the owners have paid the
18 aircraft excise tax levied by Section 6001 et seq. of this title or
19 which are specifically exempt from such tax pursuant to the
20 provisions of Section 6003 of this title;

21 10. The sale of low-speed or medium-speed electrical vehicles
22 on which the Oklahoma Motor Vehicle Excise Tax levied in Section
23 2101 et seq. of this title has been or will be paid;

1 11. Effective January 1, 2005, sales of cigarettes on which the
2 tax levied in Section 301 et seq. of this title or tobacco products
3 on which the tax levied in Section 401 et seq. of this title has
4 been paid; and

5 12. Sales of electricity at charging stations as defined by
6 Section 6502 of this title when the electricity is sold by a
7 charging station owner or operator for purposes of charging an
8 electric vehicle as defined by Section 6502 of this title and the
9 tax imposed pursuant to Section 6504 of this title is collected and
10 remitted to the Oklahoma Tax Commission.

11 SECTION 2. AMENDATORY 68 O.S. 2021, Section 2106, is
12 amended to read as follows:

13 Section 2106. (a) The excise tax levied by this article is in
14 lieu of all other taxes on the transfer or the first registration in
15 this state of vehicles, including the optional equipment and
16 accessories attached thereto at the time of sale and sold as a part
17 thereof, except:

18 (1) Annual vehicle registration and license fees;

19 (2) The fee of One Dollar (\$1.00) for the issuance of a
20 certificate of title; and

21 (3) Any fee charged under the jurisdiction of the Oklahoma
22 Corporation Commission; ~~and~~

23 ~~(4) One and twenty-five hundredths percent (1.25%) of the gross~~
24 ~~receipts upon which the tax is levied by Section 1354 of this title.~~
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1 ~~Provided, the sale of motor vehicles shall not be subject to any~~
2 ~~sales and use taxes levied by cities, counties or other~~
3 ~~jurisdictions of the state.~~

4 (b) This section shall not relieve any new or used motor
5 vehicle dealer or any other vendor of vehicles from liability for
6 the sales tax on all sales of accessories or optional equipment, or
7 parts, which are not attached to, and sold as a part thereof and
8 included in the sale of such vehicles.

9 SECTION 3. AMENDATORY 68 O.S. 2021, Section 1361, is
10 amended to read as follows:

11 Section 1361. Consumer to pay tax - Vendor to collect tax -
12 Penalties for failure to collect.

13 A. 1. Except as otherwise provided by subsection C of this
14 section, the tax levied by Section 1350 et seq. of this title shall
15 be paid by the consumer or user to the vendor as trustee for and on
16 account of this state. Except as otherwise provided by subsection C
17 of this section, each and every vendor in this state shall collect
18 from the consumer or user the full amount of the tax levied by
19 Section 1350 et seq. of this title, or an amount equal as nearly as
20 possible or practicable to the average equivalent thereof. Every
21 person required to collect any tax imposed by Section 1350 et seq.
22 of this title shall be personally liable for the tax.

23 2. However, the Oklahoma Tax Commission shall relieve sellers
24 or certified service providers that follow the requirements of this

1 section from the tax otherwise applicable if it is determined that
2 the purchaser improperly claimed an exemption and to hold the
3 purchaser liable for the nonpayment of tax. This relief from
4 liability does not apply to:

- 5 a. a seller or certified service provider (CSP) who
6 fraudulently fails to collect tax,
- 7 b. a seller who solicits purchasers to participate in the
8 unlawful claim of an exemption, or
- 9 c. a seller who accepts an exemption certificate when the
10 purchaser claims an entity-based exemption when:
 - 11 (1) the subject of the transaction sought to be
12 covered by the exemption certificate is actually
13 received by the purchaser at a location operated
14 by the seller, and
 - 15 (2) the Tax Commission provides an exemption
16 certificate that clearly and affirmatively
17 indicates that the claimed exemption is not
18 available in this state.

19 3. The Tax Commission shall relieve a seller or CSP of the tax
20 otherwise applicable if the seller obtains a fully completed
21 exemption certificate or captures the relevant data elements
22 required by the Tax Commission within ninety (90) days subsequent to
23 the date of sale.
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1 If the seller or CSP has not obtained an exemption certificate
2 or all relevant data elements as provided by the Tax Commission, the
3 seller may, within one hundred twenty (120) days subsequent to a
4 request for substantiation, either prove that the transaction was
5 not subject to tax by other means or obtain a fully completed
6 exemption certificate from the purchaser, taken in good faith.

