

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR ENGROSSED

SENATE BILL NO. 687

By: Hall of the Senate

and

Caldwell (Trey) of the
House

COMMITTEE SUBSTITUTE

An Act relating to sales tax exemptions; amending 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), which relates to rebate payments for the sales tax exemption on the consumption of qualifying broadband equipment; requiring the Oklahoma Broadband Office and the Oklahoma Tax Commission to administer program; prescribing deadlines and procedures for filing claims; requiring the Oklahoma Broadband Office to approve or disapprove all claims; requiring Tax Commission to issue rebate payment for approved claims; clarifying rebate limit; requiring certain claims to be made on forms prescribed by the Oklahoma Broadband Office; providing for electronic submission of certain report; updating statutory language; creating the Oklahoma Broadband Rebate Revolving Fund; providing sources of funds; providing for expenditure from fund; providing for codification; providing an effective date; and declaring an emergency.

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

2 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357.21, as
3 last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp.
4 2024, Section 1357.21), is amended to read as follows:

5 Section 1357.21. A. The exemption authorized by the provisions
6 of paragraph 43 of Section 1357 of this title shall be administered
7 as a rebate. The rebate program shall be administered by the
8 Oklahoma Broadband Office and the Oklahoma Tax Commission.

9 B. No claim for a rebate shall be approved unless the equipment
10 was purchased in order to establish or expand broadband services in
11 underserved or unserved areas. As used in this subsection and for
12 purposes of the exemption authorized by paragraph 43 of Section 1357
13 of this title, "broadband", "underserved", and "unserved" shall mean
14 those services and areas as defined in Section 139.102 of Title 17
15 of the Oklahoma Statutes.

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

20 D. In order to qualify for rebate payments ~~during the fiscal~~
21 ~~year beginning July 1, 2022,~~ for equipment or other items qualifying
22 for the exemption authorized by paragraph 43 of Section 1357 of this
23 title ~~must,~~ the items shall be purchased and placed in service
24 between January 1, 2022, and December 31, 2023. Claims for rebates

1 of sales tax or use tax paid for such equipment purchased in
2 calendar year 2022 shall be filed with the Oklahoma Tax Commission
3 not later than September 1, 2023, and in subsequent calendar years
4 shall be filed with the Oklahoma Tax Commission not later than
5 September 1 of the following year. Beginning in calendar year 2025,
6 claims for rebates for sales or use tax paid for such equipment
7 purchased in calendar year 2025 and subsequent calendar years shall
8 be filed with the ~~Oklahoma Tax Commission~~ Oklahoma Broadband Office
9 not later than September 1 of the following year.

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

18 F. Qualifying purchases do not include supporting or ancillary
19 functions, such as office operations, field operations, marketing,
20 transportation, warehousing, data storage, or similar operations
21 that do not directly result in the distribution of broadband
22 Internet service. Property directly used or consumed in or during
23 the provision, creation, or production of a data processing service
24 or information service, or property the provider grants, sells, or

1 leases to the customer for use within the home or establishment
2 receiving broadband is not eligible for a rebate under this section.

3 ~~F.~~ G. The total amount of rebates that may be paid shall not
4 exceed Forty-two Million Dollars (\$42,000,000.00) with Thirty-one
5 Million Five Hundred Thousand Dollars (\$31,500,000.00) of the total
6 reserved for eligible projects serving counties having a population
7 density of fewer than one hundred (100) persons per square mile and
8 Ten Million Five Hundred Thousand Dollars (\$10,500,000.00) of the
9 total reserved for eligible projects serving counties having a
10 population density of one hundred (100) or more persons per square
11 mile.

12 ~~G.~~ H. The amount of ~~rebate~~ rebates paid to each claimant shall
13 be computed by dividing the applicable total rebate pool amount by
14 the dollar amount of claims timely received by the Tax Commission
15 with respect to each fiscal year, and paying in full the amount of
16 the claims submitted if the amount of claims are equal to, or less
17 than, the total rebate pool, or a pro rata share if the total amount
18 of claims submitted exceed the rebate pool.

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

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

23 ~~I.~~ J. Claims for rebate shall be on such forms as the Oklahoma
24 Tax Commission may prescribe for such purpose and shall contain any

1 required information or supporting documentation the Commission
2 requires to verify eligibility for the rebate payment. Claims for
3 rebate for sales or use tax paid for equipment purchased in calendar
4 year 2025 and subsequent calendar years shall be on such forms as
5 the Oklahoma Broadband Office may prescribe for such purpose.

6 ~~J.~~ K. The Oklahoma Department of Commerce shall use information
7 provided by the Oklahoma Tax Commission and the Oklahoma Broadband
8 Office to prepare a report to identify the qualifying rural
9 broadband projects completed with the equipment purchased together
10 with the location of the equipment and the geographic areas served
11 as a result of the equipment purchases, including the total number
12 of potential new customers receiving qualifying broadband services
13 resulting from the project. The report shall not identify any
14 entity by name that purchased equipment.

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

23 ~~L.~~ M. The report shall be electronically filed with the
24 Governor, the Speaker of the House of Representatives and the

1 President Pro Tempore of the Senate and posted on the Oklahoma
2 Broadband Office website.

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

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

19 B. The liability of this state to make rebate payments pursuant
20 to the program created in Section 1357.21 of Title 68 of the
21 Oklahoma Statutes shall be limited to the balance of the Oklahoma
22 Broadband Rebate Revolving Fund.

23 SECTION 3. This act shall become effective July 1, 2025.
24

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

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