

1 ENGROSSED SENATE AMENDMENT
TO

2 ENGROSSED HOUSE
BILL NO. 3738

By: Dempsey of the House

and

Kidd of the Senate

[revenue and taxation - sales tax exemptions for
agriculture - definitions - effective date]

11 AUTHOR: Add the following Senate Coauthor: Bullard

12 AMENDMENT NO. 1. Page 1, strike the stricken title, enacting clause
and entire bill and insert

"[revenue and taxation - sales tax exemptions for
agriculture - definitions - effective date]

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

18 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1358, is
19 amended to read as follows:

Section 1358. Exemptions - Agriculture.

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

23 1. Sales of agricultural products produced in this state by the
24 producer thereof directly to the consumer or user when such articles

1 are sold at or from a farm and not from some other place of
2 business, as follows:

- 3 a. farm, orchard, or garden products, and
- 4 b. dairy products sold by a dairy producer or farmer who
5 owns all the cows from which the dairy products
6 offered for sale are produced;

7 provided, the provisions of this paragraph shall not be construed as
8 exempting sales by florists, nursery operators or chicken
9 hatcheries, or sales of dairy products by any other business except
10 as set out herein;

11 2. Livestock, including cattle, horses, mules, or other
12 domestic or draft animals, sold by the producer by private treaty or
13 at a special livestock sale;

14 3. Sale of baby chicks, turkey poults and starter pullets used
15 in the commercial production of chickens, turkeys and eggs;
16 provided, that the purchaser certifies, in writing, on the copy of
17 the invoice or sales ticket to be retained by the vendor that the
18 pullets will be used primarily for egg production;

19 4. Sale of salt, grains, tankage, oyster shells, mineral
20 supplements, limestone, and other generally recognized animal feeds
21 for the following purposes and subject to the following limitations:

- 22 a. feed which is fed to poultry and livestock, including
23 breeding stock and wool-bearing stock, for the purpose

24

1 of producing eggs, poultry, milk, or meat for human
2 consumption,

3 b. feed purchased in Oklahoma for the purpose of being
4 fed to and which is fed by the purchaser to horses,
5 mules, or other domestic or draft animals used
6 directly in the producing and marketing of
7 agricultural products, and

8 c. any stock tonics, water purifying products, stock
9 sprays, disinfectants, or other such agricultural
10 supplies.

11 "Poultry" shall not be construed to include any fowl other than
12 domestic fowl kept and raised for the market or production of eggs.

13 "Livestock" shall not be construed to include any pet animals such
14 as dogs, cats, birds, or such other fur-bearing animals. This
15 exemption shall only be granted and extended where the purchaser of
16 feed that is to be used and in fact is used for a purpose that would
17 bring about an exemption hereunder executes an invoice or sales
18 ticket in duplicate on a form to be prescribed by the Oklahoma Tax
19 Commission. The purchaser may demand and receive a copy of the
20 invoice or sales ticket and the vendor shall retain a copy;

21 5. Sales of items to be and in fact used in the production of
22 agricultural products. Sale of the following items shall be subject
23 to the following limitations:
24

- 1 a. sales of agricultural fertilizer to any person
2 regularly engaged, for profit, in the business of
3 farming or ranching,
- 4 b. sales of agricultural fertilizer to any person engaged
5 in the business of applying such materials on a
6 contract or custom basis to land owned or leased and
7 operated by persons regularly engaged, for profit, in
8 the business of farming or ranching. In addition to
9 providing the vendor proof of eligibility as provided
10 in Section 1358.1 of this title, the purchaser shall
11 provide the name or names of such owner or lessee and
12 operator and the location of the lands on which ~~said~~
13 such materials are to be applied to each such land,
- 14 c. sales of agricultural fertilizer, pharmaceuticals, and
15 biologicals to persons engaged in the business of
16 applying such materials on a contract or custom basis
17 shall not be considered to be sales to contractors
18 under this article, and ~~said~~ such sales shall not be
19 considered to be taxable sales within the meaning of
20 the Oklahoma Sales Tax Code. As used in this section,
21 "agricultural fertilizer", "pharmaceuticals", and
22 "biologicals" mean any substance sold and used for
23 soil enrichment or soil corrective purposes or for
24

1 promoting the growth and productivity of plants or
2 animals,

3 d. sales of agricultural seed or plants to any person
4 regularly engaged, for profit, in the business of
5 farming or ranching. This section shall not be
6 construed as exempting from sales tax, seed which is
7 packaged and sold for use in noncommercial flower and
8 vegetable gardens, and

9 e. sales of agricultural chemical pesticides to any
10 person regularly engaged, for profit, in the business
11 of farming or ranching. For the purposes of this
12 subparagraph, "agricultural chemical pesticides" shall
13 include any substance or mixture of substances
14 intended for preventing, destroying, repelling, or
15 mitigating any insect, snail, slug, rodent, bird,
16 nematode, fungus, weed, or any other form of
17 terrestrial or aquatic plant or animal life or virus,
18 bacteria or other microorganism, except viruses,
19 bacteria or other microorganisms on or in living man,
20 or any substance or mixture of substances intended for
21 use as a plant regulator, defoliant, or desiccant.

