

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 HOUSE BILL 3209

By: Humphrey

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Section 1355, as amended by Section 1,
9 Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025, Section
10 1355), which relates to exemptions from sales tax;
11 providing for complete exemption for the sale of
12 motor vehicles; amending 68 O.S. 2021, Section 1361,
13 which relates to consumer to pay tax; removing
14 requirement for consumer to pay sales tax on sale of
15 motor vehicle in the same manner as motor vehicle
16 excise tax; amending 68 O.S. 2021, Section 1402,
17 which relates to excise tax on storage; removing
18 requirement for consumer to pay sales tax on sale of
motor vehicle in the same manner as motor vehicle
excise tax; amending 68 O.S. 2021, Section 1404, as
amended by Section 2, Chapter 370, O.S.L. 2023 (68
O.S. Supp. 2025, Section 1404), which relates to
exemptions from use tax; providing for complete
exemption for the sale of motor vehicles; amending 68
O.S. 2021, Section 2106, which relates to exemptions
to excise tax in lieu of other taxes; removing
exemption for sales tax collected on motor vehicles;
providing an effective date; and declaring an
emergency.

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

22 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1355, as

23 amended by Section 1, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025,
24 Section 1355), is amended to read as follows:

1 Section 1355. Exemptions - Subject to other tax.

2 There are hereby specifically exempted from the tax levied
3 pursuant to the provisions of Section 1350 et seq. of this title:

4 1. Sale of gasoline, motor fuel, methanol, "M-85" which is a
5 mixture of methanol and gasoline containing at least eighty-five
6 percent (85%) methanol, compressed natural gas, liquefied natural
7 gas, or liquefied petroleum gas on which the Motor Fuel Tax,
8 Gasoline Excise Tax, Special Fuels Tax, or the fee in lieu of
9 Special Fuels Tax levied in Section 500.1 et seq., Section 601 et
10 seq. or Section 701 et seq. of this title has been, or will be paid;

11 2. For the sale of motor vehicles or any optional equipment or
12 accessories attached to motor vehicles on which the Oklahoma Motor
13 Vehicle Excise Tax levied in Section 2101 et seq. of this title has
14 been, or will be paid, ~~all but a portion of the levy provided under~~
15 ~~Section 1354 of this title, equal to one and twenty-five hundredths~~
16 ~~percent (1.25%) of the gross receipts of such sales. For the~~

17 ~~purposes of this paragraph, if the sale of a motor vehicle includes~~
18 ~~a trade-in, gross receipts shall be calculated based only on the~~
19 ~~difference between the value of the trade-in vehicle and the actual~~
20 ~~sales price of the vehicle being purchased. Provided, the sale of~~
21 ~~motor vehicles shall not be subject to any sales and use taxes~~
22 ~~levied by cities, counties, or other jurisdictions of the state;~~

23 3. Sale of crude petroleum or natural or casinghead gas, and
24 other products subject to gross production tax pursuant to the

1 provisions of Section 1001 et seq. and Section 1101 et seq. of this
2 title. This exemption shall not apply when such products are sold
3 to a consumer or user for consumption or use, except when used for
4 injection into the earth for the purpose of promoting or
5 facilitating the production of oil or gas. This paragraph shall not
6 operate to increase or repeal the gross production tax levied by the
7 laws of this state;

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

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

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

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

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

U.S.C., Section 501(c) et seq.,

b. a group home for mentally disabled individuals exempt from taxation pursuant to the provisions of paragraph (3) of subsection (c) of Section 501 of the United

States Internal Revenue Code of 1986, as amended, 26

U.S.C., Section 501(c) et seq., or

c. a charitable health care organization which is exempt from taxation pursuant to the provisions of paragraph (3) of subsection (c) of Section 501 of the United

States Internal Revenue Code of 1986, as amended, 26

U.S.C., Section 501(c) et seq.;

8. Sales of cigarettes or tobacco products to:

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

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

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

5 10. The sale of low-speed or medium-speed electrical vehicles
6 on which the Oklahoma Motor Vehicle Excise Tax levied in Section
7 2101 et seq. of this title has been or will be paid;

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

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

18 SECTION 2. AMENDATORY 68 O.S. 2021, Section 1361, is
19 amended to read as follows:

20 Section 1361. Consumer to pay tax - Vendor to collect tax -
21 Penalties for failure to collect.

22 A. 1. Except as otherwise provided by subsection C of this
23 section, the tax levied by Section 1350 et seq. of this title shall
24 be paid by the consumer or user to the vendor as trustee for and on

1 account of this state. Except as otherwise provided by subsection C
2 of this section, each and every vendor in this state shall collect
3 from the consumer or user the full amount of the tax levied by
4 Section 1350 et seq. of this title, or an amount equal as nearly as
5 possible or practicable to the average equivalent thereof. Every
6 person required to collect any tax imposed by Section 1350 et seq.
7 of this title shall be personally liable for the tax.

