

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 1418

By: West (Josh)

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Section 500.3, which relates to the
9 definition in the motor fuel tax code; defining
10 marine gasoline; amending 68 O.S. 2021, Section
11 500.4, which relates to the levy of tax; providing
12 tax on marine gasoline; 68 O.S. 2021, Section 500.10,
13 as amended by Section 1, Chapter 292, O.S.L. 2024 (68
14 O.S. Supp. 2024, Section 500.10), which relates to
15 exemptions from motor fuel tax; providing exemption
16 for marine gasoline; 68 O.S. 2021, Section 1355, as
17 amended by Section 1, Chapter 370, O.S.L. 2023 (68
18 O.S. Supp. 2024, Section 1355), which relates to
19 exemptions subject to other tax; exempting marine
20 gasoline from sales tax; and providing an effective
21 date.

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

23 SECTION 1. AMENDATORY 68 O.S. 2021, Section 500.3, is
24 amended to read as follows:

Section 500.3. As used in the Motor Fuel Tax Code:

- 25 1. "Act" or "this act" means the Motor Fuel Tax Code;
- 26 2. "Agricultural purposes" means clearing, terracing or
27 otherwise preparing the ground on a farm; preparing soil for
28 planting and fertilizing, cultivating, raising and harvesting crops;

1 raising and feeding livestock and poultry; building fences; pumping
2 water for any and all uses on the farm, including irrigation;
3 building roads upon any farm by the owner or person farming same;
4 operating milking machines; sawing wood for use on a farm; producing
5 electricity for use on a farm; movement of tractors, farm implements
6 and equipment from one field to another and use of farm tractors to
7 move farm products from farm to market;

8 3. "Biodiesel" means a fuel comprised of mono-alkyl esters of
9 long chain fatty acids generally derived from vegetable oils or
10 animal fats, commonly known as "B100", that is commonly and
11 commercially known or sold as a fuel that is suitable for use in a
12 highway vehicle. The fuel meets this requirement if, without
13 further processing or blending, the fuel is a fluid and has
14 practical and commercial fitness for use in the propulsion of a
15 highway vehicle;

16 4. "Biodiesel blend" means a blend of biodiesel fuel with
17 petroleum-based diesel fuel, commonly designated as "Bxx", where
18 "xx" represents the volume percentage of biodiesel fuel in the
19 blend, and that is commonly and commercially known or sold as a fuel
20 that is suitable for use in a highway vehicle. The fuel meets this
21 requirement if, without further processing or blending, the fuel is
22 a fluid and has practical and commercial fitness for use in the
23 propulsion of a highway vehicle;

24

1 5. "Blend stock" means any petroleum product component of
2 gasoline, such as naphtha, reformate, or toluene, that can be
3 blended for use in a motor fuel without further processing.

4 However, the term does not include any substance that:

5 a. will be ultimately used for consumer nonmotor-fuel
6 use, and

7 b. is sold or removed in drum quantities (55 gallons) or
8 less at the time of the removal or sale;

9 6. "Blended fuel" means a mixture composed of gasoline or
10 diesel fuel and another liquid, other than a de minimis amount of a
11 product such as carburetor detergent or oxidation inhibitor, that
12 can be used as a fuel in a highway vehicle. This term includes
13 gasohol, ethanol and fuel grade ethanol;

14 7. "Blender" means any person that produces blended motor fuel
15 outside the bulk transfer/terminal system;

16 8. "Blending" means the mixing of one or more petroleum
17 products, with or without another product, regardless of the
18 original character of the product blended, if the product obtained
19 by the blending is capable of use or otherwise sold for use in the
20 generation of power for the propulsion of a motor vehicle, an
21 airplane, or a motorboat. The term does not include that blending
22 that occurs in the process of refining by the original refiner of
23 crude petroleum or the blending or products known as lubricating oil
24 and greases;

1 9. "Bulk end user" means a person who receives into the
2 person's own storage facilities in transport truck lots of motor
3 fuel for the person's own consumption;

4 10. "Bulk plant" means a motor fuel storage and distribution
5 facility that is not a terminal and from which motor fuel may be
6 removed at a rack;

7 11. "Bulk transfer" means any transfer of motor fuel from one
8 location to another by pipeline tender or marine delivery within the
9 bulk transfer/terminal system;

