

1 **SENATE FLOOR VERSION**

2 February 18, 2020

3 **AS AMENDED**

4 SENATE BILL NO. 1440

By: Simpson of the Senate

and

Hardin (Tommy) and McDugle
of the House

5
6
7
8 **[veteran's sales tax exemptions - eligibility -**
9 **information - registry of veterans - -**
10 **emergency]**

11
12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 68 O.S. 2011, Section 205, as last
14 amended by Section 37, Chapter 210, O.S.L. 2016 (68 O.S. Supp. 2019,
15 Section 205), is amended to read as follows:

16 Section 205. A. The records and files of the Oklahoma Tax
17 Commission concerning the administration of the Uniform Tax
18 Procedure Code or of any state tax law shall be considered
19 confidential and privileged, except as otherwise provided for by
20 law, and neither the Tax Commission nor any employee engaged in the
21 administration of the Tax Commission or charged with the custody of
22 any such records or files nor any person who may have secured
23 information from the Tax Commission shall disclose any information

1 obtained from the records or files or from any examination or
2 inspection of the premises or property of any person.

3 B. Except as provided in paragraph 26 of subsection C of this
4 section, neither the Tax Commission nor any employee engaged in the
5 administration of the Tax Commission or charged with the custody of
6 any such records or files shall be required by any court of this
7 state to produce any of the records or files for the inspection of
8 any person or for use in any action or proceeding, except when the
9 records or files or the facts shown thereby are directly involved in
10 an action or proceeding pursuant to the provisions of the Uniform
11 Tax Procedure Code or of the state tax law, or when the
12 determination of the action or proceeding will affect the validity
13 or the amount of the claim of the state pursuant to any state tax
14 law, or when the information contained in the records or files
15 constitutes evidence of violation of the provisions of the Uniform
16 Tax Procedure Code or of any state tax law.

17 C. The provisions of this section shall not prevent the Tax
18 Commission from disclosing the following information and no
19 liability whatsoever, civil or criminal, shall attach to any member
20 of the Tax Commission or any employee thereof for any error or
21 omission in the disclosure of such information:

22 1. The delivery to a taxpayer or a duly authorized
23 representative of the taxpayer of a copy of any report or any other
24

1 paper filed by the taxpayer pursuant to the provisions of the
2 Uniform Tax Procedure Code or of any state tax law;

3 2. The exchange of information that is not protected by the
4 federal Privacy Protection Act, 42 U.S.C., Section 2000aa et seq.,
5 pursuant to reciprocal agreements entered into by the Tax Commission
6 and other state agencies or agencies of the federal government;

7 3. The publication of statistics so classified as to prevent
8 the identification of a particular report and the items thereof;

9 4. The examination of records and files by the State Auditor
10 and Inspector or the duly authorized agents of the State Auditor and
11 Inspector;

12 5. The disclosing of information or evidence to the Oklahoma
13 State Bureau of Investigation, Attorney General, Oklahoma State
14 Bureau of Narcotics and Dangerous Drugs Control, any district
15 attorney, or agent of any federal law enforcement agency when the
16 information or evidence is to be used by such officials to
17 investigate or prosecute violations of the criminal provisions of
18 the Uniform Tax Procedure Code or of any state tax law or of any
19 federal crime committed against this state. Any information
20 disclosed to the Oklahoma State Bureau of Investigation, Attorney
21 General, Oklahoma State Bureau of Narcotics and Dangerous Drugs
22 Control, any district attorney, or agent of any federal law
23 enforcement agency shall be kept confidential by such person and not
24 be disclosed except when presented to a court in a prosecution for

1 violation of the tax laws of this state or except as specifically
2 authorized by law, and a violation by the Oklahoma State Bureau of
3 Investigation, Attorney General, Oklahoma State Bureau of Narcotics
4 and Dangerous Drugs Control, district attorney, or agent of any
5 federal law enforcement agency by otherwise releasing the
6 information shall be a felony;

7 6. The use by any division of the Tax Commission of any
8 information or evidence in the possession of or contained in any
9 report or return filed with any other division of the Tax
10 Commission;

11 7. The furnishing, at the discretion of the Tax Commission, of
12 any information disclosed by its records or files to any official
13 person or body of this state, any other state, the United States, or
14 foreign country who is concerned with the administration or
15 assessment of any similar tax in this state, any other state or the
16 United States. The provisions of this paragraph shall include the
17 furnishing of information by the Tax Commission to a county assessor
18 to determine the amount of gross household income pursuant to the
19 provisions of Section 8C of Article X of the Oklahoma Constitution
20 or Section 2890 of this title. The Tax Commission shall promulgate
21 rules to give guidance to the county assessors regarding the type of
22 information which may be used by the county assessors in determining
23 the amount of gross household income pursuant to Section 8C of
24 Article X of the Oklahoma Constitution or Section 2890 of this

1 title. The provisions of this paragraph shall also include the
2 furnishing of information to the State Treasurer for the purpose of
3 administration of the Uniform Unclaimed Property Act;

4 8. The furnishing of information to other state agencies for
5 the limited purpose of aiding in the collection of debts owed by
6 individuals to such requesting agencies;

7 9. The furnishing of information requested by any member of the
8 general public and stated in the sworn lists or schedules of taxable
9 property of public service corporations organized, existing, or
10 doing business in this state which are submitted to and certified by
11 the State Board of Equalization pursuant to the provisions of
12 Section 2858 of this title and Section 21 of Article X of the
13 Oklahoma Constitution, provided such information would be a public
14 record if filed pursuant to Sections 2838 and 2839 of this title on
15 behalf of a corporation other than a public service corporation;

