

1 ENGROSSED SENATE
2 BILL NO. 1595

By: Treat of the Senate

3 and

4 McCall of the House

5
6 [sales tax - permits - Sale for Resale permits -
7 effective date]
8

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

10 SECTION 1. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 1357A of Title 68, unless there
12 is created a duplication in numbering, reads as follows:

13 A. In order to qualify for the sales for resale exemption
14 authorized in paragraph 3 of Section 1357 of Title 68 of the
15 Oklahoma Statutes, at the time of sale, the person to whom the sale
16 is made, provided the purchaser is a resident of this state, shall
17 be required to furnish the vendor a valid Sale for Resale permit for
18 the exemption as required by this section. All vendors shall honor
19 a valid Sale for Resale Permit for sales tax exemption as authorized
20 under this section and subject to verification procedures outlined
21 in subsection I of this section, and sales to a person providing
22 such proof shall be exempt from the tax levied by Section 1350 et
23 seq. of Title 68 of the Oklahoma Statutes.

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1 B. Every person holding a sales tax permit and desiring to make
2 purchases for resale under paragraph 3 of Section 1357 of Title 68
3 of the Oklahoma Statutes within this state who would be designated
4 as a Group One, Group Two, Group Three or Group Four vendor,
5 pursuant to Section 1363 of Title 68 of the Oklahoma Statutes, shall
6 be required to secure an annual permit from the Oklahoma Tax
7 Commission. Each such person shall file electronically in a manner
8 prescribed by the Tax Commission an initial or renewal Sale for
9 Resale permit application each year, setting forth such information
10 as the Tax Commission may require. Sale for Resale permits will not
11 be issued or renewed until all outstanding returns are filed by
12 applicant and tax delinquencies are satisfied.

13 C. Upon receipt of the application, the Tax Commission may
14 issue a permit effective for one year unless the applicant receives
15 notification of the refusal of the Commission to issue the permit.
16 If the applicant receives a notice of refusal, the applicant may
17 request a hearing to show cause why the Sale for Resale permit
18 should be issued. Upon receipt of a request for a hearing, the Tax
19 Commission shall set the matter for hearing and give ten (10) days'
20 notice in writing of the time and place of the hearing. At the
21 hearing, the applicant shall set forth the qualifications of the
22 applicant for a permit and proof of compliance with all state tax
23 laws.

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1 D. A separate Sale for Resale permit for each business to be
2 operated must be obtained from the Tax Commission. The Tax
3 Commission shall grant and issue to each applicant a Sale for Resale
4 permit for each business in this state, upon proper application
5 therefor and verification thereof by the Tax Commission. A business
6 with multiple locations in this state may operate under one Sale for
7 Resale permit.

8 E. A permit is not assignable and shall be valid only for the
9 person in whose name it is issued and for the transaction of
10 business at the place designated therein. The permit may be used in
11 accordance with the requirements of this section by the permit
12 holder. The permit shall be in addition to all other permits
13 required by the laws of this state. Provided, if the location of
14 the business is changed, the person shall notify the Tax Commission
15 by providing any information the Tax Commission may require.

16 F. It shall be unlawful for any person designated as a Group
17 One, Group Two, Group Three or Group Four vendor, pursuant to
18 Section 1363 of Title 68 of the Oklahoma Statutes to claim a sale
19 for resale exemption within this state unless a permit or permits
20 shall have been issued to such person. Any person who claims a sale
21 for resale exemption subject to the provisions of this section
22 without a permit or permits, or after a permit has been suspended,
23 upon conviction, shall be guilty of a misdemeanor punishable by a
24 fine of not more than One Thousand Dollars (\$1,000.00). Any person

1 convicted of a second or subsequent violation hereof shall be guilty
2 of a felony and punishable by a fine of not more than Five Thousand
3 Dollars (\$5,000.00) or by a term of imprisonment in the State
4 Penitentiary for not more than two (2) years, or both such fine and
5 imprisonment.

6 G. All Sales for Resale permits issued under the provisions of
7 this section shall expire at 11:59 P.M. on the next June 30th
8 following the effective date of issuance.

9 H. Whenever a holder of a permit fails to comply with any
10 provisions of this section, the Tax Commission, after giving ten
11 (10) days' notice in writing of the time and place of hearing to
12 show cause why the permit should not be revoked, may revoke or
13 suspend the permit, the permit to be renewed upon removal of cause
14 or causes of revocation or suspension. However, if a holder of a
15 permit becomes delinquent for a period of three (3) months or more
16 in reporting, providing requested reports or paying of any tax due
17 under this article, any duly authorized agent of the Tax Commission
18 may cancel the Sale for Resale permit and it shall be returned or
19 renewed only upon the filing of proper reports and payment of all
20 taxes due under this section.

21 I. When the Tax Commission develops and adopts a system for
22 exchanging information with sellers regarding Sale for Resale permit
23 numbers of purchasers who are seeking to make purchases for resale,
24 sellers shall use the system to verify the validity of the Sale for

1 Resale permit number. The Tax Commission shall provide such
2 sellers, free of charge, verification of whether those Sale for
3 Resale permit numbers are valid. The Tax Commission shall also
4 provide the seller a transaction code authorizing the seller to sell
5 items purchased for resale to purchasers who hold a valid Sale for
6 Resale permit. The failure by the seller to verify the purchaser's
7 permit number shall create a presumption that the sale is not a sale
8 for resale.

9 J. Notwithstanding the provisions of Section 205 of Title 68 of
10 the Oklahoma Statutes, the Oklahoma Tax Commission is authorized to
11 release the following information contained in the Master Sales and
12 Use Tax File to vendors:

- 13 1. Permit number(s);
- 14 2. Name in which permit is issued;
- 15 3. Name of business operation if different from ownership
16 (DBA);
- 17 4. Mailing address;
- 18 5. Business address;
- 19 6. North American Industry Classification System (NAICS); and
- 20 7. Effective date of issuance or of cancellation of a permit.

21 Release of such information shall be limited to tax remitters
22 for the express purpose of determining the validity of Sale for
23 Resale permits presented as evidence of purchasers' sales tax resale
24 status under the Oklahoma Sales Tax Code.

1 The provisions of this subsection shall be strictly interpreted
2 and shall not be construed as permitting the disclosure of any other
3 information contained in the records and files of the Tax Commission
4 relating to sales tax or to any other taxes. No liability
5 whatsoever, civil or criminal, shall attach to any member of the Tax
6 Commission or any employee thereof for any error or omission in the
7 disclosure of information pursuant to this subsection.

8 K. Under the Streamlined Sales and Use Tax Agreement provided
9 in Section 1354.14 et seq. of Title 68 of the Oklahoma Statutes, the
10 Tax Commission is authorized to participate in its online sales and
11 use tax registration system and shall not require the payment of the
12 registration fees or other charges provided in this section from a
13 vendor who registers within the online system if the vendor has no
14 legal requirement to register.

15 SECTION 2. This act shall become effective July 1, 2021.

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1 Passed the Senate the 11th day of March, 2020.

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3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2020.

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8 _____
9 Presiding Officer of the House
10 of Representatives