10 12. "Bulk transfer/terminal system" means the motor fuel
11 distribution system consisting of refineries, pipelines, vessels,
12 and terminals. Gasoline in a refinery, pipeline, vessel, or
13 terminal is in the bulk transfer/terminal system. Motor fuel in the
14 fuel supply tank of any engine, or in any tank car, rail car,
15 trailer, truck, or other equipment suitable for ground
16 transportation is not in the bulk transfer/terminal system;

17 13. "Tax Commission" or "Commission" means the Oklahoma Tax
18 Commission;

19 14. "Compressed natural gas" means a volume of natural gas
20 consisting primarily of methane which has been reduced to
21 approximately one percent (1%) of its original volume for purposes
22 of storage and for use as a fuel in motor vehicles;

23 15. "Consumer" means the user of the motor fuel on the public
24 highways of this state;

1 16. "Dead storage" means the amount of motor fuel that will not
2 be pumped out of a storage tank because the motor fuel is below the
3 mouth of the draw pipe. For purposes of Section 500.1 et seq. of
4 this title, a dealer may assume that the amount of motor fuel in
5 dead storage is two hundred (200) gallons for a tank with a capacity
6 of less than ten thousand (10,000) gallons and four hundred (400)
7 gallons for a tank with a capacity of ten thousand (10,000) gallons
8 or more;

9 17. "Delivery" means the placing of motor fuel or any liquid
10 into the fuel tank of a motor vehicle;

11 18. "Destination state" means the state, territory, or foreign
12 country to which motor fuel is directed for delivery into a storage
13 facility, a receptacle, a container, or a type of transportation
14 equipment for the purpose of resale or use;

15 19. "Diesel fuel" means any liquid, including but not limited
16 to, biodiesel, biodiesel blend or other diesel blended fuel, that is
17 commonly or commercially known or sold as a fuel that is suitable
18 for use in a diesel-powered highway vehicle. A liquid meets this
19 requirement if, without further processing or blending, the liquid
20 has practical and commercial fitness for use in the propulsion
21 engine of a diesel-powered highway vehicle. Except as provided in
22 subsection B of Section 500.4 of this title, "diesel fuel" does not
23 include jet fuel sold to a buyer who is registered with and
24

1 certified by the Internal Revenue Service to purchase jet fuel
2 subject to the Internal Revenue Service;

3 20. "Diesel-powered highway vehicle" means a motor vehicle
4 operated on a highway that is propelled by a diesel-powered engine;

5 21. "Distributor" means a person who acquires motor fuel from a
6 supplier or from another distributor for subsequent sale or use;

7 22. "Dyed diesel fuel" means diesel fuel that is required to be
8 dyed pursuant to United States Environmental Protection Agency rules
9 or is dyed pursuant to Internal Revenue Service rules or pursuant to
10 any other requirements subsequently set by the United States
11 Environmental Protection Agency or Internal Revenue Service
12 including any invisible marker requirements;

13 23. "Eligible purchaser" means a person who has been authorized
14 by the Commission pursuant to Section 500.23 of this title to make
15 the election pursuant to Section 500.22 of this title;

16 24. "Enterer" includes any person who is the importer of
17 record, pursuant to federal customs law, with respect to motor fuel.
18 If the importer of record is acting as an agent, the person for whom
19 the agent is acting is the enterer. If there is no importer of
20 record of motor fuel entered into this state, the owner of the motor
21 fuel at the time it is brought into this state is the enterer;

22 25. "Entry" means the importing of motor fuel into this state.
23 Motor fuel brought into this state in the fuel tank of a motor
24 vehicle shall not be deemed to be an "entry" if not removed from the

1 fuel tank except as used for the propulsion of that motor vehicle,
2 except to the extent that motor fuel was acquired tax free for
3 export or a refund of tax was claimed as a result of exportation
4 from the state from which that motor fuel was transported into this
5 state;

6 26. "Export" means to obtain motor fuel in this state for sale
7 or other distribution in another state. In applying this
8 definition, motor fuel delivered out of state by or for the seller
9 constitutes an export by the seller and motor fuel delivered out of
10 state by or for the purchaser constitutes an export by the
11 purchaser;