16 10. The furnishing of information requested by any member of
17 the general public and stated in the findings of the Tax Commission
18 as to the adjustment and equalization of the valuation of real and
19 personal property of the counties of the state, which are submitted
20 to and certified by the State Board of Equalization pursuant to the
21 provisions of Section 2865 of this title and Section 21 of Article X
22 of the Oklahoma Constitution;

23 ~~11. The furnishing of information to an Oklahoma wholesaler of~~
24 ~~low-point beer, licensed under the provisions of Section 163.1 et~~

1 ~~seq. of Title 37 of the Oklahoma Statutes, or an association or~~
2 ~~organization whose membership is comprised of such wholesalers, of~~
3 ~~the licensed retailers authorized by law to purchase low point beer~~
4 ~~in this state or the furnishing of information to a licensed~~
5 ~~Oklahoma wholesaler of low point beer of shipments by licensed~~
6 ~~manufacturers into this state;~~

7 12. The furnishing of information as to the issuance or
8 revocation of any tax permit, license or exemption by the Tax
9 Commission as provided for by law. Such information shall be
10 limited to the name of the person issued the permit, license or
11 exemption, the name of the business entity authorized to engage in
12 business pursuant to the permit, license or exemption, the address
13 of the business entity, and the grounds for revocation;

14 ~~13.~~ 12. The posting of notice of revocation of any tax permit
15 or license upon the premises of the place of business of any
16 business entity which has had any tax permit or license revoked by
17 the Tax Commission as provided for by law. Such notice shall be
18 limited to the name of the person issued the permit or license, the
19 name of the business entity authorized to engage in business
20 pursuant to the permit or license, the address of the business
21 entity, and the grounds for revocation;

22 14. 13. The furnishing of information upon written request by
23 any member of the general public as to the outstanding and unpaid
24 amount due and owing by any taxpayer of this state for any

1 delinquent tax, together with penalty and interest, for which a tax
2 warrant or a certificate of indebtedness has been filed pursuant to
3 law;

4 ~~15.~~ 14. After the filing of a tax warrant pursuant to law, the
5 furnishing of information upon written request by any member of the
6 general public as to any agreement entered into by the Tax
7 Commission concerning a compromise of tax liability for an amount
8 less than the amount of tax liability stated on such warrant;

9 ~~16.~~ 15. The disclosure of information necessary to complete the
10 performance of any contract authorized by this title to any person
11 with whom the Tax Commission has contracted;

12 ~~17.~~ 16. The disclosure of information to any person for a
13 purpose as authorized by the taxpayer pursuant to a waiver of
14 confidentiality. The waiver shall be in writing and shall be made
15 upon such form as the Tax Commission may prescribe;

16 ~~18.~~ 17. The disclosure of information required in order to
17 comply with the provisions of Section 2369 of this title;

18 ~~19.~~ 18. The disclosure to an employer, as defined in Sections
19 2385.1 and 2385.3 of this title, of information required in order to
20 collect the tax imposed by Section 2385.2 of this title;

21 ~~20.~~ 19. The disclosure to a plaintiff of a corporation's last-
22 known address shown on the records of the Franchise Tax Division of
23 the Tax Commission in order for such plaintiff to comply with the
24 requirements of Section 2004 of Title 12 of the Oklahoma Statutes;

1 ~~21.~~ 20. The disclosure of information directly involved in the
2 resolution of the protest by a taxpayer to an assessment of tax or
3 additional tax or the resolution of a claim for refund filed by a
4 taxpayer, including the disclosure of the pendency of an
5 administrative proceeding involving such protest or claim, to a
6 person called by the Tax Commission as an expert witness or as a
7 witness whose area of knowledge or expertise specifically addresses
8 the issue addressed in the protest or claim for refund. Such
9 disclosure to a witness shall be limited to information pertaining
10 to the specific knowledge of that witness as to the transaction or
11 relationship between taxpayer and witness;

12 ~~22.~~ 21. The disclosure of information necessary to implement an
13 agreement authorized by Section 2702 of this title when such
14 information is directly involved in the resolution of issues arising
15 out of the enforcement of a municipal sales tax ordinance. Such
16 disclosure shall be to the governing body or to the municipal
17 attorney, if so designated by the governing body;

18 ~~23.~~ 22. The furnishing of information regarding incentive
19 payments made pursuant to the provisions of Sections 3601 through
20 3609 of this title or incentive payments made pursuant to the
21 provisions of Sections 3501 through 3508 of this title;

22 ~~24.~~ 23. The furnishing to a prospective purchaser of any
23 business, or his or her authorized representative, of information
24 relating to any liabilities, delinquencies, assessments or warrants

1 of the prospective seller of the business which have not been filed
2 of record, established, or become final and which relate solely to
3 the seller's business. Any disclosure under this paragraph shall
4 only be allowed upon the presentment by the prospective buyer, or
5 the buyer's authorized representative, of the purchase contract and
6 a written authorization between the parties;