8 2. However, the Oklahoma Tax Commission shall relieve sellers
9 or certified service providers that follow the requirements of this
10 section from the tax otherwise applicable if it is determined that
11 the purchaser improperly claimed an exemption and to hold the
12 purchaser liable for the nonpayment of tax. This relief from
13 liability does not apply to:

- 14 a. a seller or certified service provider (CSP) who
15 fraudulently fails to collect tax,
- 16 b. a seller who solicits purchasers to participate in the
17 unlawful claim of an exemption, or
- 18 c. a seller who accepts an exemption certificate when the
19 purchaser claims an entity-based exemption when:
 - 20 (1) the subject of the transaction sought to be
21 covered by the exemption certificate is actually
22 received by the purchaser at a location operated
23 by the seller, and

(2) the Tax Commission provides an exemption certificate that clearly and affirmatively indicates that the claimed exemption is not available in this state.

3. The Tax Commission shall relieve a seller or CSP of the tax otherwise applicable if the seller obtains a fully completed exemption certificate or captures the relevant data elements required by the Tax Commission within ninety (90) days subsequent to the date of sale.

If the seller or CSP has not obtained an exemption certificate or all relevant data elements as provided by the Tax Commission, the seller may, within one hundred twenty (120) days subsequent to a request for substantiation, either prove that the transaction was not subject to tax by other means or obtain a fully completed exemption certificate from the purchaser, taken in good faith.

The Tax Commission shall relieve a seller or CSP of the tax otherwise applicable if it obtains a blanket exemption certificate for a purchaser with which the seller has a recurring business relationship. The Tax Commission shall not request from the seller or CSP renewal of blanket certificates or updates of exemption certificate information or data elements when there is a recurring business relationship between the buyer and seller. For purposes of this section, a recurring business relationship exists when a period

1 of no more than twelve (12) months elapses between sales
2 transactions.

3 4. Upon the granting of relief from liability to the vendor as
4 provided in this section, the purchaser shall be liable for the
5 remittance of the tax, interest and penalty due thereon and the Tax
6 Commission shall pursue collection thereof from the purchaser in any
7 manner in which sales tax may be collected from a vendor.

8 B. Except as otherwise provided by subsection C of this
9 section, vendors shall add the tax imposed by Section 1350 et seq.
10 of this title, or the average equivalent thereof, to the sales
11 price, charge, consideration, gross receipts or gross proceeds of
12 the sale of tangible personal property or services taxed by Section
13 1350 et seq. of this title, and when added such tax shall constitute
14 a part of such price or charge, shall be a debt from the consumer or
15 user to vendor until paid, and shall be recoverable at law in the
16 same manner as other debts.

17 C. A person who has obtained a direct payment permit as
18 provided in Section 1364.1 of this title shall accrue all taxes
19 imposed pursuant to Section 1354 or 1402 of this title on all
20 purchases made by the person pursuant to the permit at the time the
21 purchased items are first used or consumed in a taxable manner and
22 pay the accrued tax directly to the Oklahoma Tax Commission on
23 reports as required by Section 1365 of this title.

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1 D. Except as otherwise provided by subsection C of this
2 section, a vendor who willfully or intentionally fails, neglects or
3 refuses to collect the full amount of the tax levied by Section 1350
4 et seq. of this title, or willfully or intentionally fails, neglects
5 or refuses to comply with the provisions of Section 1350 et seq. of
6 this title, or remits or rebates to a consumer or user, either
7 directly or indirectly, and by whatsoever means, all or any part of
8 the tax levied by Section 1350 et seq. of this title, or makes in
9 any form of advertising, verbally or otherwise, any statement which
10 implies that the vendor is absorbing the tax, or paying the tax for
11 the consumer or user by an adjustment of prices or at a price
12 including the tax, or in any manner whatsoever, shall be deemed
13 guilty of a misdemeanor, and upon conviction thereof shall be fined
14 not more than Five Hundred Dollars (\$500.00), and upon conviction
15 for a second or other subsequent offense shall be fined not more
16 than One Thousand Dollars (\$1,000.00), or incarcerated for not more
17 than sixty (60) days, or both. Provided, sales by vending machines
18 may be made at a stated price which includes state and any municipal
19 sales tax.

20 E. A consumer or user who willfully or intentionally fails,
21 neglects or refuses to pay the full amount of tax levied by Section
22 1350 et seq. of this title or willfully or intentionally uses a
23 sales tax permit or direct payment permit which is invalid, expired,
24 revoked, canceled or otherwise limited to a specific line of

1 business or willfully or intentionally issues a resale certificate
2 to a vendor to evade the tax levied by Section 1350 et seq. of this
3 title shall be subject to a penalty in the amount of Five Hundred
4 Dollars (\$500.00) per reporting period upon determination thereof,
5 which shall be apportioned as provided for the apportionment of the
6 tax.

7 F. Any sum or sums collected or accrued or required to be
8 collected or accrued in Section 1350 et seq. of this title shall be
9 deemed to be held in trust for the State of Oklahoma, and, as
10 trustee, the collecting vendor or holder of a direct payment permit
11 as provided for in Section 1364.1 of this title shall have a
12 fiduciary duty to the State of Oklahoma in regards to such sums and
13 shall be subject to the trust laws of this state.