7 The Tax Commission shall relieve a seller or CSP of the tax
8 otherwise applicable if it obtains a blanket exemption certificate
9 for a purchaser with which the seller has a recurring business
10 relationship. The Tax Commission shall not request from the seller
11 or CSP renewal of blanket certificates or updates of exemption
12 certificate information or data elements when there is a recurring
13 business relationship between the buyer and seller. For purposes of
14 this section, a recurring business relationship exists when a period
15 of no more than twelve (12) months elapses between sales
16 transactions.

17 4. Upon the granting of relief from liability to the vendor as
18 provided in this section, the purchaser shall be liable for the
19 remittance of the tax, interest and penalty due thereon and the Tax
20 Commission shall pursue collection thereof from the purchaser in any
21 manner in which sales tax may be collected from a vendor.

22 B. Except as otherwise provided by subsection C of this
23 section, vendors shall add the tax imposed by Section 1350 et seq.
24 of this title, or the average equivalent thereof, to the sales
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1 price, charge, consideration, gross receipts or gross proceeds of
2 the sale of tangible personal property or services taxed by Section
3 1350 et seq. of this title, and when added such tax shall constitute
4 a part of such price or charge, shall be a debt from the consumer or
5 user to vendor until paid, and shall be recoverable at law in the
6 same manner as other debts.

7 C. A person who has obtained a direct payment permit as
8 provided in Section 1364.1 of this title shall accrue all taxes
9 imposed pursuant to Section 1354 or 1402 of this title on all
10 purchases made by the person pursuant to the permit at the time the
11 purchased items are first used or consumed in a taxable manner and
12 pay the accrued tax directly to the Oklahoma Tax Commission on
13 reports as required by Section 1365 of this title.

14 D. Except as otherwise provided by subsection C of this
15 section, a vendor who willfully or intentionally fails, neglects or
16 refuses to collect the full amount of the tax levied by Section 1350
17 et seq. of this title, or willfully or intentionally fails, neglects
18 or refuses to comply with the provisions of Section 1350 et seq. of
19 this title, or remits or rebates to a consumer or user, either
20 directly or indirectly, and by whatsoever means, all or any part of
21 the tax levied by Section 1350 et seq. of this title, or makes in
22 any form of advertising, verbally or otherwise, any statement which
23 implies that the vendor is absorbing the tax, or paying the tax for
24 the consumer or user by an adjustment of prices or at a price
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1 including the tax, or in any manner whatsoever, shall be deemed
2 guilty of a misdemeanor, and upon conviction thereof shall be fined
3 not more than Five Hundred Dollars (\$500.00), and upon conviction
4 for a second or other subsequent offense shall be fined not more
5 than One Thousand Dollars (\$1,000.00), or incarcerated for not more
6 than sixty (60) days, or both. Provided, sales by vending machines
7 may be made at a stated price which includes state and any municipal
8 sales tax.

9 E. A consumer or user who willfully or intentionally fails,
10 neglects or refuses to pay the full amount of tax levied by Section
11 1350 et seq. of this title or willfully or intentionally uses a
12 sales tax permit or direct payment permit which is invalid, expired,
13 revoked, canceled or otherwise limited to a specific line of
14 business or willfully or intentionally issues a resale certificate
15 to a vendor to evade the tax levied by Section 1350 et seq. of this
16 title shall be subject to a penalty in the amount of Five Hundred
17 Dollars (\$500.00) per reporting period upon determination thereof,
18 which shall be apportioned as provided for the apportionment of the
19 tax.

20 F. Any sum or sums collected or accrued or required to be
21 collected or accrued in Section 1350 et seq. of this title shall be
22 deemed to be held in trust for the State of Oklahoma, and, as
23 trustee, the collecting vendor or holder of a direct payment permit
24 as provided for in Section 1364.1 of this title shall have a
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1 fiduciary duty to the State of Oklahoma in regards to such sums and
2 shall be subject to the trust laws of this state.