7 ~~25.~~ 24. The furnishing of information as to the amount of state
8 revenue affected by the issuance or granting of any tax permit,
9 license, exemption, deduction, credit or other tax preference by the
10 Tax Commission as provided for by law. Such information shall be
11 limited to the type of permit, license, exemption, deduction, credit
12 or other tax preference issued or granted, the date and duration of
13 such permit, license, exemption, deduction, credit or other tax
14 preference and the amount of such revenue. The provisions of this
15 paragraph shall not authorize the disclosure of the name of the
16 person issued such permit, license, exemption, deduction, credit or
17 other tax preference, or the name of the business entity authorized
18 to engage in business pursuant to the permit, license, exemption,
19 deduction, credit or other tax preference;

20 ~~26.~~ 25. The examination of records and files of a person or
21 entity by the Oklahoma State Bureau of Narcotics and Dangerous Drugs
22 Control pursuant to a court order by a magistrate in whose
23 territorial jurisdiction the person or entity resides, or where the
24 Tax Commission records and files are physically located. Such an

1 order may only be issued upon a sworn application by an agent of the
2 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control,
3 certifying that the person or entity whose records and files are to
4 be examined is the target of an ongoing investigation of a felony
5 violation of the Uniform Controlled Dangerous Substances Act and
6 that information resulting from such an examination would likely be
7 relevant to that investigation. Any records or information obtained
8 pursuant to such an order may only be used by the Oklahoma State
9 Bureau of Narcotics and Dangerous Drugs Control in the investigation
10 and prosecution of a felony violation of the Uniform Controlled
11 Dangerous Substances Act. Any such order issued pursuant to this
12 paragraph, along with the underlying application, shall be sealed
13 and not disclosed to the person or entity whose records were
14 examined, for a period of ninety (90) days. The issuing magistrate
15 may grant extensions of such period upon a showing of good cause in
16 furtherance of the investigation. Upon the expiration of ninety
17 (90) days and any extensions granted by the magistrate, a copy of
18 the application and order shall be served upon the person or entity
19 whose records were examined, along with a copy of the records or
20 information actually provided by the Tax Commission;

21 ~~27.~~ 26. The disclosure of information, as prescribed by this
22 paragraph, which is related to the proposed or actual usage of tax
23 credits pursuant to Section 2357.7 of this title, the Small Business
24 Capital Formation Incentive Act or the Rural Venture Capital

1 Formation Incentive Act. Unless the context clearly requires
2 otherwise, the terms used in this paragraph shall have the same
3 meaning as defined by Section 2357.7, 2357.61 or 2357.72 of this
4 title. The disclosure of information authorized by this paragraph
5 shall include:

6 a. the legal name of any qualified venture capital
7 company, qualified small business capital company, or
8 qualified rural small business capital company,

9 b. the identity or legal name of any person or entity
10 that is a shareholder or partner of a qualified
11 venture capital company, qualified small business
12 capital company, or qualified rural small business
13 capital company,

14 c. the identity or legal name of any Oklahoma business
15 venture, Oklahoma small business venture, or Oklahoma
16 rural small business venture in which a qualified
17 investment has been made by a capital company, or

18 d. the amount of funds invested in a qualified venture
19 capital company, the amount of qualified investments
20 in a qualified small business capital company or
21 qualified rural small business capital company and the
22 amount of investments made by a qualified venture
23 capital company, qualified small business capital
24

1 company, or qualified rural small business capital
2 company;

3 ~~28.~~ 27. The disclosure of specific information as required by
4 Section 46 of Title 62 of the Oklahoma Statutes;

5 ~~29.~~ 28. The disclosure of specific information as required by
6 Section 205.5 of this title;

7 ~~30.~~ 29. The disclosure of specific information as required by
8 Section 205.6 of this title;

9 ~~31.~~ 30. The disclosure of information to the State Treasurer
10 necessary to implement Section 2368.27 of this title; ~~or~~

11 ~~32.~~ 31. The disclosure of specific information to the Oklahoma
12 Health Care Authority for purposes of determining eligibility for
13 current or potential recipients of assistance from the Oklahoma
14 Medicaid Program; or

15 32. The disclosure of information to the Oklahoma Department of
16 Veterans Affairs including but not limited to the name and basis for
17 eligibility of each individual who qualifies for the sales tax
18 exemption authorized in paragraph 34 of Section 1357 of this title.

19 D. The Tax Commission shall cause to be prepared and made
20 available for public inspection in the office of the Tax Commission
21 in such manner as it may determine an annual list containing the
22 name and post office address of each person, whether individual,
23 corporate, or otherwise, making and filing an income tax return with
24 the Tax Commission.

1 It is specifically provided that no liability whatsoever, civil
2 or criminal, shall attach to any member of the Tax Commission or any
3 employee thereof for any error or omission of any name or address in
4 the preparation and publication of the list.

5 E. The Tax Commission shall prepare or cause to be prepared a
6 report on all provisions of state tax law that reduce state revenue
7 through exclusions, deductions, credits, exemptions, deferrals or
8 other preferential tax treatments. The report shall be prepared not
9 later than October 1 of each even-numbered year and shall be
10 submitted to the Governor, the President Pro Tempore of the Senate
11 and the Speaker of the House of Representatives. The Tax Commission
12 may prepare and submit supplements to the report at other times of
13 the year if additional or updated information relevant to the report
14 becomes available. The report shall include, for the previous
15 fiscal year, the Tax Commission's best estimate of the amount of
16 state revenue that would have been collected but for the existence
17 of each such exclusion, deduction, credit, exemption, deferral or
18 other preferential tax treatment allowed by law. The Tax Commission
19 may request the assistance of other state agencies as may be needed
20 to prepare the report. The Tax Commission is authorized to require
21 any recipient of a tax incentive or tax expenditure to report to the
22 Tax Commission such information as requested so that the Tax
23 Commission may fulfill its obligations as required by this
24 subsection. The Tax Commission may require this information to be

1 submitted in an electronic format. The Tax Commission may disallow
2 any claim of a person for a tax incentive due to its failure to file
3 a report as required under the authority of this subsection.