22 The exemption provided in this paragraph shall only be granted
23 and extended to the purchaser where the items are to be used and in
24 fact are used in the production of agricultural products;

1 6. Sale of farm machinery, repair parts thereto or fuel, oil,
2 lubricants, and other substances used for operation and maintenance
3 of the farm machinery to be used directly on a farm or ranch in the
4 production, cultivation, planting, sowing, harvesting, processing,
5 spraying, preservation, or irrigation of any livestock, poultry,
6 agricultural, or dairy products produced from such lands. The
7 exemption specified in this paragraph shall apply to such farm
8 machinery, repair parts or fuel, oil, lubricants, and other
9 substances used by persons engaged in the business of custom
10 production, cultivation, planting, sowing, harvesting, processing,
11 spraying, preservation, or irrigation of any livestock, poultry,
12 agricultural, or dairy products for farmers or ranchers. The
13 exemption provided for herein shall not apply to motor vehicles;

14 7. Sales of supplies, machinery, and equipment to persons
15 regularly engaged in the business of raising evergreen trees for
16 retail sale in which such trees are cut down on the premises by the
17 consumer purchasing such tree. This exemption shall only be granted
18 and extended when the items in fact are used in the raising of such
19 evergreen trees; and

20 8. Sales of materials, supplies, and equipment to an
21 agricultural permit holder or to any person with whom the permit
22 holder has contracted to construct facilities which are or which
23 will be used directly in the production of any livestock, including,
24 but not limited to, facilities used in the production and storage of

1 feed for livestock owned by the permit holder. Any person making
2 purchases on behalf of the agricultural permit holder shall certify,
3 in writing, on the copy of the invoice or sales ticket to be
4 retained by the vendor, that the purchases are made for and on
5 behalf of such permit holder and set out the name and permit number
6 of such holder. Any person who wrongfully or erroneously certifies
7 that purchases are for an agricultural permit holder or who
8 otherwise violates this subsection shall be guilty of a misdemeanor
9 and, upon conviction thereof, shall be punishable by a fine of an
10 amount equal to double the amount of sales tax involved or
11 imprisonment in the county jail for not more than sixty (60) days or
12 by both such fine and imprisonment.

13 B. As used in this section and Section 1358.1 of this title:

14 1. "Agricultural products" shall include horses, timber, and
15 seedlings of trees grown for commercial timber; and

16 2. "Farming" or "farm" shall include timber producers;

17 3. "Ranching" or "ranch" shall include the business, or
18 facilities for the business, of raising horses;

19 4. "Timber" means trees grown primarily for the commercial
20 production of food, wood, or wood fiber products; and

21 5. "Timber producer" means a person who:

22 a. harvests timber that the person owns and continues to
23 own until the timber is processed, packed, or
24 marketed; or

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7 [revenue and taxation - sales tax exemptions for
8 agriculture - definitions - effective date]
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11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 3. AMENDATORY 68 O.S. 2021, Section 1358, is
13 amended to read as follows:

14 Section 1358. Exemptions - Agriculture.

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16 by Section 1350 et seq. of this title:

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18 producer thereof directly to the consumer or user when such articles
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20 business, as follows:

- 21 a. farm, orchard or garden products, and
22 b. dairy products sold by a dairy producer or farmer who
23 owns all the cows from which the dairy products
24 offered for sale are produced;

1 provided, the provisions of this paragraph shall not be construed as
2 exempting sales by florists, nursery operators or chicken
3 hatcheries, or sales of dairy products by any other business except
4 as set out herein;

5 2. Livestock, including cattle, horses, mules or other domestic
6 or draft animals, sold by the producer by private treaty or at a
7 special livestock sale;

8 3. Sale of baby chicks, turkey poults and starter pullets used
9 in the commercial production of chickens, turkeys and eggs, provided
10 that the purchaser certifies, in writing, on the copy of the invoice
11 or sales ticket to be retained by the vendor that the pullets will
12 be used primarily for egg production;

13 4. Sale of salt, grains, tankage, oyster shells, mineral
14 supplements, limestone and other generally recognized animal feeds
15 for the following purposes and subject to the following limitations:

16 a. feed which is fed to poultry and livestock, including
17 breeding stock and wool-bearing stock, for the purpose
18 of producing eggs, poultry, milk or meat for human
19 consumption,

20 b. feed purchased in Oklahoma for the purpose of being
21 fed to and which is fed by the purchaser to horses,
22 mules or other domestic or draft animals used directly
23 in the producing and marketing of agricultural
24 products, and

1 c. any stock tonics, water purifying products, stock
2 sprays, disinfectants or other such agricultural
3 supplies.

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5 domestic fowl kept and raised for the market or production of eggs.

