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February 20, 2025

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 687

By: Hall

[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.

B. No claim for a rebate shall be approved unless the equipment was purchased in order to establish or expand broadband services in underserved or unserved areas. As used in this subsection and for purposes of the exemption authorized by paragraph 43 of Section 1357 of this title, "broadband", "underserved", and "unserved" shall mean

1 those services and areas as defined in Section 139.102 of Title 17
2 of the Oklahoma Statutes.

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

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

21 E. The Oklahoma Broadband Office shall approve or disapprove
22 all claims for a rebate payment beginning with claims for rebates
23 for sales or use tax paid for such equipment purchased in calendar
24 year 2025 and subsequent calendar years and shall notify the

1 Oklahoma Tax Commission. Upon notification of approval from the
2 Oklahoma Broadband Office, the Tax Commission shall issue a rebate
3 payment for all approved claims from funds in the Oklahoma Broadband
4 Rebate Revolving Fund, created pursuant to Section 2 of this act.

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

14 ~~F.~~ G. The total amount of rebates that may be paid shall not
15 exceed Forty-two Million Dollars (\$42,000,000.00) with Thirty-one
16 Million Five Hundred Thousand Dollars (\$31,500,000.00) of the total
17 reserved for eligible projects serving counties having a population
18 density of fewer than one hundred (100) persons per square mile and
19 Ten Million Five Hundred Thousand Dollars (\$10,500,000.00) of the
20 total reserved for eligible projects serving counties having a
21 population density of one hundred (100) or more persons per square
22 mile.

23 ~~G.~~ H. The amount of ~~rebate~~ rebates paid to each claimant shall
24 be computed by dividing the applicable total rebate pool amount by

1 the dollar amount of claims timely received by the Tax Commission
2 with respect to each fiscal year, and paying in full the amount of
3 the claims submitted if the amount of claims are equal to, or less
4 than, the total rebate pool, or a pro rata share if the total amount
5 of claims submitted exceed the rebate pool.

6 ~~H. I.~~ For the fiscal year beginning July 1, 2023, and all
7 ~~subsequent fiscal years, the~~ The total amount of ~~rebate~~ rebates that
8 may be paid shall not exceed Forty-two Million Dollars
9 (\$42,000,000.00).

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

17 ~~J. K.~~ The Oklahoma Department of Commerce shall use information
18 provided by the Oklahoma Tax Commission and the Oklahoma Broadband
19 Office to prepare a report to identify the qualifying rural
20 broadband projects completed with the equipment purchased together
21 with the location of the equipment and the geographic areas served
22 as a result of the equipment purchases, including the total number
23 of potential new customers receiving qualifying broadband services
24

1 resulting from the project. The report shall not identify any
2 entity by name that purchased equipment.

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

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

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

18 A. There is hereby created in the State Treasury a revolving
19 fund for the Oklahoma Tax Commission to be designated the "Oklahoma
20 Broadband Rebate Revolving Fund". The fund shall be a continuing
21 fund, not subject to fiscal year limitations, and shall consist of
22 all monies received by the Tax Commission which are specifically
23 required by law to be deposited in the fund. All monies accruing to
24 the credit of the fund are hereby appropriated and may be budgeted

1 and expended by the Commission for the purpose of paying rebate
2 claims pursuant to Section 1357.21 of Title 68 of the Oklahoma
3 Statutes. Expenditures from the fund shall be made upon warrants
4 issued by the State Treasurer against claims filed as prescribed by
5 law with the Director of the Office of Management and Enterprise
6 Services for approval and payment.

7 B. The liability of this state to make rebate payments pursuant
8 to the program created in Section 1357.21 of Title 68 of the
9 Oklahoma Statutes shall be limited to the balance of the Oklahoma
10 Broadband Rebate Revolving Fund.

11 SECTION 3. There is hereby appropriated to the Oklahoma Tax
12 Commission from any monies not otherwise appropriated from the
13 General Revenue Fund of the State Treasury for the fiscal year
14 ending June 30, 2023, the sum of Fifteen Million Dollars
15 (\$15,000,000.00) to be transferred to the Oklahoma Broadband Rebate
16 Revolving Fund created pursuant to Section 2 of this act.

17 SECTION 4. This act shall become effective July 1, 2025.

18 SECTION 5. It being immediately necessary for the preservation
19 of the public peace, health or safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

22 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
23 February 20, 2025 - DO PASS AS AMENDED
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