12 27. "Exporter" means any person, other than a supplier, who
13 purchases motor fuel in this state for the purpose of transporting
14 or delivering the fuel to another state or country;

15 28. "Farm tractor" means all tractor-type, motorized farm
16 implements and equipment but shall not include motor vehicles of the
17 truck-type, pickup truck-type, automobiles, and other motor vehicles
18 required to be registered and licensed each year pursuant to the
19 provisions of the motor vehicle license and registration laws of
20 this state;

21 29. "Fuel transportation vehicle" means any vehicle designed
22 for highway use which is also designed or used to transport motor
23 fuels and includes transport trucks and tank wagons;

24

1 30. "Gasoline" means all products, including but not limited
2 to, gasoline blend stocks, commonly or commercially known or sold as
3 gasoline that are suitable for use as a motor fuel. Gasoline does
4 not include products that have an American Society for Testing
5 Materials ("A.S.T.M.") octane number of less than seventy-five (75)
6 as determined by the "motor method". Except as provided in
7 subsection B of Section 500.4 of this title, "gasoline" does not
8 include aviation gasoline provided that the buyer is registered to
9 purchase aviation gasoline free of tax and the seller obtains
10 certification of such fact satisfactory to the Commission prior to
11 making the sale;

12 31. "Gasoline blend stocks" includes any petroleum product
13 component of gasoline, such as naphtha, reformate, or toluene, that
14 can be blended for use in a motor fuel. The term shall not include
15 any substance that will be ultimately used for consumer nonmotor-
16 fuel use and is sold or removed in drum quantities of 55 gallons or
17 less at the time of the removal or sale;

18 32. "Gross gallons" means the total measured motor fuel,
19 exclusive of any temperature or pressure adjustments, in U.S.
20 gallons;

21 33. "Heating oil" means a motor fuel that is burned in a
22 boiler, furnace, or stove for heating or industrial processing
23 purposes;

24

1 34. "Highway vehicle" means a self-propelled vehicle that is
2 designed for use on a highway;

3 35. "Import" means to bring motor fuel into this state by any
4 means of conveyance other than in the fuel supply tank of a motor
5 vehicle. In applying this definition, motor fuel delivered into
6 this state from out of state by or for the seller constitutes an
7 import by the seller, and motor fuel delivered into this state from
8 out of state by or for the purchaser constitutes an import by the
9 purchaser;

10 36. "Import verification number" means the number assigned by
11 the Commission with respect to a single transport truck delivery
12 into this state from another state upon request for an assigned
13 number by an importer or the transporter carrying motor fuel into
14 this state for the account of an importer;

15 37. "In this state" means the area within the border of this
16 state, including all land within the borders of this state owned by
17 the United States of America;

18 38. "Indian country" means:

19 a. land held in trust by the United States of America for
20 the benefit of a federally recognized Indian tribe or
21 nation,

22 b. all land within the limits of any Indian reservation
23 under the jurisdiction of the United States
24 Government, notwithstanding the issuance of any

1 patent, and including rights-of-way running through
2 the reservation,

3 c. all dependent Indian communities within the borders of
4 the United States whether within the original or
5 subsequently acquired territory thereof, and whether
6 within or without the limits of a state, and

7 d. all Indian allotments, the Indian titles to which have
8 not been extinguished, including individual allotments
9 held in trust by the United States or allotments owned
10 in fee by individual Indians subject to federal law
11 restrictions regarding disposition of said allotments
12 and including rights-of-way running through the same.

13 The term shall also include the definition of Indian country as
14 found in 18 U.S.C., Section 1151;

15 39. "Indian tribe", "tribes", or "federally recognized Indian
16 tribe or nation" means an Indian tribal entity which is recognized
17 by the United States Bureau of Indian Affairs as having a special
18 relationship with the United States. The term shall also include
19 the definition of a tribe as defined in 25 U.S.C., Section 479a;

20 40. "Invoiced gallons" means the gallons actually billed on an
21 invoice in payment to a supplier;

22 41. "K-1 kerosene" means a petroleum product having an A.P.I.
23 gravity of not less than forty degrees (40°), at a temperature of
24 sixty degrees (60°) Fahrenheit and a minimum flash point of one

1 hundred degrees (100°) Fahrenheit with a sulphur content not
2 exceeding five one-hundredths percent (0.05%) by weight;