3 ~~G. Notwithstanding the provisions of this section, the sales~~
4 ~~tax associated with the purchase of a motor vehicle shall be paid by~~
5 ~~the consumer in the same manner and time as the motor vehicle excise~~
6 ~~tax for said motor vehicle is due.~~

7 SECTION 4. AMENDATORY 68 O.S. 2021, Section 1402, is
8 amended to read as follows:

9 Section 1402. There is hereby levied and there shall be paid by
10 every person storing, using, or otherwise consuming within this
11 state, tangible personal property purchased or brought into this
12 state, an excise tax on the storage, use, or other consumption in
13 this state of such property at the rate of four and one-half percent
14 (4.5%) of the purchase price of such property. Said tax shall not
15 be levied on tangible personal property intended solely for use in
16 other states, but which is stored in Oklahoma pending shipment to
17 such other states or which is temporarily retained in Oklahoma for
18 the purpose of fabrication, repair, testing, alteration,
19 maintenance, or other service. The tax in such instances shall be
20 paid at the time of importation or storage of the property within
21 the state and a subsequent credit shall be taken by the taxpayer for
22 the amount so paid upon removal of the property from the state.
23 Such tax is hereby levied and shall be paid in an amount equal to
24 four and one-half percent (4.5%) of the purchase price of such

1 tangible personal property. ~~Notwithstanding the provisions of this~~
2 ~~section, the tax associated with a motor vehicle shall be paid by~~
3 ~~the consumer in the same manner and time as the motor vehicle excise~~
4 ~~tax for said motor vehicle is due.~~

5 SECTION 5. AMENDATORY 68 O.S. 2021, Section 1404, as
6 amended by Section 2, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2023,
7 Section 1404), is amended to read as follows:

8 Section 1404. The provisions of Section 1401 et seq. of this
9 title shall not apply:

10 1. In respect to the use of any article of tangible personal
11 property brought into the State of Oklahoma by a nonresident
12 individual, visiting in this state, for his or her personal use or
13 enjoyment, while within the state;

14 2. In respect to the use of tangible personal property
15 purchased for resale before being used;

16 3. In respect to the use of any article of tangible personal
17 property on which a tax, equal to or in excess of that levied by
18 Section 1401 et seq. of this title, has been paid by the person
19 using such tangible personal property in this state, whether such
20 tax was levied under the laws of this state or some other state of
21 the United States. If any article of tangible personal property has
22 already been subjected to a tax, by this or any other state, in
23 respect to its sale or use, in an amount less than the tax imposed
24 by Section 1401 et seq. of this title, the provisions of Section

1 1401 et seq. of this title shall apply to it by a rate measured by
2 the difference only between the rate herein provided and the rate by
3 which the previous tax upon the sale or use was computed. Provided,
4 that no credit shall be given for taxes paid in another state, if
5 that state does not grant like credit for taxes paid in this state;

6 4. In respect to the use of tangible personal property now
7 specifically exempted from taxation under Oklahoma Sales Tax Code.
8 ~~Provided, for the sale of motor vehicles or any optional equipment~~
9 ~~or accessories attached to motor vehicles on which the Oklahoma~~
10 ~~Motor Vehicle Excise Tax levied pursuant to Sections 2101 through~~
11 ~~2108 of this title has been, or will be paid, the exceptions shall~~
12 ~~apply to all but a portion of the levy provided under Section 1402~~
13 ~~of this title, equal to one and twenty-five hundredths percent~~
14 ~~(1.25%) of the purchase price. For the purposes of this paragraph,~~
15 ~~if the sale of a motor vehicle includes a trade-in, the purchase~~
16 ~~price shall be calculated based only on the difference between the~~
17 ~~value of the trade-in vehicle and the actual purchase price of the~~
18 ~~vehicle being purchased. Provided further, the sale of motor~~
19 ~~vehicles shall not be subject to any sales and use taxes levied by~~
20 ~~cities, counties, or other jurisdictions of the state;~~

21 5. In respect to the use of any article or tangible personal
22 property brought into the state by an individual with intent to
23 become a resident of this state where such personal property is for
24 such individual's personal use or enjoyment;

1 6. In respect to the use of any article of tangible personal
2 property used or to be used by commercial airlines or railroads;

3 7. In respect to livestock purchased outside this state and
4 brought into this state for feeding or breeding purposes, and which
5 is later resold; and

6 8. Effective January 1, 1991, in respect to the use of rail
7 transportation cars to haul coal to coal-fired plants located in
8 this state which generate electric power.

9 SECTION 6. This act shall become effective July 1, 2024.

10 SECTION 7. It being immediately necessary for the preservation
11 of the public peace, health or safety, an emergency is hereby
12 declared to exist, by reason whereof this act shall take effect and
13 be in full force from and after its passage and approval.

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