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7 as dogs, cats, birds or such other fur-bearing animals. This
8 exemption shall only be granted and extended where the purchaser of
9 feed that is to be used and in fact is used for a purpose that would
10 bring about an exemption hereunder executes an invoice or sales
11 ticket in duplicate on a form to be prescribed by the Oklahoma Tax
12 Commission. The purchaser may demand and receive a copy of the
13 invoice or sales ticket and the vendor shall retain a copy;

14 5. Sales of items to be and in fact used in the production of
15 agricultural products. Sale of the following items shall be subject
16 to the following limitations:

17 a. sales of agricultural fertilizer to any person
18 regularly engaged, for profit, in the business of
19 farming or ranching,

20 b. sales of agricultural fertilizer to any person engaged
21 in the business of applying such materials on a
22 contract or custom basis to land owned or leased and
23 operated by persons regularly engaged, for profit, in
24 the business of farming or ranching. In addition to

1 providing the vendor proof of eligibility as provided
2 in Section 1358.1 of this title, the purchaser shall
3 provide the name or names of such owner or lessee and
4 operator and the location of the lands on which said
5 materials are to be applied to each such land,

6 c. sales of agricultural fertilizer, pharmaceuticals and
7 biologicals to persons engaged in the business of
8 applying such materials on a contract or custom basis
9 shall not be considered to be sales to contractors
10 under this article, and said sales shall not be
11 considered to be taxable sales within the meaning of
12 the Oklahoma Sales Tax Code. As used in this section,
13 "agricultural fertilizer", "pharmaceuticals" and
14 "biologicals" mean any substance sold and used for
15 soil enrichment or soil corrective purposes or for
16 promoting the growth and productivity of plants or
17 animals,

18 d. sales of agricultural seed or plants to any person
19 regularly engaged, for profit, in the business of
20 farming or ranching. This section shall not be
21 construed as exempting from sales tax, seed which is
22 packaged and sold for use in noncommercial flower and
23 vegetable gardens, and
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1 e. sales of agricultural chemical pesticides to any
2 person regularly engaged, for profit, in the business
3 of farming or ranching. For the purposes of this
4 subparagraph, "agricultural chemical pesticides" shall
5 include any substance or mixture of substances
6 intended for preventing, destroying, repelling or
7 mitigating any insect, snail, slug, rodent, bird,
8 nematode, fungus, weed or any other form of
9 terrestrial or aquatic plant or animal life or virus,
10 bacteria or other microorganism, except viruses,
11 bacteria or other microorganisms on or in living man,
12 or any substance or mixture of substances intended for
13 use as a plant regulator, defoliant or desiccant.

14 The exemption provided in this paragraph shall only be granted
15 and extended to the purchaser where the items are to be used and in
16 fact are used in the production of agricultural products;

17 6. Sale of farm machinery, repair parts thereto or fuel, oil,
18 lubricants and other substances used for operation and maintenance
19 of the farm machinery to be used directly on a farm or ranch in the
20 production, cultivation, planting, sowing, harvesting, processing,
21 spraying, preservation or irrigation of any livestock, poultry,
22 agricultural or dairy products produced from such lands. The
23 exemption specified in this paragraph shall apply to such farm
24 machinery, repair parts or fuel, oil, lubricants and other

1 substances used by persons engaged in the business of custom
2 production, cultivation, planting, sowing, harvesting, processing,
3 spraying, preservation, or irrigation of any livestock, poultry,
4 agricultural, or dairy products for farmers or ranchers. The
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6 7. Sales of supplies, machinery and equipment to persons
7 regularly engaged in the business of raising evergreen trees for
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9 consumer purchasing such tree. This exemption shall only be granted
10 and extended when the items in fact are used in the raising of such
11 evergreen trees; and

12 8. Sales of materials, supplies and equipment to an
13 agricultural permit holder or to any person with whom the permit
14 holder has contracted to construct facilities which are or which
15 will be used directly in the production of any livestock, including,
16 but not limited to, facilities used in the production and storage of
17 feed for livestock owned by the permit holder. Any person making
18 purchases on behalf of the agricultural permit holder shall certify,
19 in writing, on the copy of the invoice or sales ticket to be
20 retained by the vendor that the purchases are made for and on behalf
21 of such permit holder and set out the name and permit number of such
22 holder. Any person who wrongfully or erroneously certifies that
23 purchases are for an agricultural permit holder or who otherwise
24 violates this subsection shall be guilty of a misdemeanor and, upon

1 conviction thereof, shall be punishable by a fine of an amount equal
2 to double the amount of sales tax involved or imprisonment in the
3 county jail for not more than sixty (60) days or by both such fine
4 and imprisonment.

5 B. As used in this section and Section 1358.1 of this title:

6 1. "Agricultural products" shall include horses and timber; ~~and~~

7 2. "Farming" or "farm" shall include the production of timber,
8 seedling production, and forestry management; and

9 3. "Ranching" or "ranch" shall include the business, or
10 facilities for the business, of raising horses.

11 Provided, sales of items at race meetings as defined in Section
12 200.1 of Title 3A of the Oklahoma Statutes shall not be exempt
13 pursuant to the provisions of this section and Section 1358.1 of
14 this title.

15 SECTION 4. This act shall become effective November 1, 2024.

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1 Passed the House of Representatives the 7th day of March, 2024.

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3 _____
4 Presiding Officer of the House
of Representatives

5 Passed the Senate the ____ day of _____, 2024.

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8 _____
9 Presiding Officer of the Senate