14 ~~G. Notwithstanding the provisions of this section, the sales
15 tax associated with the purchase of a motor vehicle shall be paid by
16 the consumer in the same manner and time as the motor vehicle excise
17 tax for said motor vehicle is due.~~

18 SECTION 3. AMENDATORY 68 O.S. 2021, Section 1402, is
19 amended to read as follows:

20 Section 1402. There is hereby levied and there shall be paid by
21 every person storing, using, or otherwise consuming within this
22 state, tangible personal property purchased or brought into this
23 state, an excise tax on the storage, use, or other consumption in
24 this state of such property at the rate of four and one-half percent

1 (4.5%) of the purchase price of such property. Said tax shall not
2 be levied on tangible personal property intended solely for use in
3 other states, but which is stored in Oklahoma pending shipment to
4 such other states or which is temporarily retained in Oklahoma for
5 the purpose of fabrication, repair, testing, alteration,
6 maintenance, or other service. The tax in such instances shall be
7 paid at the time of importation or storage of the property within
8 the state and a subsequent credit shall be taken by the taxpayer for
9 the amount so paid upon removal of the property from the state.
10 Such tax is hereby levied and shall be paid in an amount equal to
11 four and one-half percent (4.5%) of the purchase price of such
12 tangible personal property. ~~Notwithstanding the provisions of this~~
~~section, the tax associated with a motor vehicle shall be paid by~~
~~the consumer in the same manner and time as the motor vehicle excise~~
~~tax for said motor vehicle is due.~~

16 SECTION 4. AMENDATORY 68 O.S. 2021, Section 1404, as
17 amended by Section 2, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2025,
18 Section 1404), is amended to read as follows:

19 Section 1404. The provisions of Section 1401 et seq. of this
20 title shall not apply:

21 1. In respect to the use of any article of tangible personal
22 property brought into the State of Oklahoma by a nonresident
23 individual, visiting in this state, for his or her personal use or
24 enjoyment, while within the state;

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

3 3. In respect to the use of any article of tangible personal
4 property on which a tax, equal to or in excess of that levied by
5 Section 1401 et seq. of this title, has been paid by the person
6 using such tangible personal property in this state, whether such
7 tax was levied under the laws of this state or some other state of
8 the United States. If any article of tangible personal property has
9 already been subjected to a tax, by this or any other state, in
10 respect to its sale or use, in an amount less than the tax imposed
11 by Section 1401 et seq. of this title, the provisions of Section
12 1401 et seq. of this title shall apply to it by a rate measured by
13 the difference only between the rate herein provided and the rate by
14 which the previous tax upon the sale or use was computed. Provided,
15 that no credit shall be given for taxes paid in another state, if
16 that state does not grant like credit for taxes paid in this state;

17 4. In respect to the use of tangible personal property now
18 specifically exempted from taxation under Oklahoma Sales Tax Code-
19 ~~Provided, for the sale of motor vehicles or any optional equipment~~
20 ~~or accessories attached to motor vehicles on which the Oklahoma~~
21 ~~Motor Vehicle Excise Tax levied pursuant to Sections 2101 through~~
22 ~~2108 of this title has been, or will be paid, the exceptions shall~~
23 ~~apply to all but a portion of the levy provided under Section 1402~~
24 ~~of this title, equal to one and twenty five hundredths percent~~

1 (1.25%) of the purchase price. For the purposes of this paragraph,
2 if the sale of a motor vehicle includes a trade-in, the purchase
3 price shall be calculated based only on the difference between the
4 value of the trade-in vehicle and the actual purchase price of the
5 vehicle being purchased. Provided further, the sale of motor
6 vehicles shall not be subject to any sales and use taxes levied by
7 cities, counties, or other jurisdictions of the state;

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

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

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

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

20 SECTION 5. AMENDATORY 68 O.S. 2021, Section 2106, is
21 amended to read as follows:

22 Section 2106. (a) The excise tax levied by this article is in
23 lieu of all other taxes on the transfer or the first registration in
24 this state of vehicles, including the optional equipment and

1 accessories attached thereto at the time of sale and sold as a part
2 thereof, except:

3 (1) Annual vehicle registration and license fees;

4 (2) The fee of One Dollar (\$1.00) for the issuance of a
5 certificate of title; and

6 (3) Any fee charged under the jurisdiction of the Corporation
7 Commission; and

8 (4) ~~One and twenty five hundredths percent (1.25%) of the gross~~

9 ~~receipts upon which the tax is levied by Section 1354 of this title.~~

10 ~~Provided, the sale of motor vehicles shall not be subject to any~~
11 ~~sales and use taxes levied by cities, counties or other~~
12 ~~jurisdictions of the state.~~

13 (b) This section shall not relieve any new or used motor
14 vehicle dealer or any other vendor of vehicles from liability for
15 the sales tax on all sales of accessories or optional equipment, or
16 parts, which are not attached to, and sold as a part thereof and
17 included in the sale of such vehicles.

18 SECTION 6. This act shall become effective July 1, 2026.

19 SECTION 7. It being immediately necessary for the preservation
20 of the public peace, health or safety, an emergency is hereby
21 declared to exist, by reason whereof this act shall take effect and
22 be in full force from and after its passage and approval.