

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1387

By: Jech

AS INTRODUCED

An Act relating to motor vehicles; amending 68 O.S. 2021, Sections 1355 and 1404, as amended by Sections 1 and 2, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025, Sections 1355 and 1404), which relate to sales and use tax exemption; expanding exemption for vehicles to include vehicles sold within a certain period for purposes of calculating tax on vehicle purchase; 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 1355, as amended by Section 1, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025, Section 1355), is amended to read as follows:

Section 1355. 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~~ motor

1 fuel tax, ~~Gasoline Excise Tax~~ gasoline excise tax, ~~Special Fuels Tax~~  
2 special fuels tax, or the fee in lieu of ~~Special Fuels Tax~~ special  
3 fuels tax levied in Section 500.1 et seq., Section 601 et seq. or  
4 Section 701 et seq. of this title has been, or will be paid;

5 2. For the sale of motor vehicles or any optional equipment or  
6 accessories attached to motor vehicles on which the Oklahoma ~~Motor~~  
7 ~~Vehicle Excise Tax~~ motor vehicle excise tax levied in Section 2101  
8 et seq. of this title has been, or will be paid, all but a portion  
9 of the levy provided under Section 1354 of this title, equal to one  
10 and ~~twenty-five hundredths~~ twenty-five one-hundredths percent  
11 (1.25%) of the gross receipts of such sales. For the purposes of  
12 this paragraph, if the sale of a motor vehicle includes a trade-in,  
13 gross receipts shall be calculated based only on the difference  
14 between the value of the trade-in vehicle and the actual sales price  
15 of the vehicle being purchased. For the purposes of this paragraph,  
16 if an individual liable for tax pursuant to this paragraph has sold  
17 a vehicle within six (6) months prior to or after the date of the  
18 transfer of title on the vehicle being purchased, gross receipts  
19 shall be calculated based only on the difference between the value  
20 of the vehicle sold and the actual sales price of the vehicle being  
21 purchased. If an individual sells a vehicle within six (6) months  
22 after the date of the transfer of title on a vehicle purchased and  
23 has paid the tax pursuant to this paragraph on the entire purchase  
24 price of the vehicle, the individual shall be entitled to a refund

1 of the portion of tax paid, equal to one and twenty-five one-  
2 hundredths percent (1.25%) of the value of the vehicle sold, not to  
3 exceed the total tax paid on the vehicle purchased by such  
4 individual. Provided, the sale of motor vehicles shall not be  
5 subject to any sales and use taxes levied by cities, counties, or  
6 other jurisdictions of the state;

7 3. Sale of crude petroleum or natural or casinghead gas, and  
8 other products subject to gross production tax pursuant to the  
9 provisions of Section 1001 et seq. and Section 1101 et seq. of this  
10 title. This exemption shall not apply when such products are sold  
11 to a consumer or user for consumption or use, except when used for  
12 injection into the earth for the purpose of promoting or  
13 facilitating the production of oil or gas. This paragraph shall not  
14 operate to increase or repeal the gross production tax levied by the  
15 laws of this state;

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

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

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

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

- 5           a. a veterans' organization exempt from taxation pursuant  
6 to the provisions of paragraph (4), (7), (8), (10), or  
7 (19) of subsection (c) of Section 501 of the United  
8 States Internal Revenue Code of 1986, as amended, 26  
9 U.S.C., Section 501(c) et seq.,
- 10          b. a group home for mentally disabled individuals exempt  
11 from taxation pursuant to the provisions of paragraph  
12 (3) of subsection (c) of Section 501 of the United  
13 States Internal Revenue Code of 1986, as amended, 26  
14 U.S.C., Section 501(c) et seq., or
- 15          c. a charitable health care organization which is exempt  
16 from taxation pursuant to the provisions of paragraph  
17 (3) of subsection (c) of Section 501 of the United  
18 States Internal Revenue Code of 1986, as amended, 26  
19 U.S.C., Section 501(c) et seq.;

20       8. Sales of cigarettes or tobacco products to:

- 21           a. a federally recognized Indian tribe or nation which  
22 has entered into a compact with the State of Oklahoma  
23 pursuant to the provisions of subsection C of Section  
24 346 of this title or to a licensee of such a tribe or

