

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SUBCOMMITTEE RECOMMENDATION  
FOR ENGROSSED

SENATE BILL NO. 687

By: Hall of the Senate

and

Caldwell (Trey) of the  
House

SUBCOMMITTEE RECOMMENDATION

[ sales tax exemption - rebate payments - program -  
claims - rebate limit - report - fund - liability -  
appropriation - transfer - codification - effective  
date -  
emergency ]

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357.21, as  
last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp.  
2024, 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. The rebate program shall be administered by the  
Oklahoma Broadband Office and the Oklahoma Tax Commission.

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,~~ for equipment or other items qualifying  
14 for the exemption authorized by paragraph 43 of Section 1357 of this  
15 title ~~must,~~ the items shall be purchased and placed in service  
16 between January 1, 2022, and December 31, 2023. Claims for rebates  
17 of sales tax or use tax paid for such equipment purchased in  
18 calendar year 2022 shall be filed with the Oklahoma Tax Commission  
19 not later than September 1, 2023, and in subsequent calendar years  
20 shall be filed with the Oklahoma Tax Commission not later than  
21 September 1 of the following year. Beginning in calendar year 2025,  
22 claims for rebates for sales or use tax paid for such equipment  
23 purchased in calendar year 2025 and subsequent calendar years shall  
24

1 be filed with the ~~Oklahoma Tax Commission~~ Oklahoma Broadband Office  
2 not later than September 1 of the following year.

3 E. The Oklahoma Broadband Office shall approve or disapprove  
4 all claims for a rebate payment beginning with claims for rebates  
5 for sales or use tax paid for such equipment purchased in calendar  
6 year 2025 and subsequent calendar years and shall notify the  
7 Oklahoma Tax Commission. Upon notification of approval from the  
8 Oklahoma Broadband Office, the Tax Commission shall issue a rebate  
9 payment for all approved claims from funds in the Oklahoma Broadband  
10 Rebate Revolving Fund, created pursuant to Section 2 of this act.

11 F. Qualifying purchases do not include supporting or ancillary  
12 functions, such as office operations, field operations, marketing,  
13 transportation, warehousing, data storage, or similar operations  
14 that do not directly result in the distribution of broadband  
15 Internet service. Property directly used or consumed in or during  
16 the provision, creation, or production of a data processing service  
17 or information service, or property the provider grants, sells, or  
18 leases to the customer for use within the home or establishment  
19 receiving broadband is not eligible for a rebate under this section.

20 ~~F.~~ G. The total amount of rebates that may be paid shall not  
21 exceed Forty-two Million Dollars (\$42,000,000.00) with Thirty-one  
22 Million Five Hundred Thousand Dollars (\$31,500,000.00) of the total  
23 reserved for eligible projects serving counties having a population  
24 density of fewer than one hundred (100) persons per square mile and

1 Ten Million Five Hundred Thousand Dollars (\$10,500,000.00) of the  
2 total reserved for eligible projects serving counties having a  
3 population density of one hundred (100) or more persons per square  
4 mile.

5 ~~G.~~ H. The amount of ~~rebate~~ rebates paid to each claimant shall  
6 be computed by dividing the applicable total rebate pool amount by  
7 the dollar amount of claims timely received by the Tax Commission  
8 with respect to each fiscal year, and paying in full the amount of  
9 the claims submitted if the amount of claims are equal to, or less  
10 than, the total rebate pool, or a pro rata share if the total amount  
11 of claims submitted exceed the rebate pool.

12 ~~H. For the fiscal year beginning July 1, 2023, and all~~  
13 ~~subsequent fiscal years, the~~

14 I. The total amount of ~~rebate~~ rebates that may be paid shall  
15 not exceed Forty-two Million Dollars (\$42,000,000.00).

16 ~~I.~~ J. Claims for rebate shall be on such forms as the Oklahoma  
17 Tax Commission may prescribe for such purpose and shall contain any  
18 required information or supporting documentation the Commission  
19 requires to verify eligibility for the rebate payment. Claims for  
20 rebate for sales or use tax paid for equipment purchased in calendar  
21 year 2025 and subsequent calendar years shall be on such forms as  
22 the Oklahoma Broadband Office may prescribe for such purpose.

23 ~~J.~~ K. The Oklahoma Department of Commerce shall use information  
24 provided by the Oklahoma Tax Commission and the Oklahoma Broadband

Office to prepare a report to identify the qualifying rural broadband projects completed with the equipment purchased together with the location of the equipment and the geographic areas served as a result of the equipment purchases, including the total number of potential new customers receiving qualifying broadband services resulting from the project. The report shall not identify any entity by name that purchased equipment.

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

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

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1357.22 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Oklahoma

1 Broadband Rebate Revolving Fund". The fund shall be a continuing  
2 fund, not subject to fiscal year limitations, and shall consist of  
3 all monies received by the Tax Commission which are specifically  
4 required by law to be deposited in the fund. All monies accruing to  
5 the credit of the fund are hereby appropriated and may be budgeted  
6 and expended by the Commission for the purpose of paying rebate  
7 claims pursuant to Section 1357.21 of Title 68 of the Oklahoma  
8 Statutes. Expenditures from the fund shall be made upon warrants  
9 issued by the State Treasurer against claims filed as prescribed by  
10 law with the Director of the Office of Management and Enterprise  
11 Services for approval and payment.

12 B. The liability of this state to make rebate payments pursuant  
13 to the program created in Section 1357.21 of Title 68 of the  
14 Oklahoma Statutes shall be limited to the balance of the Oklahoma  
15 Broadband Rebate Revolving Fund.

16 SECTION 3. This act shall become effective July 1, 2025.

17 SECTION 4. It being immediately necessary for the preservation  
18 of the public peace, health or safety, an emergency is hereby  
19 declared to exist, by reason whereof this act shall take effect and  
20 be in full force from and after its passage and approval.

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