

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3065

By: Pogemiller

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 1355, as amended by Section 1, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025, Section 1355), which relates to exemptions from sales tax and subject to other tax; modifying list to include electronic cigarettes and vapor products; defining terms; creating excise tax on electronic cigarettes and vapor products; providing excise tax be paid in lieu of any other tax; requiring when excise tax be paid; mandating retailer to file form; requiring Oklahoma Tax Commission to provide forms; establishing requirements of form; deeming tax to be delinquent if not paid by certain date; charging interest on delinquent form; requiring report to be electronically filed; providing for codification; 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. 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 1. Sale of gasoline, motor fuel, methanol, "M-85" which is a
2 mixture of methanol and gasoline containing at least eighty-five
3 percent (85%) methanol, compressed natural gas, liquefied natural
4 gas, or liquefied petroleum gas on which the Motor Fuel Tax,
5 Gasoline Excise Tax, Special Fuels Tax, or the fee in lieu of
6 Special Fuels Tax levied in Section 500.1 et seq., Section 601 et
7 seq. or Section 701 et seq. of this title has been, or will be paid;

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

20 3. Sale of crude petroleum or natural or casinghead gas, and
21 other products subject to gross production tax pursuant to the
22 provisions of Section 1001 et seq. and Section 1101 et seq. of this
23 title. This exemption shall not apply when such products are sold
24 to a consumer or user for consumption or use, except when used for

1 injection into the earth for the purpose of promoting or
2 facilitating the production of oil or gas. This paragraph shall not
3 operate to increase or repeal the gross production tax levied by the
4 laws of this state;

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

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

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

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

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

23 b. a group home for mentally disabled individuals exempt
24 from taxation pursuant to the provisions of paragraph

1 (3) of subsection (c) of Section 501 of the United
2 States Internal Revenue Code of 1986, as amended, 26
3 U.S.C., Section 501(c) et seq., or

4 c. a charitable health care organization which is exempt
5 from taxation pursuant to the provisions of paragraph
6 (3) of subsection (c) of Section 501 of the United
7 States Internal Revenue Code of 1986, as amended, 26
8 U.S.C., Section 501(c) et seq.;

9 8. Sales of cigarettes or tobacco products to:

10 a. a federally recognized Indian tribe or nation which
11 has entered into a compact with the State of Oklahoma
12 pursuant to the provisions of subsection C of Section
13 346 of this title or to a licensee of such a tribe or
14 nation, upon which the payment in lieu of taxes
15 required by the compact has been paid, or

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

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

1 10. The sale of low-speed or medium-speed electrical vehicles
2 on which the Oklahoma Motor Vehicle Excise Tax levied in Section
3 2101 et seq. of this title has been or will be paid;

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

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

14 13. Sales of open and closed system electronic cigarettes or
15 vapor products as defined by Section 2 of this act on which the tax
16 imposed pursuant to this act has been paid.

17 SECTION 2. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 453 of Title 68, unless there is
19 created a duplication in numbering, reads as follows:

20 For the purposes of this act:

21 1. The term "electronic cigarette or vapor product" shall mean
22 any noncombustible device, including electronic cigarettes, vapes,
23 vape pens, or similar products, that employs a heating element,
24 battery, or other power source to deliver aerosolized nicotine or

1 non-nicotine vapor from an e-liquid solution to the user via
2 inhalation. This shall include open system and closed system
3 products;

4 2. The term "open system products" shall mean electronic
5 cigarette or vapor products that contain refillable reservoirs
6 wicking e-liquid to an atomizer; and

7 3. The term "closed system products" shall mean pre-filled,
8 sealed cartridges or pods supply e-liquid to the heating mechanism.

9 SECTION 3. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 454 of Title 68, unless there is
11 created a duplication in numbering, reads as follows:

12 All revenue derived from the tax imposed by this act shall be
13 paid to the State Treasurer to be placed to the credit of the
14 General Revenue Fund to be paid out pursuant to direct appropriation
15 by the Legislature.

16 SECTION 4. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 455 of Title 68, unless there is
18 created a duplication in numbering, reads as follows:

19 There shall be levied an excise tax upon the sale, distribution,
20 use, exchange, barter, or possession of electronic cigarette or
21 vapor products within this state. The excise tax for closed system
22 electronic cigarette and vapor products shall be levied at fifteen
23 cents (\$0.15) per milliliter of e-liquid within the product plus One
24 Dollar (\$1.00) per cartridge. The excise tax levied for open system

1 electronic cigarette and vapor products shall be levied at fifteen
2 percent (15%) of the sales price.

3 SECTION 5. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 456 of Title 68, unless there is
5 created a duplication in numbering, reads as follows:

6 The excise tax levied by this act is in lieu of any other excise
7 tax or sales tax on e-cigarettes or vapor products.

8 SECTION 6. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 457 of Title 68, unless there is
10 created a duplication in numbering, reads as follows:

11 A. The excise tax imposed pursuant to the provisions of this
12 act upon the sale, distribution, use, exchange, barter, or
13 possession of electronic cigarette or vapor products within the
14 state shall be due and payable on the first day of each month by the
15 retailer. For the purpose of ascertaining the amount of the tax
16 payable by the retailer, the retailer shall file electronically with
17 the Oklahoma Tax Commission, on or before the twentieth day of each
18 month and upon a form prescribed and furnished by the Commission, an
19 electronic cigarette and vapor products tax report signed by the
20 retailer under oath. The report shall include:

21 1. All purchases and deliveries including invoices detailing
22 purchases and shipments from wholesaler to the retailer for the
23 previous calendar month;

1 2. The taxes due under this act during the preceding calendar
2 month; and

3 3. Any other information required by the Oklahoma Tax
4 Commission for the purposes of correctly computing and collecting
5 the tax levied herein. In addition to the information required on
6 reports, the Oklahoma Tax Commission may request, and the taxpayer
7 must furnish, any information deemed necessary to enforce the
8 provisions of this act. Such tax remitter shall compute and remit
9 to the Oklahoma Tax Commission the required tax due for the
10 preceding calendar month, the remittance or remittances of the tax
11 to accompany the reports herein required. If not filed or paid on
12 or before the twentieth day of such month, the tax shall be
13 delinquent from such date. If a report is not timely filed,
14 interest shall be charged from the date the report should have been
15 filed until the date the report is actually filed.

16 B. If the electronic cigarette and vapor products tax report or
17 payment of taxes is due on any day specified in Section 82.1 of
18 Title 25 of the Oklahoma Statutes or on a date when the Federal
19 Reserve Banks are closed, such requirements may be performed on the
20 next succeeding business day and no liability shall result from the
21 delay.

22 C. The monthly reports shall be filed electronically in the
23 format prescribed by the Oklahoma Tax Commission and the tax shall
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1 be remitted to the Oklahoma Tax Commission by electronic funds
2 transfer.

3 SECTION 7. This act shall become effective November 1, 2026.

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