1 nation, upon which the payment in lieu of taxes  
2 required by the compact has been paid, or

3 b. a federally recognized Indian tribe or nation or to a  
4 licensee of such a tribe or nation upon which the tax  
5 levied pursuant to the provisions of Section 349.1 or  
6 Section 426 of this title has been paid;

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

11 10. The sale of low-speed or medium-speed electrical vehicles  
12 on which the Oklahoma ~~Motor Vehicle Excise Tax~~ motor vehicle excise  
13 tax levied in Section 2101 et seq. of this title has been or will be  
14 paid;

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

19 12. Sales of electricity at charging stations as defined by  
20 Section 6502 of this title when the electricity is sold by a  
21 charging station owner or operator for purposes of charging an  
22 electric vehicle as defined by Section 6502 of this title and the  
23 tax imposed pursuant to Section 6504 of this title is collected and  
24 remitted to the Oklahoma Tax Commission.

1       SECTION 2.       AMENDATORY       68 O.S. 2021, Section 1404, as  
2 amended by Section 2, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025,  
3 Section 1404), is amended to read as follows:

4       Section 1404. The provisions of Section 1401 et seq. of this  
5 title shall not apply:

6       1. In respect to the use of any article of tangible personal  
7 property brought into ~~the State of Oklahoma~~ this state by a  
8 nonresident individual, visiting in this state, for his or her  
9 personal use or enjoyment, while within the state;

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

12       3. In respect to the use of any article of tangible personal  
13 property on which a tax, equal to or in excess of that levied by  
14 Section 1401 et seq. of this title, has been paid by the person  
15 using such tangible personal property in this state, whether such  
16 tax was levied under the laws of this state or some other state of  
17 the United States. If any article of tangible personal property has  
18 already been subjected to a tax, by this or any other state, in  
19 respect to its sale or use, in an amount less than the tax imposed  
20 by Section 1401 et seq. of this title, the provisions of Section  
21 1401 et seq. of this title shall apply to it by a rate measured by  
22 the difference only between the rate herein provided and the rate by  
23 which the previous tax upon the sale or use was computed. Provided,  
24

1 that no credit shall be given for taxes paid in another state, if  
2 that state does not grant like credit for taxes paid in this state;

3 4. In respect to the use of tangible personal property now  
4 specifically exempted from taxation under the Oklahoma Sales Tax  
5 Code. Provided, for the sale of motor vehicles or any optional  
6 equipment or accessories attached to motor vehicles on which the  
7 Oklahoma ~~Motor Vehicle Excise Tax~~ motor vehicle excise tax levied  
8 pursuant to ~~Sections~~ Section 2101 ~~through 2108~~ et seq. of this title  
9 has been, or will be paid, the exceptions shall apply to all but a  
10 portion of the levy provided under Section 1402 of this title, equal  
11 to one and ~~twenty-five hundredths~~ twenty-five one-hundredths percent  
12 (1.25%) of the purchase price. For the purposes of this paragraph,  
13 if the sale of a motor vehicle includes a trade-in, the purchase  
14 price shall be calculated based only on the difference between the  
15 value of the trade-in vehicle and the actual purchase price of the  
16 vehicle being purchased. For the purposes of this paragraph, if an  
17 individual liable for tax pursuant to this paragraph has sold a  
18 vehicle within six (6) months prior to or after the date of the  
19 transfer of title on the vehicle being purchased, gross receipts  
20 shall be calculated based only on the difference between the value  
21 of the vehicle sold and the actual sales price of the vehicle being  
22 purchased. If an individual sells a vehicle within six (6) months  
23 after the date of the transfer of title on a vehicle purchased and  
24 has paid the tax pursuant to this paragraph on the entire purchase

price of the vehicle, the individual shall be entitled to a refund  
of the portion of tax paid, equal to one and twenty-five one-  
hundredths percent (1.25%) of the value of the vehicle sold, not to  
exceed the total tax paid on the vehicle purchased by such  
individual. Provided further, the sale of motor vehicles shall not  
be subject to any sales and use taxes levied by cities, counties, or  
other jurisdictions of the state;

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

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

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

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

SECTION 3. This act shall become effective November 1, 2026.

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