3 42. "Liquefied natural gas" means a volume of natural gas
4 consisting primarily of methane which has been cooled to
5 approximately negative two hundred sixty (-260) degrees Fahrenheit
6 in order to convert it to a liquid state for purposes of storage and
7 use as a fuel in motor vehicles;

8 43. "Liquid" means any substance that is liquid in excess of
9 sixty degrees (60°) Fahrenheit and a pressure of fourteen and seven-
10 tenths (14.7) pounds per square inch absolute;

11 44. "Marine gasoline" means fuel formulated for the use in
12 marine engines such as those found in boats and other watercraft;

13 45. "Motor fuel" means gasoline, diesel fuel and blended fuel;

14 ~~45.~~ 46. "Motor fuel transporter" means a person who transports
15 motor fuel outside the bulk terminal/transfer system by transport
16 truck or railroad tank car;

17 ~~46.~~ 47. "Motor vehicle" means every automobile, truck, truck-
18 tractor or any motor bus or self-propelled vehicle not operated or
19 driven upon fixed rails or tracks. The term does not include:

- 20 a. farm tractors or machinery including tractors and
21 machinery designed for off-road use but capable of
22 movement on roads at low speeds,
23 b. a vehicle operated on rails, or
24 c. machinery designed principally for off-road use;

1 ~~47.~~ 48. "Net gallons" means the motor fuel, measured in U.S.
2 gallons, when corrected to a temperature of sixty degrees (60°)
3 Fahrenheit (13° Celsius) and a pressure of fourteen and seven-tenths
4 (14.7) pounds per square inch (psi);

5 ~~48.~~ 49. "Permissive supplier" means an out-of-state supplier
6 that elects, but is not required, to have a supplier's license
7 pursuant to Section 500.1 et seq. of this title;

8 ~~49.~~ 50. "Person" means natural persons, individuals,
9 partnerships, firms, associations, corporations, estates, trustees,
10 business trusts, syndicates, this state, any county, city,
11 municipality, school district or other political subdivision of the
12 state, federally recognized Indian tribe, or any corporation or
13 combination acting as a unit or any receiver appointed by any state
14 or federal court;

15 ~~50.~~ 51. "Position holder" means the person who holds the
16 inventory position in motor fuel in a terminal, as reflected on the
17 records of the terminal operator. A person holds the inventory
18 position in motor fuel when that person has a contract with the
19 terminal operator for the use of storage facilities and terminaling
20 services for fuel at the terminal. The term includes a terminal
21 operator who owns fuel in the terminal;

22 ~~51.~~ 52. "Public highway" means every road, toll road, highway,
23 street, way or place generally open to the use of the public as a
24 matter of right for the purposes of vehicular travel, including

1 streets and alleys of any town or city notwithstanding that the same
2 may be temporarily closed for construction, reconstruction,
3 maintenance or repair;

4 ~~52.~~ 53. "Qualified terminal" means a terminal designated as a
5 qualified terminal pursuant to the Internal Revenue Code, regulation
6 and practices and which has been assigned a terminal control number
7 ("tcn") by the Internal Revenue Service;

8 ~~53.~~ 54. "Rack" means a mechanism for delivering motor fuel from
9 a refinery, a terminal, or a bulk plant into a railroad tank car, a
10 transport truck or other means of bulk transfer outside of the bulk
11 transfer/terminal system;

12 ~~54.~~ 55. "Refiner" means any person that owns, operates, or
13 otherwise controls a refinery within the United States;

14 ~~55.~~ 56. "Refinery" means a facility used to produce motor fuel
15 from crude oil, unfinished oils, natural gas liquids, or other
16 hydrocarbons and from which motor fuel may be removed by pipeline,
17 by vessel, or at a rack;

18 ~~56.~~ 57. "Removal" means any physical transfer other than by
19 evaporation, loss, or destruction of motor fuel from a terminal,
20 manufacturing plant, customs custody, pipeline, marine vessel such
21 as a barge or tanker, refinery or any receptacle that stores motor
22 fuel;

23 ~~57.~~ 58. "Retailer" means a person that engages in the business
24 of selling or distributing to the consumer within this state;

1 ~~58.~~ 59. "Supplier" means a person that is:

- 2 a. registered pursuant to Section 4101 of the Internal
3 Revenue Code for transactions in motor fuels in the
4 bulk transfer/terminal distribution system, and
5 b. one of the following:

- 6 (1) the position holder in a terminal or refinery in
7 this state,
8 (2) imports motor fuel into this state from a foreign
9 country,
10 (3) acquires motor fuel from a terminal or refinery
11 in this state from a position holder pursuant to
12 a two-party exchange, or
13 (4) the position holder in a terminal or refinery
14 outside this state with respect to motor fuel
15 which that person imports into this state on the
16 account of that person.

