

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 SENATE BILL 1581

By: Hall

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6 AS INTRODUCED

7 An Act relating to the Streamlined Sales and Use Tax
8 Administration Act; amending 68 O.S. 2011, Section
9 1354.32, which relates to taxing jurisdiction
10 boundaries; making certain procedures by sellers and
11 certified service providers mandatory; and providing
12 an effective date.

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

14 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1354.32, is
15 amended to read as follows:

16 Section 1354.32. The Oklahoma Tax Commission shall:

17 1. Provide and maintain a database that describes boundary
18 changes for all taxing jurisdictions within this state for sales and
19 use tax purposes. This database shall include a description of the
20 change and the effective date of the change for sales and use tax
21 purposes;

22 2. Provide and maintain a database of all sales and use tax
23 rates for all of the jurisdictions levying taxes within the state.

24 For the identification of the state, counties, and cities, codes
corresponding to the rates must be provided according to Federal

1 Information Processing Standards (FIPS) as developed by the National
2 Institute of Standards and Technology;

3 3. Provide and maintain a database that assigns each five-digit
4 and nine-digit zip code within the state to the proper tax rates and
5 jurisdictions. The lowest combined tax rate imposed in the zip code
6 area shall apply if the area includes more than one tax rate in any
7 level of taxing jurisdictions. The collections from an area that
8 includes more than one jurisdiction in a level shall be allocated
9 between the jurisdictions according to the pro rata population of
10 each jurisdiction in the area. If a nine-digit zip code designation
11 is not available for a street address or if a seller or certified
12 service provider (CSP) is unable to determine the nine-digit zip
13 code designation applicable to a purchaser after exercising due
14 diligence to determine the designation, the seller or CSP may apply
15 the rate for the five-digit zip code area. For the purposes of this
16 section, there is a rebuttable presumption that a seller has
17 exercised due diligence if the seller or CSP has attempted to
18 determine the nine-digit zip code designation by utilizing software
19 approved by the Tax Commission that makes this designation from the
20 street address and the five-digit zip code applicable to the
21 purchaser;

22 4. Have the option of providing address-based database records
23 for assigning taxing jurisdictions and their associated rates which
24 shall be in addition to the requirements of paragraph 3 of this

1 section. The database records must be in the same approved format
2 as the database records pursuant to paragraph 3 of this section and
3 must meet the requirements developed pursuant to the federal Mobile
4 Telecommunications Sourcing Act, 4 U.S.C. Sec. 119(a). If the Tax
5 Commission develops and adopts address-based assignment database
6 records pursuant to the Agreement, a seller or CSP ~~may~~ shall use
7 those database records in place of the five- and nine-digit zip code
8 database records provided for in paragraph 3 of this section. If a
9 seller or CSP is unable to determine the applicable rate and
10 jurisdiction using an address-based database record after exercising
11 due diligence, the seller or CSP ~~may~~ shall apply the nine-digit zip
12 code designation applicable to a purchase. If a nine-digit zip code
13 designation is not available for a street address or if a seller or
14 CSP is unable to determine the nine-digit zip code designation
15 applicable to a purchase after exercising due diligence to determine
16 the designation, the seller or CSP ~~may~~ shall apply the rate for the
17 five-digit zip code area. For the purposes of this section, there
18 is a rebuttable presumption that a seller or CSP has exercised due
19 diligence if the seller or CSP has attempted to determine the tax
20 rate and jurisdiction by utilizing software approved by the
21 governing board that makes this assignment from the address and zip
22 code information applicable to the purchase;

23 5. Have the option, upon meeting the requirements of paragraph
24 4 of this section, to certify vendor provided address-based

1 databases for assigning tax rates and jurisdictions. The databases
2 must be in the same approved format as the database records pursuant
3 to paragraph 4 of this section and must meet the requirements
4 developed pursuant to the federal Mobile Telecommunications Sourcing
5 Act, 4 U.S.C.A., Sec. 119(a). If the Tax Commission certifies a
6 vendor address-based database, a seller or CSP may use that database
7 in place of the database provided for in paragraph 3 or 4 of this
8 section;

9 6. Review software submitted for certification as a certified
10 automated system (CAS). The review shall include a review to
11 determine that the program adequately classifies that state's
12 product-based exemptions. The Tax Commission shall certify its
13 acceptance of the classifications made by the system;

14 7. Relieve vendors and certified service providers from
15 liability for having charged and collected the incorrect amount of
16 sales or use tax resulting from the seller of the certified service
17 provider relying on erroneous data provided by the Tax Commission on
18 tax rates, boundaries, or taxing jurisdiction assignments.

19 Provided, the vendor or certified service provider shall not be
20 relieved from liability for errors resulting from the reliance on
21 the information provided pursuant to paragraph 3 of this section if
22 the Tax Commission has provided or certified an address-based system
23 pursuant to paragraph 4 or 5 of this section;

1 8. Be authorized to provide relief from liability to vendors
2 and certified service providers who are participating with the Tax
3 Commission in the use of a sales and use tax collection system that
4 incorporates one or more databases provided or certified by the Tax
5 Commission under this section if the Tax Commission has reviewed and
6 approved such sales and use tax collection system; and

7 9. Relieve CSPs and Model 2 sellers from liability for not
8 collecting sales or use taxes resulting from the CSP or Model 2
9 seller relying on the certification provided by the Tax Commission
10 pursuant to paragraph 6 of this section. If the Tax Commission
11 determines that an item or transaction is incorrectly classified as
12 to its taxability, it shall notify the CSP or Model 2 seller of the
13 incorrect classification. The CSP or Model 2 seller shall have ten
14 (10) days to revise the classification after receipt of notice from
15 the Tax Commission of the determination.

16 SECTION 2. This act shall become effective November 1, 2020.

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