

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 687

By: Hall of the Senate

and

6 Caldwell (Trey) of the  
7 House

8  
9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to sales tax exemption; amending 68  
11 O.S. 2021, Section 1357.21, as last amended by  
12 Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp.  
13 2024, Section 1357.21), which relates to rebate  
14 payments for the sales tax exemption on the  
15 consumption of qualifying broadband equipment;  
16 requiring the Oklahoma Broadband Office and the  
17 Oklahoma Tax Commission to administer program;  
18 prescribing deadlines and procedure for filing  
19 claims; requiring the Oklahoma Broadband Office to  
20 approve or disapprove all claims; requiring Tax  
21 Commission to issue rebate payment for approved  
22 claims; modifying rebate limit; requiring certain  
23 claims to be made on forms prescribed by the Oklahoma  
24 Broadband Office; providing for electronic submission  
of certain report; updating statutory language;  
creating the Oklahoma Broadband Rebate Revolving  
Fund; providing sources of fund; providing for  
expenditures from fund; limiting liability of this  
state to balance of fund; making an appropriation to  
the Tax Commission; directing transfer of funds;  
providing for codification; providing an effective  
date; and declaring an emergency.

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

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

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

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

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

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

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

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

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

24

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 persons per square mile and ~~Ten~~  
8 ~~Million Five Hundred Thousand Dollars (\$10,500,000.00)~~ of the total  
9 reserved for eligible projects serving counties having a population  
10 density of one hundred or more persons per square mile Fourteen  
11 Million Seventy-one Thousand Six Hundred Ninety-one Dollars  
12 (\$14,071,691.00).

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

20 ~~H. I.~~ ~~For the fiscal year beginning July 1, 2023, and all~~  
21 ~~subsequent fiscal years, the~~ The total amount of ~~rebate~~ rebates that  
22 may be paid shall not exceed ~~Forty-two Million Dollars~~  
23 ~~(\$42,000,000.00)~~ Fourteen Million Seventy-one Thousand Six Hundred  
24 Ninety-one Dollars (\$14,071,691.00).

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

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

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

1        ~~H.~~ M. The report shall be electronically filed with the  
2 Governor, the Speaker of the House of Representatives and the  
3 President Pro Tempore of the Senate and posted on the Oklahoma  
4 Broadband Office website.

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

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

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

1 SECTION 3. There is hereby appropriated to the Oklahoma Tax  
2 Commission from any monies not otherwise appropriated from the  
3 General Revenue Fund of the State Treasury for the fiscal year  
4 ending June 30, 2025, the sum of Fourteen Million Seventy-one  
5 Thousand Six Hundred Ninety-one Dollars (\$14,071,691.00) to be  
6 transferred to the Oklahoma Broadband Rebate Revolving Fund created  
7 pursuant to Section 2 of this act.

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

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

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