17 A terminal operator shall not be considered a supplier based
18 solely on the fact that the terminal operator handles motor fuel
19 consigned to it within a terminal. "Supplier" also means a person
20 that produces alcohol or alcohol derivative substances in this
21 state, produces alcohol or alcohol derivative substances for import
22 to this state into a terminal, or acquires upon import by truck,
23 railcar or barge into a terminal or refinery, alcohol or alcohol
24

1 derivative substances. "Supplier" includes a permissive supplier
2 unless specifically provided otherwise;

3 ~~59.~~ 60. "Tank wagon" means a straight truck having multiple
4 compartments designed or used to carry motor fuel;

5 ~~60.~~ 61. "Terminal" means a storage and distribution facility
6 for motor fuel, supplied by pipeline or marine vessel which is
7 registered as a qualified terminal by the Internal Revenue Service
8 and from which motor fuel may be removed at a rack;

9 ~~61.~~ 62. "Terminal bulk transfers" include but are not limited
10 to the following:

- 11 a. a marine barge movement of fuel from a refinery or
12 terminal to a terminal,
- 13 b. pipeline movements of fuel from a refinery or terminal
14 to a terminal,
- 15 c. book transfers of product within a terminal between
16 suppliers prior to completion of removal across the
17 rack, and
- 18 d. two-party exchanges between licensed suppliers;

19 ~~62.~~ 63. "Terminal operator" means any person that owns,
20 operates, or otherwise controls a terminal, and does not use a
21 substantial portion of the motor fuel that is transferred through or
22 stored in the terminal for its own use or consumption or in the
23 manufacture of products other than motor fuel. A terminal operator
24

1 may own the motor fuel that is transferred through or stored in the
2 terminal;

3 ~~63.~~ 64. "Throughputter" means any person that:

- 4 a. receives transfer of motor fuel from refiners,
5 importers, terminal operators, or other
6 throughputters,
- 7 b. stores the motor fuel in a terminal, and
- 8 c. owns the motor fuel or holds the inventory position to
9 the motor fuel, as reflected on the records of the
10 terminal operator, at the time of removal or sale from
11 a terminal;

12 ~~64.~~ 65. "Transmix" means the buffer or interface between two
13 different products in a pipeline shipment, or a mix of two different
14 products within a refinery or terminal that results in an off-grade
15 mixture;

16 ~~65.~~ 66. "Transport truck" means a semitrailer combination rig
17 designed or used for the purpose of transporting motor fuel over the
18 highways;

19 ~~66.~~ 67. "Transporter" means any operator of a pipeline, barge,
20 railroad or transport truck engaged in the business of transporting
21 motor fuels;

22 ~~67.~~ 68. "Two-party exchange" means a transaction in which the
23 motor fuel is transferred from one licensed supplier or licensed
24

1 permissive supplier to another licensed supplier or licensed
2 permissive supplier and:

3 a. which transaction includes a transfer from the person
4 that holds the original inventory position for motor
5 fuel in the terminal as reflected on the records of
6 the terminal operator, and

7 b. the exchange transaction is simultaneous with removal
8 from the terminal by the receiving exchange partner.

9 However, in any event, the terminal operator in the books and
10 records of such terminal operator treats the receiving exchange
11 party as the supplier which removes the product across a terminal
12 rack for purposes of reporting such events to this state;

13 ~~68.~~ 69. "Ultimate vendor" means a person that sells motor fuel
14 to the consumer;

15 ~~69.~~ 70. "Undyed diesel fuel" means diesel fuel that is not
16 subject to the United States Environmental Protection Agency dyeing
17 requirements, or has not been dyed in accordance with Internal
18 Revenue Service fuel dyeing provisions;

19 ~~70.~~ 71. "Vehicle fuel tank" means any receptacle on a motor
20 vehicle from which fuel is supplied for the propulsion of the motor
21 vehicle; and

22 ~~71.~~ 72. "Wholesaler" means a person that acquires motor fuel
23 from a supplier or from another wholesaler for subsequent sale and
24 distribution at wholesale.

