

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 HOUSE BILL 2607

By: West (Rick)

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 1358.1, which relates to
9 administration of agricultural sales tax exemptions;
10 eliminating requirement that information be provided
11 at time of purchase; eliminating agricultural
12 exemption permit; eliminating requirement that permit
13 serve as certain proof; eliminating process for
14 obtaining permit; eliminating qualification for
15 permit; eliminating exceptions to qualification
16 standards; eliminating requirements for certain
17 certifications; eliminating requirements for certain
18 notifications; eliminating certain penalty; requiring
19 agricultural sales tax exemption be administered as a
20 refund of taxes paid; requiring the Tax Commission to
21 designate a certain account; requiring periodic
22 transfers to account; requiring refunds be paid from
23 account; limiting amount of refunds; requiring
24 certain filings of certain information to qualify for
refund; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 1358.1, is
amended to read as follows:

Section 1358.1 A. In order to ~~qualify for any~~ administer the
exemption authorized by Section 1358 of this title, ~~at the time of~~
~~sale, the person to whom the sale is made shall be required to~~

1 ~~furnish the vendor proof of eligibility for the exemption as~~
2 ~~required by this section.~~

3 ~~B. All vendors shall honor the proof of eligibility for sales~~
4 ~~tax exemption as authorized by this section and sales to a person~~
5 ~~providing such proof shall be exempt from the tax levied by this~~
6 ~~article, Section 1350 et seq. of this title.~~

7 ~~C. The agricultural exemption permit, the size and design of~~
8 ~~which shall be prescribed by the Oklahoma Tax Commission, shall~~
9 ~~constitute proof of eligibility for sales tax exemptions authorized~~
10 ~~by Section 1358 of this title. The permit shall be obtained by~~
11 ~~listing personal property used in farming or ranching by the person~~
12 ~~with the county assessor each year as provided by law. If the~~
13 ~~assessor determines that the personal property is correctly listed~~
14 ~~and assessed for ad valorem taxation and the county treasurer~~
15 ~~certifies whether the person has delinquent accounts appearing on~~
16 ~~the personal property tax lien docket in the county treasurer's~~
17 ~~office, the assessor shall certify the assessment upon a form~~
18 ~~prescribed by the Oklahoma Tax Commission. One copy shall be~~
19 ~~retained by the assessor, one copy shall be forwarded to the~~
20 ~~Oklahoma Tax Commission and one copy shall be given to the person~~
21 ~~listing the personal property. Upon verification that the applicant~~
22 ~~qualifies for the exemptions authorized by Section 1358 of this~~
23 ~~title and that the applicant has no delinquent accounts appearing on~~
24 ~~the personal property tax lien docket in the office of the county~~

1 ~~treasurer, a permit shall be issued as prescribed by this section.~~
2 ~~The permit shall be renewable every three (3) years in the manner~~
3 ~~provided by this section.~~

4 ~~D. A person who does not otherwise qualify for a permit~~
5 ~~pursuant to subsection C of this section, except as provided in~~
6 ~~subsection E of this section, shall file with the Oklahoma Tax~~
7 ~~Commission an application for an agricultural exemption permit~~
8 ~~constituting proof of eligibility for the sales tax exemptions~~
9 ~~authorized by Section 1358 of this title, setting forth such~~
10 ~~information as the Tax Commission may require. The application~~
11 ~~shall be certified by the applicant that the applicant is engaged in~~
12 ~~custom farming operations or in the business of farming or ranching.~~
13 ~~If the applicant is a corporation, the application shall be~~
14 ~~certified by a legally constituted officer thereof.~~

15 ~~E. Except as provided in this subsection, for a person who is a~~
16 ~~resident of another state and who is engaged in custom farming~~
17 ~~operations in this state, the person shall provide the vendor proof~~
18 ~~of residency, the name, address and telephone number of the person~~
19 ~~engaging the custom farmer and certification on the face of the~~
20 ~~invoice, under the penalty of perjury, that the property purchased~~
21 ~~shall be used in agricultural production as proof of eligibility for~~
22 ~~the sales tax exemption authorized by Section 1358 of this title.~~
23 ~~Any person who is a resident of another state and who is engaged in~~
24 ~~custom farming operations in this state and who owns property in~~

1 ~~this state, shall obtain proof of eligibility as provided in~~
2 ~~subsection C or D of this section.~~

3 ~~F. If an agricultural exemption permit holder purchases~~
4 ~~tangible personal property from a vendor on a regular basis, the~~
5 ~~permit holder may furnish the vendor proof of eligibility as~~
6 ~~provided for in subsections C and D of this section and the vendor~~
7 ~~may subsequently make sales of tangible personal property to the~~
8 ~~permit holder without requiring proof of eligibility for each~~
9 ~~subsequent sale. Provided, the permit holder shall notify the~~
10 ~~vendor of all purchases which are not exempt from sales tax under~~
11 ~~the provisions of Section 1358 of this title and remit the~~
12 ~~applicable amount of tax thereon. If the permit holder fails to~~
13 ~~notify the vendor of purchases not exempt from sales tax, then~~
14 ~~sufficient grounds shall exist for the Oklahoma Tax Commission to~~
15 ~~cancel the agricultural exemption permit of the permit holder who so~~
16 ~~failed to notify the vendor.~~

17 ~~G. If an out-of-state agricultural exemption permit holder~~
18 ~~purchases tangible personal property from a vendor within this state~~
19 ~~who is not in the business of shipping the tangible personal~~
20 ~~property purchased, then the out-of-state agricultural exemption~~
21 ~~permit holder is responsible for providing an export bill of lading~~
22 ~~or other documentation to the vendor from whom the tangible personal~~
23 ~~property was purchased showing that the point of delivery of such~~
24 ~~goods for use and consumption is outside the State of Oklahoma.~~

1 ~~H. A purchaser who uses an agricultural exemption permit or~~
2 ~~provides proof of eligibility pursuant to subsection E of this~~
3 ~~section to purchase, exempt from sales tax, items not authorized for~~
4 ~~exemption under Section 1358 of this title shall be subject to a~~
5 ~~penalty in the amount of Five Hundred Dollars (\$500.00) there shall~~
6 be made a sales tax refund for state and local sales taxes paid
7 related to purchases qualifying under the provisions of Section 1358
8 of this title.

9 B. The Oklahoma Tax Commission shall transfer each month from
10 sales tax collected the amount which the Commission estimates to be
11 necessary to make the sales tax refund provided by this section to
12 an account designated as the Commission determines.

13 C. Any refund shall be paid from the account prescribed by this
14 section at the time the claim for refund is approved by the Tax
15 Commission. The amount of the refund shall not exceed the total
16 state and local sales taxes paid.

17 D. To qualify for the refund authorized by this section, an
18 applicant shall file with the Tax Commission not more than once per
19 calendar year, the following documentation for refunds claimed:

20 1. Invoices indicating the amount of state and local sales
21 taxes paid related to purchases qualifying under the provisions of
22 Section 1358 of this title, and

23 2. All additional documentation required to be submitted
24 pursuant to rules promulgated by the Tax Commission.

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SECTION 2. This act shall become effective November 1, 2018.

56-2-8097 JM 01/12/18