

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 4346

By: Moore

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 1358.1, which relates to proof of eligibility for sales tax exemption on agricultural purchases; requiring the vendors in the state to honor agricultural exemption permits from certain states; defining term; directing the Oklahoma Tax Commission to promulgate necessary rules; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1358.1, is amended to read as follows:

Section 1358.1. Exemptions - Agriculture - Proof of eligibility.

A. In order to qualify for any exemption authorized by Section 1358 of this title, at the time of sale, the person to whom the sale is made shall be required to furnish the vendor proof of eligibility for the exemption as required by this section.

B. All vendors shall honor the proof of eligibility for sales tax exemption as authorized by this section and sales to a person

1 providing such proof shall be exempt from the tax levied by this  
2 article, Section 1350 et seq. of this title.

3 C. The agricultural exemption permit, the size and design of  
4 which shall be prescribed by the Oklahoma Tax Commission, shall  
5 constitute proof of eligibility for sales tax exemptions authorized  
6 by Section 1358 of this title. The permit shall be obtained by  
7 listing personal property used in farming or ranching by the person  
8 with the county assessor each year as provided by law. If the  
9 assessor determines that the personal property is correctly listed  
10 and assessed for ad valorem taxation and the county treasurer  
11 certifies whether the person has delinquent accounts appearing on  
12 the personal property tax lien docket in the county treasurer's  
13 office, the assessor shall certify the assessment upon a form  
14 prescribed by the Oklahoma Tax Commission. One copy shall be  
15 retained by the assessor, one copy shall be forwarded to the  
16 Oklahoma Tax Commission and one copy shall be given to the person  
17 listing the personal property. Upon verification that the applicant  
18 qualifies for the exemptions authorized by Section 1358 of this  
19 title and that the applicant has no delinquent accounts appearing on  
20 the personal property tax lien docket in the office of the county  
21 treasurer, a permit shall be issued as prescribed by this section.  
22 The permit shall be renewable every three (3) years in the manner  
23 provided by this section.

1 D. A person who does not otherwise qualify for a permit  
2 pursuant to subsection C of this section, except as provided in  
3 subsection E of this section, shall file with the Oklahoma Tax  
4 Commission an application for an agricultural exemption permit  
5 constituting proof of eligibility for the sales tax exemptions  
6 authorized by Section 1358 of this title, setting forth such  
7 information as the Tax Commission may require. The application  
8 shall be certified by the applicant that the applicant is engaged in  
9 custom farming operations or in the business of farming or ranching.  
10 If the applicant is a corporation, the application shall be  
11 certified by a legally constituted officer thereof.

12 The Oklahoma Tax Commission shall accept any of the following as  
13 proof of eligibility for the exemptions authorized by this section  
14 or pursuant to Section 1358 of this title-:

15 1. A copy of IRS Schedule F, a copy of IRS form 1065 or a copy  
16 of IRS form 4835, or any equivalent form prescribed by the Internal  
17 Revenue Service, with respect to a federal income tax return;

18 2. A one-page business description form provided by the  
19 Oklahoma Tax Commission;

20 3. Farm Service Agency form 156EZ; or

21 4. Other documents at the discretion of the Oklahoma Tax  
22 Commission that verify active agriculture production.

23 E. Except as provided in this subsection, for a person who is a  
24 resident of another state and who is engaged in custom farming

1 operations in this state, the person shall provide the vendor proof  
2 of residency, the name, address and telephone number of the person  
3 engaging the custom farmer and certification on the face of the  
4 invoice, under the penalty of perjury, that the property purchased  
5 shall be used in agricultural production as proof of eligibility for  
6 the sales tax exemption authorized by Section 1358 of this title.  
7 Any person who is a resident of another state and who is engaged in  
8 custom farming operations in this state and who owns property in  
9 this state, shall obtain proof of eligibility as provided in  
10 subsection C or D of this section.

11 F. If an agricultural exemption permit holder purchases  
12 tangible personal property from a vendor on a regular basis, the  
13 permit holder may furnish the vendor proof of eligibility as  
14 provided for in subsections C and D of this section and the vendor  
15 may subsequently make sales of tangible personal property to the  
16 permit holder without requiring proof of eligibility for each  
17 subsequent sale. Provided, the permit holder shall notify the  
18 vendor of all purchases which are not exempt from sales tax under  
19 the provisions of Section 1358 of this title and remit the  
20 applicable amount of tax thereon. If the permit holder fails to  
21 notify the vendor of purchases not exempt from sales tax, then  
22 sufficient grounds shall exist for the Oklahoma Tax Commission to  
23 cancel the agricultural exemption permit of the permit holder who so  
24 failed to notify the vendor.

1 G. If an out-of-state agricultural exemption permit holder  
2 purchases tangible personal property from a vendor within this state  
3 who is not in the business of shipping the tangible personal  
4 property purchased, then the out-of-state agricultural exemption  
5 permit holder is responsible for providing an export bill of lading  
6 or other documentation to the vendor from whom the tangible personal  
7 property was purchased showing that the point of delivery of such  
8 goods for use and consumption is outside this state.

9 H. The State of Oklahoma shall recognize and honor a valid out-  
10 of-state agricultural exemption permit or equivalent authorization  
11 issued to a person who is engaged in the business of farming or  
12 ranching, for purposes of claiming the sales tax exemption  
13 authorized by Section 1358 of this title on purchases of tangible  
14 personal property otherwise qualifying for such exemption when used  
15 in farming or ranching within this state.

16 1. For purposes of this subsection, "out-of-state agricultural  
17 exemption permit or equivalent authorization" means any permit,  
18 license, card, or other documentary proof issued by the state of  
19 Texas, Arkansas, Kansas, New Mexico, or Missouri that evidences  
20 eligibility for a sales tax exemption for purchases of items used  
21 directly in farming or ranching.

22 2. A vendor shall honor such out-of-state agricultural  
23 exemption permit or equivalent authorization as proof of eligibility  
24 in the same manner as an agricultural exemption permit issued

1 pursuant to this section, and sales to a person providing such proof  
2 shall be exempt from the tax levied by this article to the extent  
3 such sales would be exempt if made to a person holding a permit  
4 issued under this section.

5 3. The Oklahoma Tax Commission is authorized to promulgate  
6 rules to administer the provisions of this subsection, including,  
7 but not limited to, verification procedures and documentation  
8 requirements for out-of-state agricultural exemption permits or  
9 equivalent authorizations.

10 I. A purchaser who uses an agricultural exemption permit or  
11 provides proof of eligibility pursuant to subsection E of this  
12 section to purchase, exempt from sales tax, items not authorized for  
13 exemption under Section 1358 of this title shall be subject to a  
14 penalty in the amount of Five Hundred Dollars (\$500.00).

15 SECTION 2. This act shall become effective November 1, 2026.  
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