1 SECTION 2. AMENDATORY 68 O.S. 2021, Section 500.4, is
2 amended to read as follows:

3 Section 500.4. A. A tax is imposed on all gasoline, compressed
4 natural gas, liquefied natural gas and all diesel fuel used or
5 consumed in this state as follows:

6 1. Gasoline, marine gasoline, sixteen cents (\$0.16) per gallon;

7 2. Diesel fuel, thirteen cents (\$0.13) per gallon;

8 3. Compressed natural gas, five cents (\$0.05) per gasoline
9 gallons equivalent (gge) until the credit authorized pursuant to the
10 provisions of paragraph 1 of subsection A of Section 2357.22 of this
11 title expires. Upon the expiration of the credit authorized
12 pursuant to the provisions of paragraph 1 of subsection A of Section
13 2357.22 of this title, the rate of tax imposed upon compressed
14 natural gas shall be equal to the tax rate imposed on diesel fuel
15 using gasoline gallons equivalent (gge); and

16 4. Liquefied natural gas, five cents (\$0.05) per diesel gallon
17 equivalent (dge) until the credit authorized pursuant to the
18 provisions of paragraph 1 of subsection A of Section 2357.22 of this
19 title expires. Upon the expiration of the credit authorized
20 pursuant to the provisions of paragraph 1 of subsection A of Section
21 2357.22 of this title, the rate of tax imposed upon liquefied
22 natural gas shall be equal to the tax rate imposed on diesel fuel
23 using diesel gallon equivalent (dge), which shall be equal to six
24 and six one-hundredths (6.06) pounds of liquefied natural gas.

1 B. A tax is imposed on all gasoline, diesel fuel and kerosene
2 used or consumed in this state for use as fuel to generate power in
3 aircraft engines or for training, testing or research on aircraft
4 engines in the amount of eight one-hundredths of one cent (\$0.0008)
5 per gallon. All gasoline, diesel fuel and kerosene sold for use
6 under this subsection shall not be subject to the excise tax levied
7 in subsection A of this section.

8 C. Notwithstanding any exemption provided in Section 500.1 et
9 seq. of this title, all gasoline used or consumed in this state for
10 use as fuel for farm tractors or stationary engines and used
11 exclusively for agricultural purposes shall be subject to a tax in
12 the amount of two and eight one-hundredths cents (\$0.0208) per
13 gallon. All gasoline sold for use pursuant to this subsection shall
14 not be subject to the excise tax levied in subsection A of this
15 section. The term "farm tractor", as used herein, shall include all
16 tractor-type, motorized farm implements and equipment but shall not
17 include motor vehicles of the truck-type, pickup truck-type,
18 automobiles and other motor vehicles required to be registered and
19 licensed each year under the Oklahoma Vehicle License and
20 Registration Act.

21 D. It is the intent of this section to amend, revise,
22 incorporate and recodify the tax imposed on motor fuel and that the
23 tax shall be conclusively presumed to be a direct tax and shall be a
24 direct tax on the retail or ultimate consumer precollected for the

1 purpose of convenience and facility to the consumer. The levy and
2 assessment on other persons as specified in this act shall be as
3 agents of the state for the precollection of the tax. The
4 provisions of this section shall in no way affect the method of
5 collecting the tax as provided in this act. The tax imposed by this
6 section shall be collected and paid at those times, in the manner,
7 and by those persons specified in this act.