4 F. It is further provided that the provisions of this section
5 shall be strictly interpreted and shall not be construed as
6 permitting the disclosure of any other information contained in the
7 records and files of the Tax Commission relating to income tax or to
8 any other taxes.

9 G. Unless otherwise provided for in this section, any violation
10 of the provisions of this section shall constitute a misdemeanor and
11 shall be punishable by the imposition of a fine not exceeding One
12 Thousand Dollars (\$1,000.00) or by imprisonment in the county jail
13 for a term not exceeding one (1) year, or by both such fine and
14 imprisonment, and the offender shall be removed or dismissed from
15 office.

16 H. Offenses described in Section 2376 of this title shall be
17 reported to the appropriate district attorney of this state by the
18 Tax Commission as soon as the offenses are discovered by the Tax
19 Commission or its agents or employees. The Tax Commission shall
20 make available to the appropriate district attorney or to the
21 authorized agent of the district attorney its records and files
22 pertinent to prosecutions, and such records and files shall be fully
23 admissible as evidence for the purpose of such prosecutions.

24

1 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1357, as
2 last amended by Section 10, Chapter 229, O.S.L. 2017 (68 O.S. Supp.
3 2019, Section 1357), is amended to read as follows:

4 Section 1357. Exemptions - General.

5 There are hereby specifically exempted from the tax levied by
6 the Oklahoma Sales Tax Code:

7 1. Transportation of school pupils to and from elementary
8 schools or high schools in motor or other vehicles;

9 2. Transportation of persons where the fare of each person does
10 not exceed One Dollar (\$1.00), or local transportation of persons
11 within the corporate limits of a municipality except by taxicabs;

12 3. Sales for resale to persons engaged in the business of
13 reselling the articles purchased, whether within or without the
14 state, provided that such sales to residents of this state are made
15 to persons to whom sales tax permits have been issued as provided in
16 the Oklahoma Sales Tax Code. This exemption shall not apply to the
17 sales of articles made to persons holding permits when such persons
18 purchase items for their use and which they are not regularly
19 engaged in the business of reselling; neither shall this exemption
20 apply to sales of tangible personal property to peddlers, solicitors
21 and other salespersons who do not have an established place of
22 business and a sales tax permit. The exemption provided by this
23 paragraph shall apply to sales of motor fuel or diesel fuel to a
24 Group Five vendor, but the use of such motor fuel or diesel fuel by

1 the Group Five vendor shall not be exempt from the tax levied by the
2 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
3 is exempt from sales tax when the motor fuel is for shipment outside
4 this state and consumed by a common carrier by rail in the conduct
5 of its business. The sales tax shall apply to the purchase of motor
6 fuel or diesel fuel in Oklahoma by a common carrier by rail when
7 such motor fuel is purchased for fueling, within this state, of any
8 locomotive or other motorized flanged wheel equipment;

9 4. Sales of advertising space in newspapers and periodicals;

10 5. Sales of programs relating to sporting and entertainment
11 events, and sales of advertising on billboards (including signage,
12 posters, panels, marquees, or on other similar surfaces, whether
13 indoors or outdoors) or in programs relating to sporting and
14 entertainment events, and sales of any advertising, to be displayed
15 at or in connection with a sporting event, via the Internet,
16 electronic display devices, or through public address or broadcast
17 systems. The exemption authorized by this paragraph shall be
18 effective for all sales made on or after January 1, 2001;

19 6. Sales of any advertising, other than the advertising
20 described by paragraph 5 of this section, via the Internet,
21 electronic display devices, or through the electronic media,
22 including radio, public address or broadcast systems, television
23 (whether through closed circuit broadcasting systems or otherwise),
24

1 and cable and satellite television, and the servicing of any
2 advertising devices;

3 7. Eggs, feed, supplies, machinery and equipment purchased by
4 persons regularly engaged in the business of raising worms, fish,
5 any insect or any other form of terrestrial or aquatic animal life
6 and used for the purpose of raising same for marketing. This
7 exemption shall only be granted and extended to the purchaser when
8 the items are to be used and in fact are used in the raising of
9 animal life as set out above. Each purchaser shall certify, in
10 writing, on the invoice or sales ticket retained by the vendor that
11 the purchaser is regularly engaged in the business of raising such
12 animal life and that the items purchased will be used only in such
13 business. The vendor shall certify to the Oklahoma Tax Commission
14 that the price of the items has been reduced to grant the full
15 benefit of the exemption. Violation hereof by the purchaser or
16 vendor shall be a misdemeanor;

17 8. Sale of natural or artificial gas and electricity, and
18 associated delivery or transmission services, when sold exclusively
19 for residential use. Provided, this exemption shall not apply to
20 any sales tax levied by a city or town, or a county, or any other
21 jurisdiction in this state;

22 9. In addition to the exemptions authorized by Section 1357.6
23 of this title, sales of drugs sold pursuant to a prescription
24 written for the treatment of human beings by a person licensed to

1 prescribe the drugs, and sales of insulin and medical oxygen.

