

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 COMMITTEE SUBSTITUTE

4 FOR

HOUSE BILL NO. 1875

By: Fetgatter

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7 COMMITTEE SUBSTITUTE

8 An Act relating to heavy equipment rentals; defining
9 terms; requiring imposition of recovery fee with
10 respect to heavy equipment; requiring retention of
11 fee; specifying purpose of fee; providing certain
12 transactions exempt from fee requirement; requiring
13 report to Oklahoma Tax Commission related to payment
14 of personal property taxes; providing for payment of
15 certain fee amount to county; prohibiting imposition
16 of sales tax on recovery fee amounts; providing for
17 codification; providing an effective date; and
18 declaring an emergency.

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

26 SECTION 1. NEW LAW A new section of law to be codified
27 in the Oklahoma Statutes as Section 2807.10 of Title 68, unless
28 there is created a duplication in numbering, reads as follows:

29 As used in this act:

30 1. "Heavy equipment property" includes all rental property
31 owned or held by a rental business classified under Industry Code
32 No. "532412" or "532310" of the 2017 North American Industry
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1 Classification System as published by the United States Bureau of
2 the Census;

3 2. "Primarily" means more than fifty-one percent (51%) of the
4 annual revenue of the business is derived from the rental of
5 personal property; and

6 3. "Rental charge" is defined as the charge of the rental and
7 does not include any other costs such as pickup and delivery, fuel
8 or damage waiver.

9 SECTION 2. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 2807.11 of Title 68, unless
11 there is created a duplication in numbering, reads as follows:

12 A. Except as provided in subsection B of this section, a
13 company primarily in the business of renting heavy equipment
14 property located in this state shall include in the rental invoice a
15 recovery fee of one and one-quarter percent (1.25%) on the rental
16 charge from any item of heavy equipment property rental by a
17 customer. The total amount of the recovery fee shall be retained by
18 the business for the purposes of paying personal property taxes
19 levied by all taxing jurisdictions against the heavy equipment
20 property located in the state.

21 B. Notwithstanding the provisions of subsection A of this
22 section, the recovery fee provided in this section shall not apply
23 to the rental of heavy equipment property to the federal government,
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1 or the State of Oklahoma, any municipality or any county. There
2 shall not be any other exemptions from the recovery fee.

3 SECTION 3. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 2807.12 of Title 68, unless
5 there is created a duplication in numbering, reads as follows:

6 The recovery fee shall not be subject to state or local sales
7 tax.

8 SECTION 4. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 2807.13 of Title 68, unless
10 there is created a duplication in numbering, reads as follows:

11 Annually, on or before February 15 each rental business that
12 collects the equipment rental recovery fee shall be required to
13 submit to the Tax Commission a consolidated report showing the
14 aggregated personal property taxes paid in the state during the
15 previous calendar year and the aggregated recovery collections in
16 the state. If the aggregated recovery collections in the state
17 exceed the aggregated taxes paid in the state, the excess shall be
18 paid to each county based on the prorated tax paid by the rental
19 company for each county compared to the total aggregated personal
20 property tax paid by the rental company in the state.

21 SECTION 5. This act shall become effective July 1, 2019.

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

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