8 SECTION 3. AMENDATORY 68 O.S. 2021, Section 500.10, as
9 amended by Section 1, Chapter 292, O.S.L. 2024 (68 O.S. Supp. 2024,
10 Section 500.10), is amended to read as follows:

11 Section 500.10. Subject to the procedural requirements and
12 conditions set out in this section and Sections 500.11 through
13 500.17 of this title, the following are exempt from the taxes on
14 motor fuel imposed by Section 500.4 of this title and Section 500.4b
15 of this title:

16 1. Motor fuel for which proof of export is available in the
17 form of a terminal-issued destination state shipping paper:

18 a. exported by a supplier who is licensed in the
19 destination state, or

20 b. sold by a supplier to a licensed exporter for
21 immediate export;

22 2. Motor fuel which was acquired by an unlicensed exporter and
23 as to which the tax imposed by Section 500.4 of this title has
24 previously been paid or accrued and was subsequently exported by

1 transport truck by or on behalf of the licensed exporter in a
2 diversion across state boundaries properly reported in conformity
3 with Section 500.46 of this title;

4 3. Motor fuel exported out of a bulk plant in this state in a
5 tank wagon if the destination of that vehicle does not exceed
6 twenty-five (25) miles from the border of this state and as to which
7 the tax imposed by Section 500.4 of this title has previously been
8 paid or accrued, subject to gallonage limits and other conditions
9 established by the Oklahoma Tax Commission;

10 4. K-1 kerosene sold at retail through dispensers which have
11 been designed and constructed to prevent delivery directly from the
12 dispenser into a vehicle fuel supply tank, and K-1 kerosene sold at
13 retail through nonbarricaded dispensers in quantities of not more
14 than twenty-one (21) gallons for use other than for highway
15 purposes, under such rules as the Tax Commission shall reasonably
16 require;

17 5. Motor fuel sold to the United States or any agency or
18 instrumentality thereof;

19 6. Motor fuel used solely and exclusively in district-owned
20 public school vehicles or FFA and 4-H Club trucks for the purpose of
21 legally transporting public school children, and motor fuel
22 purchased by any school district for use exclusively in school buses
23 leased or hired for the purpose of legally transporting public
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1 school children, or in the operation of vehicles used in driver
2 training;

3 7. Motor fuel used solely and exclusively as fuel to propel
4 motor vehicles on the public roads and highways of this state, when
5 leased or owned and being operated for the sole benefit of a county,
6 city, town, a volunteer fire department with a state certification
7 and rating, rural electric cooperatives, rural water and sewer
8 districts, rural irrigation districts organized under the Oklahoma
9 Irrigation District Act, conservancy districts and master
10 conservancy districts organized under the Conservancy Act of
11 Oklahoma, rural ambulance service districts, ambulance districts
12 established under Section 9C of Article X of the Oklahoma
13 Constitution, or federally recognized Indian tribes;

14 8. Motor fuel used as fuel for farm tractors or stationary
15 engines owned or leased and operated by any person and used
16 exclusively for agricultural purposes, except as to two and eight
17 one-hundredths cents (\$0.0208) per gallon of gasoline as provided in
18 subsection C of Section 500.4 of this title;

19 9. Gasoline, diesel fuel and kerosene sold for use as fuel to
20 generate power in aircraft engines, whether in aircraft or for
21 training, testing or research purposes of aircraft engines, except
22 as to eight one-hundredths of one cent (\$0.0008) per gallon as
23 provided in subsection B of Section 500.4 of this title;

24

1 10. Motor fuel sold within an Indian reservation or within
2 Indian country by a federally recognized Indian tribe to a member of
3 that tribe and used in motor vehicles owned by that member of the
4 tribe. This exemption does not apply to sales within an Indian
5 reservation or within Indian country by a federally recognized
6 Indian tribe to non-Indian consumers or to Indian consumers who are
7 not members of the tribe selling the motor fuel;

8 11. Subject to determination by the Tax Commission, that
9 portion of diesel fuel:

- 10 a. used to operate equipment attached to a motor vehicle,
11 if the diesel fuel was placed into the fuel supply
12 tank of a motor vehicle that has a common fuel
13 reservoir for travel on a highway and for the
14 operation of equipment, or
15 b. consumed by the vehicle while the vehicle is parked
16 off the highways of this state;

17 12. Motor fuel acquired by a consumer out of state and carried
18 into this state, retained within and consumed from the same vehicle
19 fuel supply tank within which it was imported;

20 13. Diesel fuel used as heating oil, or in railroad locomotives
21 or any other motorized flanged-wheel rail equipment, or used for
22 other nonhighway purposes other than as expressly exempted under
23 another provision;

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1 14. Motor fuel which was lost or destroyed as a direct result
2 of a sudden and unexpected casualty;

