

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL NO. 422

By: Simpson of the Senate

and

Burns of the House

8 COMMITTEE SUBSTITUTE

9 An Act relating to revenue and taxation; amending 68
10 O.S. 2011, Section 1358.1, which relates to
11 agricultural sales tax exemptions; requiring Oklahoma
Tax Commission certain proof of exemption; providing
an effective date; and declaring an emergency.

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

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

17 Section 1358.1 A. In order to qualify for any exemption
18 authorized by Section 1358 of this title, at the time of sale, the
19 person to whom the sale is made shall be required to furnish the
20 vendor proof of eligibility for the exemption as required by this
21 section.

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

3 C. The agricultural exemption permit, the size and design of
4 which shall be prescribed by the Oklahoma Tax Commission, shall
5 constitute proof of eligibility for sales tax exemptions authorized
6 by Section 1358 of this title. The permit shall be obtained by
7 listing personal property used in farming or ranching by the person
8 with the county assessor each year as provided by law. If the
9 assessor determines that the personal property is correctly listed
10 and assessed for ad valorem taxation and the county treasurer
11 certifies whether the person has delinquent accounts appearing on
12 the personal property tax lien docket in the county treasurer's
13 office, the assessor shall certify the assessment upon a form
14 prescribed by the Oklahoma Tax Commission. One copy shall be
15 retained by the assessor, one copy shall be forwarded to the
16 Oklahoma Tax Commission and one copy shall be given to the person
17 listing the personal property. Upon verification that the applicant
18 qualifies for the exemptions authorized by Section 1358 of this
19 title and that the applicant has no delinquent accounts appearing on
20 the personal property tax lien docket in the office of the county
21 treasurer, a permit shall be issued as prescribed by this section.
22 The permit shall be renewable every three (3) years in the manner
23 provided by this section.

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

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

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

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

23 H. A purchaser who uses an agricultural exemption permit or
24 provides proof of eligibility pursuant to subsection E of this

1 section to purchase, exempt from sales tax, items not authorized for
2 exemption under Section 1358 of this title shall be subject to a
3 penalty in the amount of Five Hundred Dollars (\$500.00).

4 I. The Oklahoma Tax Commission shall accept any one of the
5 following as proof of eligibility for the exemptions authorized by
6 this section or pursuant to Section 1358 of this title:

7 1. Schedule F, or a copy of Schedule F, or any equivalent form
8 prescribed by the Internal Revenue Service, with respect to a
9 federal income tax return;

10 2. A three-year business plan form provided by the Oklahoma
11 Tax Commission; or

12 3. A farm exemption tax form provided by the Oklahoma
13 Department of Agriculture, Food, and Forestry.

14 SECTION 2. This act shall become effective July 1, 2021.

15 SECTION 3. It being immediately necessary for the preservation
16 of the public peace, health or safety, an emergency is hereby
17 declared to exist, by reason whereof this act shall take effect and
18 be in full force from and after its passage and approval.

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