2 Provided, this exemption shall not apply to over-the-counter drugs;

3 10. Transfers of title or possession of empty, partially
4 filled, or filled returnable oil and chemical drums to any person
5 who is not regularly engaged in the business of selling, reselling
6 or otherwise transferring empty, partially filled, or filled
7 returnable oil drums;

8 11. Sales of one-way utensils, paper napkins, paper cups,
9 disposable hot containers and other one-way carry out materials to a
10 vendor of meals or beverages;

11 12. Sales of food or food products for home consumption which
12 are purchased in whole or in part with coupons issued pursuant to
13 the federal food stamp program as authorized by Sections 2011
14 through 2029 of Title 7 of the United States Code, as to that
15 portion purchased with such coupons. The exemption provided for
16 such sales shall be inapplicable to such sales upon the effective
17 date of any federal law that removes the requirement of the
18 exemption as a condition for participation by the state in the
19 federal food stamp program;

20 13. Sales of food or food products, or any equipment or
21 supplies used in the preparation of the food or food products to or
22 by an organization which:

23 a. is exempt from taxation pursuant to the provisions of
24 Section 501(c)(3) of the Internal Revenue Code, 26

1 U.S.C., Section 501(c)(3), and which provides and
2 delivers prepared meals for home consumption to
3 elderly or homebound persons as part of a program
4 commonly known as "Meals on Wheels" or "Mobile Meals",
5 or

6 b. is exempt from taxation pursuant to the provisions of
7 Section 501(c)(3) of the Internal Revenue Code, 26
8 U.S.C., Section 501(c)(3), and which receives federal
9 funding pursuant to the Older Americans Act of 1965,
10 as amended, for the purpose of providing nutrition
11 programs for the care and benefit of elderly persons;

12 14. a. Sales of tangible personal property or services to or
13 by organizations which are exempt from taxation
14 pursuant to the provisions of Section 501(c)(3) of the
15 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
16 and:

17 (1) are primarily involved in the collection and
18 distribution of food and other household products
19 to other organizations that facilitate the
20 distribution of such products to the needy and
21 such distributee organizations are exempt from
22 taxation pursuant to the provisions of Section
23 501(c)(3) of the Internal Revenue Code, 26
24 U.S.C., Section 501(c)(3), or

1 (2) facilitate the distribution of such products to
2 the needy.

3 b. Sales made in the course of business for profit or
4 savings, competing with other persons engaged in the
5 same or similar business shall not be exempt under
6 this paragraph;

7 15. Sales of tangible personal property or services to
8 children's homes which are located on church-owned property and are
9 operated by organizations exempt from taxation pursuant to the
10 provisions of the Internal Revenue Code, 26 U.S.C., Section
11 501(c) (3);

12 16. Sales of computers, data processing equipment, related
13 peripherals and telephone, telegraph or telecommunications service
14 and equipment for use in a qualified aircraft maintenance or
15 manufacturing facility. For purposes of this paragraph, "qualified
16 aircraft maintenance or manufacturing facility" means a new or
17 expanding facility primarily engaged in aircraft repair, building or
18 rebuilding whether or not on a factory basis, whose total cost of
19 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
20 and which employs at least two hundred fifty (250) new full-time-
21 equivalent employees, as certified by the Oklahoma Employment
22 Security Commission, upon completion of the facility. In order to
23 qualify for the exemption provided for by this paragraph, the cost
24 of the items purchased by the qualified aircraft maintenance or

1 manufacturing facility shall equal or exceed the sum of Two Million
2 Dollars (\$2,000,000.00);

3 17. Sales of tangible personal property consumed or
4 incorporated in the construction or expansion of a qualified
5 aircraft maintenance or manufacturing facility as defined in
6 paragraph 16 of this section. For purposes of this paragraph, sales
7 made to a contractor or subcontractor that has previously entered
8 into a contractual relationship with a qualified aircraft
9 maintenance or manufacturing facility for construction or expansion
10 of such a facility shall be considered sales made to a qualified
11 aircraft maintenance or manufacturing facility;

12 18. Sales of the following telecommunications services:

13 a. Interstate and International "800 service". "800
14 service" means a "telecommunications service" that
15 allows a caller to dial a toll-free number without
16 incurring a charge for the call. The service is
17 typically marketed under the name "800", "855", "866",
18 "877", and "888" toll-free calling, and any subsequent
19 numbers designated by the Federal Communications
20 Commission, or

21 b. Interstate and International "900 service". "900
22 service" means an inbound toll "telecommunications
23 service" purchased by a subscriber that allows the
24 subscriber's customers to call in to the subscriber's

1 prerecorded announcement or live service. "900
2 service" does not include the charge for: collection
3 services provided by the seller of the
4 "telecommunications services" to the subscriber, or
5 service or product sold by the subscriber to the
6 subscriber's customer. The service is typically
7 marketed under the name "900 service", and any
8 subsequent numbers designated by the Federal
9 Communications Commission,

10 c. Interstate and International "private communications
11 service". "Private communications service" means a
12 "telecommunications service" that entitles the
13 customer to exclusive or priority use of a
14 communications channel or group of channels between or
15 among termination points, regardless of the manner in
16 which such channel or channels are connected, and
17 includes switching capacity, extension lines,
18 stations, and any other associated services that are
19 provided in connection with the use of such channel or
20 channels,