3 15. Taxable diesel which had been accidentally contaminated by
4 dye so as to be unsaleable as highway fuel as proved by proper
5 documentation;

6 16. Dyed diesel fuel;

7 17. Motor fuel sold to the Oklahoma Space Industry Development
8 Authority or any spaceport user as defined in the Oklahoma Space
9 Industry Development Act; ~~and~~

10 18. Biofuels or biodiesel produced by an individual with crops
11 grown on property owned by the same individual and used in a vehicle
12 owned by the same individual on the public roads and highways of
13 this state; and

14 19. Marine gasoline used to power boats, watercrafts, and other
15 nonhighway purposes other than as expressly exempted under another
16 provision.

17 SECTION 4. AMENDATORY 68 O.S. 2021, Section 1355, as
18 amended by Section 1, Chapter 370, O.S.L. 2023 (68 O.S. Supp. 2024,
19 Section 1355), is amended to read as follows:

20 Section 1355. Exemptions - Subject to other tax.

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

23 1. Sale of gasoline, marine gasoline, motor fuel, methanol, "M-
24 85" which is a mixture of methanol and gasoline containing at least

1 eighty-five percent (85%) methanol, compressed natural gas,
2 liquefied natural gas, or liquefied petroleum gas on which the Motor
3 Fuel Tax, Gasoline Excise Tax, Special Fuels Tax, or the fee in lieu
4 of Special Fuels Tax levied in Section 500.1 et seq., Section 601 et
5 seq. or Section 701 et seq. of this title has been, or will be paid;

6 2. For the sale of motor vehicles or any optional equipment or
7 accessories attached to motor vehicles on which the Oklahoma Motor
8 Vehicle Excise Tax levied in Section 2101 et seq. of this title has
9 been, or will be paid, all but a portion of the levy provided under
10 Section 1354 of this title, equal to one and twenty-five-hundredths
11 percent (1.25%) of the gross receipts of such sales. For the
12 purposes of this paragraph, if the sale of a motor vehicle includes
13 a trade-in, gross receipts shall be calculated based only on the
14 difference between the value of the trade-in vehicle and the actual
15 sales price of the vehicle being purchased. Provided, the sale of
16 motor vehicles shall not be subject to any sales and use taxes
17 levied by cities, counties, or other jurisdictions of the state;

18 3. Sale of crude petroleum or natural or casinghead gas, and
19 other products subject to gross production tax pursuant to the
20 provisions of Section 1001 et seq. and Section 1101 et seq. of this
21 title. This exemption shall not apply when such products are sold
22 to a consumer or user for consumption or use, except when used for
23 injection into the earth for the purpose of promoting or
24 facilitating the production of oil or gas. This paragraph shall not

1 operate to increase or repeal the gross production tax levied by the
2 laws of this state;

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

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

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

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

16 a. a veterans' organization exempt from taxation pursuant
17 to the provisions of paragraph (4), (7), (8), (10), or
18 (19) of subsection (c) of Section 501 of the United
19 States Internal Revenue Code of 1986, as amended, 26
20 U.S.C., Section 501(c) et seq.,

21 b. a group home for mentally disabled individuals exempt
22 from taxation pursuant to the provisions of paragraph
23 (3) of subsection (c) of Section 501 of the United
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1 States Internal Revenue Code of 1986, as amended, 26
2 U.S.C., Section 501(c) et seq., or

3 c. a charitable health care organization which is exempt
4 from taxation pursuant to the provisions of paragraph
5 (3) of subsection (c) of Section 501 of the United
6 States Internal Revenue Code of 1986, as amended, 26
7 U.S.C., Section 501(c) et seq.;

8 8. Sales of cigarettes or tobacco products to:

9 a. a federally recognized Indian tribe or nation which
10 has entered into a compact with the State of Oklahoma
11 pursuant to the provisions of subsection C of Section
12 346 of this title or to a licensee of such a tribe or
13 nation, upon which the payment in lieu of taxes
14 required by the compact has been paid, or

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

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

1 10. The sale of low-speed or medium-speed electrical vehicles
2 on which the Oklahoma Motor Vehicle Excise Tax levied in Section
3 2101 et seq. of this title has been or will be paid;

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

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

14 SECTION 5. This act shall become effective November 1, 2025.

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