21 d. "Value-added nonvoice data service". "Value-added
22 nonvoice data service" means a service that otherwise
23 meets the definition of "telecommunications services"
24 in which computer processing applications are used to

1 act on the form, content, code, or protocol of the
2 information or data primarily for a purpose other than
3 transmission, conveyance or routing,

4 e. Interstate and International telecommunications
5 service which is:

6 (1) rendered by a company for private use within its
7 organization, or

8 (2) used, allocated, or distributed by a company to
9 its affiliated group,

10 f. Regulatory assessments and charges, including charges
11 to fund the Oklahoma Universal Service Fund, the
12 Oklahoma Lifeline Fund and the Oklahoma High Cost
13 Fund, and

14 g. Telecommunications nonrecurring charges, including but
15 not limited to the installation, connection, change or
16 initiation of telecommunications services which are
17 not associated with a retail consumer sale;

18 19. Sales of railroad track spikes manufactured and sold for
19 use in this state in the construction or repair of railroad tracks,
20 switches, sidings and turnouts;

21 20. Sales of aircraft and aircraft parts provided such sales
22 occur at a qualified aircraft maintenance facility. As used in this
23 paragraph, "qualified aircraft maintenance facility" means a
24 facility operated by an air common carrier, including one or more

1 component overhaul support buildings or structures in an area owned,
2 leased or controlled by the air common carrier, at which there were
3 employed at least two thousand (2,000) full-time-equivalent
4 employees in the preceding year as certified by the Oklahoma
5 Employment Security Commission and which is primarily related to the
6 fabrication, repair, alteration, modification, refurbishing,
7 maintenance, building or rebuilding of commercial aircraft or
8 aircraft parts used in air common carriage. For purposes of this
9 paragraph, "air common carrier" shall also include members of an
10 affiliated group as defined by Section 1504 of the Internal Revenue
11 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of
12 machinery, tools, supplies, equipment and related tangible personal
13 property and services used or consumed in the repair, remodeling or
14 maintenance of aircraft, aircraft engines, or aircraft component
15 parts which occur at a qualified aircraft maintenance facility;

16 21. Sales of machinery and equipment purchased and used by
17 persons and establishments primarily engaged in computer services
18 and data processing:

19 a. as defined under Industrial Group Numbers 7372 and
20 7373 of the Standard Industrial Classification (SIC)
21 Manual, latest version, which derive at least fifty
22 percent (50%) of their annual gross revenues from the
23 sale of a product or service to an out-of-state buyer
24 or consumer, and

1 b. as defined under Industrial Group Number 7374 of the
2 SIC Manual, latest version, which derive at least
3 eighty percent (80%) of their annual gross revenues
4 from the sale of a product or service to an out-of-
5 state buyer or consumer.

6 Eligibility for the exemption set out in this paragraph shall be
7 established, subject to review by the Tax Commission, by annually
8 filing an affidavit with the Tax Commission stating that the
9 facility so qualifies and such information as required by the Tax
10 Commission. For purposes of determining whether annual gross
11 revenues are derived from sales to out-of-state buyers or consumers,
12 all sales to the federal government shall be considered to be to an
13 out-of-state buyer or consumer;

14 22. Sales of prosthetic devices to an individual for use by
15 such individual. For purposes of this paragraph, "prosthetic
16 device" shall have the same meaning as provided in Section 1357.6 of
17 this title, but shall not include corrective eye glasses, contact
18 lenses or hearing aids;

19 23. Sales of tangible personal property or services to a motion
20 picture or television production company to be used or consumed in
21 connection with an eligible production. For purposes of this
22 paragraph, "eligible production" means a documentary, special, music
23 video, or a television commercial or television program that will
24 serve as a pilot for or be a segment of an ongoing dramatic or

1 situation comedy series filmed or taped for network or national or
2 regional syndication or a feature-length motion picture intended for
3 theatrical release or for network or national or regional
4 syndication or broadcast. The provisions of this paragraph shall
5 apply to sales occurring on or after July 1, 1996. In order to
6 qualify for the exemption, the motion picture or television
7 production company shall file any documentation and information
8 required to be submitted pursuant to rules promulgated by the Tax
9 Commission;

10 24. Sales of diesel fuel sold for consumption by commercial
11 vessels, barges and other commercial watercraft;

12 25. Sales of tangible personal property or services to tax-
13 exempt independent nonprofit biomedical research foundations that
14 provide educational programs for Oklahoma science students and
15 teachers and to tax-exempt independent nonprofit community blood
16 banks headquartered in this state;

17 26. Effective May 6, 1992, sales of wireless telecommunications
18 equipment to a vendor who subsequently transfers the equipment at no
19 charge or for a discounted charge to a consumer as part of a
20 promotional package or as an inducement to commence or continue a
21 contract for wireless telecommunications services;

22 27. Effective January 1, 1991, leases of rail transportation
23 cars to haul coal to coal-fired plants located in this state which
24 generate electric power;

1 28. Beginning July 1, 2005, sales of aircraft engine repairs,
2 modification, and replacement parts, sales of aircraft frame repairs
3 and modification, aircraft interior modification, and paint, and
4 sales of services employed in the repair, modification and
5 replacement of parts of aircraft engines, aircraft frame and
6 interior repair and modification, and paint;

7 29. Sales of materials and supplies to the owner or operator of
8 a ship, motor vessel or barge that is used in interstate or
9 international commerce if the materials and supplies:

10 a. are loaded on the ship, motor vessel or barge and used
11 in the maintenance and operation of the ship, motor
12 vessel or barge, or

13 b. enter into and become component parts of the ship,
14 motor vessel or barge;

15 30. Sales of tangible personal property made at estate sales at
16 which such property is offered for sale on the premises of the
17 former residence of the decedent by a person who is not required to
18 be licensed pursuant to the Transient Merchant Licensing Act, or who
19 is not otherwise required to obtain a sales tax permit for the sale
20 of such property pursuant to the provisions of Section 1364 of this
21 title; provided:

22 a. such sale or event may not be held for a period
23 exceeding three (3) consecutive days,
24

1 b. the sale must be conducted within six (6) months of
2 the date of death of the decedent, and

3 c. the exemption allowed by this paragraph shall not be
4 allowed for property that was not part of the
5 decedent's estate;

6 31. Beginning January 1, 2004, sales of electricity and
7 associated delivery and transmission services, when sold exclusively
8 for use by an oil and gas operator for reservoir dewatering projects
9 and associated operations commencing on or after July 1, 2003, in
10 which the initial water-to-oil ratio is greater than or equal to
11 five-to-one water-to-oil, and such oil and gas development projects
12 have been classified by the Corporation Commission as a reservoir
13 dewatering unit;

14 32. Sales of prewritten computer software that is delivered
15 electronically. For purposes of this paragraph, "delivered
16 electronically" means delivered to the purchaser by means other than
17 tangible storage media;

18 33. Sales of modular dwelling units when built at a production
19 facility and moved in whole or in parts, to be assembled on-site,
20 and permanently affixed to the real property and used for
21 residential or commercial purposes. The exemption provided by this
22 paragraph shall equal forty-five percent (45%) of the total sales
23 price of the modular dwelling unit. For purposes of this paragraph,
24 "modular dwelling unit" means a structure that is not subject to the

1 motor vehicle excise tax imposed pursuant to Section 2103 of this
2 title;

3 34. Sales of tangible personal property or services to:

- 4 a. persons who are residents of Oklahoma and have been
5 honorably discharged from active service in any branch
6 of the Armed Forces of the United States or Oklahoma
7 National Guard and who have been certified by the
8 United States Department of Veterans Affairs or its
9 successor to be in receipt of disability compensation
10 at the one-hundred-percent rate and the disability
11 shall be permanent and have been sustained through
12 military action or accident or resulting from disease
13 contracted while in such active service and registered
14 with the veterans registry created by the Oklahoma
15 Department of Veterans Affairs; provided, that if the
16 veteran ~~has previously~~ received the sales tax
17 exemption ~~pursuant to this subparagraph, no~~
18 ~~registration with the veterans registry prior to~~
19 November 1, 2020, he or she shall be required to
20 register with the veterans registry prior to July 1,
21 2022, in order to remain qualified, or
22 b. the surviving spouse of the person in subparagraph a
23 of this paragraph if the person is deceased and the
24 spouse has not remarried. Sales for the benefit of an

1 eligible person to a spouse of the eligible person or
2 to a member of the household in which the eligible
3 person resides and who is authorized to make purchases
4 on the person's behalf, when such eligible person is
5 not present at the sale, shall also be exempt for
6 purposes of this paragraph. The Oklahoma Tax
7 Commission shall issue a separate exemption card to a
8 spouse of an eligible person or to a member of the
9 household in which the eligible person resides who is
10 authorized to make purchases on the person's behalf,
11 if requested by the eligible person. Sales qualifying
12 for the exemption authorized by this paragraph shall
13 not exceed Twenty-five Thousand Dollars (\$25,000.00)
14 per year per individual while the disabled veteran is
15 living. Sales qualifying for the exemption authorized
16 by this paragraph shall not exceed One Thousand
17 Dollars (\$1,000.00) per year for an unremarried
18 surviving spouse. Upon request of the Tax Commission,
19 a person asserting or claiming the exemption
20 authorized by this paragraph shall provide a
21 statement, executed under oath, that the total sales
22 amounts for which the exemption is applicable have not
23 exceeded Twenty-five Thousand Dollars (\$25,000.00) per
24 year per living disabled veteran or One Thousand

1 Dollars (\$1,000.00) per year for an unremarried
2 surviving spouse. If the amount of such exempt sales
3 exceeds such amount, the sales tax in excess of the
4 authorized amount shall be treated as a direct sales
5 tax liability and may be recovered by the Tax
6 Commission in the same manner provided by law for
7 other taxes, including penalty and interest. The Tax
8 Commission shall promulgate any rules necessary to
9 implement the provisions of this ~~section~~ paragraph,
10 which shall include rules providing for the disclosure
11 of information about persons eligible for the
12 exemption authorized in this paragraph to the Oklahoma
13 Department of Veteran's Affairs, as authorized in
14 Section 205 of this title;

15 35. Sales of electricity to the operator, specifically
16 designated by the Corporation Commission, of a spacing unit or lease
17 from which oil is produced or attempted to be produced using
18 enhanced recovery methods, including, but not limited to, increased
19 pressure in a producing formation through the use of water or
20 saltwater if the electrical usage is associated with and necessary
21 for the operation of equipment required to inject or circulate
22 fluids in a producing formation for the purpose of forcing oil or
23 petroleum into a wellbore for eventual recovery and production from
24 the wellhead. In order to be eligible for the sales tax exemption

1 authorized by this paragraph, the total content of oil recovered
2 after the use of enhanced recovery methods shall not exceed one
3 percent (1%) by volume. The exemption authorized by this paragraph
4 shall be applicable only to the state sales tax rate and shall not
5 be applicable to any county or municipal sales tax rate;

6 36. Sales of intrastate charter and tour bus transportation.
7 As used in this paragraph, "intrastate charter and tour bus
8 transportation" means the transportation of persons from one
9 location in this state to another location in this state in a motor
10 vehicle which has been constructed in such a manner that it may
11 lawfully carry more than eighteen persons, and which is ordinarily
12 used or rented to carry persons for compensation. Provided, this
13 exemption shall not apply to regularly scheduled bus transportation
14 for the general public;

15 37. Sales of vitamins, minerals and dietary supplements by a
16 licensed chiropractor to a person who is the patient of such
17 chiropractor at the physical location where the chiropractor
18 provides chiropractic care or services to such patient. The
19 provisions of this paragraph shall not be applicable to any drug,
20 medicine or substance for which a prescription by a licensed
21 physician is required;

22 38. Sales of goods, wares, merchandise, tangible personal
23 property, machinery and equipment to a web search portal located in
24 this state which derives at least eighty percent (80%) of its annual

1 gross revenue from the sale of a product or service to an out-of-
2 state buyer or consumer. For purposes of this paragraph, "web
3 search portal" means an establishment classified under NAICS code
4 519130 which operates websites that use a search engine to generate
5 and maintain extensive databases of Internet addresses and content
6 in an easily searchable format;

7 39. Sales of tangible personal property consumed or
8 incorporated in the construction or expansion of a facility for a
9 corporation organized under Section 437 et seq. of Title 18 of the
10 Oklahoma Statutes as a rural electric cooperative. For purposes of
11 this paragraph, sales made to a contractor or subcontractor that has
12 previously entered into a contractual relationship with a rural
13 electric cooperative for construction or expansion of a facility
14 shall be considered sales made to a rural electric cooperative;

15 40. Sales of tangible personal property or services to a
16 business primarily engaged in the repair of consumer electronic
17 goods, including, but not limited to, cell phones, compact disc
18 players, personal computers, MP3 players, digital devices for the
19 storage and retrieval of information through hard-wired or wireless
20 computer or Internet connections, if the devices are sold to the
21 business by the original manufacturer of such devices and the
22 devices are repaired, refitted or refurbished for sale by the entity
23 qualifying for the exemption authorized by this paragraph directly

24

1 to retail consumers or if the devices are sold to another business
2 entity for sale to retail consumers;

3 41. Before July 1, 2019, sales of rolling stock when sold or
4 leased by the manufacturer, regardless of whether the purchaser is a
5 public services corporation engaged in business as a common carrier
6 of property or passengers by railway, for use or consumption by a
7 common carrier directly in the rendition of public service. For
8 purposes of this paragraph, "rolling stock" means locomotives,
9 autocars and railroad cars; and

10 42. Sales of gold, silver, platinum, palladium or other bullion
11 items such as coins and bars and legal tender of any nation, which
12 legal tender is sold according to its value as precious metal or as
13 an investment. As used in the paragraph, "bullion" means any
14 precious metal, including, but not limited to, gold, silver,
15 platinum and palladium, that is in such a state or condition that
16 its value depends upon its precious metal content and not its form.
17 The exemption authorized by this paragraph shall not apply to
18 fabricated metals that have been processed or manufactured for
19 artistic use or as jewelry.

20 SECTION 3. AMENDATORY Section 1, Chapter 229, O.S.L.
21 2017, as last amended by Section 1, Chapter 124, O.S.L. 2019 (72
22 O.S. Supp. 2019, Section 421), is amended to read as follows:

23 Section 421. A. The Oklahoma Department of Veterans Affairs
24 shall create and maintain a registry of all veterans in this state

1 by January 1, 2020, which shall be titled the "Oklahoma Veterans
2 Registry". The registry shall include the following information
3 regarding the veteran:

- 4 1. Name;
- 5 2. Military rank and branch of service;
- 6 3. Dates of service;
- 7 4. Percentage of service-connected disability, if applicable;
- 8 5. Date of death and place of interment, if applicable; and
- 9 6. Name of the veteran's spouse, if applicable.

10 B. As a component of the veterans registry created pursuant to
11 subsection A of this section, the Oklahoma Department of Veterans
12 Affairs shall designate those veterans within the registry as one
13 hundred percent (100%) service-disabled Oklahoma veterans, if
14 applicable. The registry designation shall also be maintained as a
15 separate list within the registry for all one hundred percent (100%)
16 service-disabled Oklahoma veterans. The Department shall be
17 responsible for verification of all information provided through the
18 registry and shall verify veteran service disability status at least
19 once every four (4) years or upon request of the Oklahoma Tax
20 Commission, as needed to verify eligibility for the sales tax
21 exemption authorized in paragraph 34 of Section 1357 of Title 68 of
22 the Oklahoma Statutes.

23 C. The Oklahoma Department of Veterans Affairs may promulgate
24 rules for implementing the provisions of this section.

1 D. For purposes of this section, "veteran" shall have the same
2 meaning as specified in Section 2 of this title.

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

7 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
8 February 18, 2020 - DO PASS AS AMENDED
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24