

1 **SENATE FLOOR VERSION**

2 February 26, 2019

3 **AS AMENDED**

4 SENATE BILL NO. 477

5 By: Quinn

6 **[sales tax - proof of eligibility for agricultural**
7 **exemptions - effective date]**

8
9 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

12 Section 1358.1. A. In order to qualify for any exemption
13 claimed at the time of sale and authorized by Section 1358 of this
14 title, ~~at the time of sale,~~ the person to whom the sale is made
15 shall be required to furnish the vendor proof of eligibility for the
16 exemption as required by this section.

17 B. All vendors shall honor the proof of eligibility for sales
18 tax exemption as authorized by this section and sales to a person
19 providing such proof shall be exempt at the time of sale from the
20 tax levied by this article, Section 1350 et seq. of this title,
21 except as provided in subsection I of this section.

22 C. The agricultural exemption permit, the size and design of
23 which shall be prescribed by the Oklahoma Tax Commission, shall
24 constitute proof of eligibility for sales tax exemptions authorized

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

20 D. A person who does not otherwise qualify for a permit
21 pursuant to subsection C of this section, except as provided in
22 subsection E of this section, shall file with the Oklahoma Tax
23 Commission an application for an agricultural exemption permit
24 constituting proof of eligibility for the sales tax exemptions

1 authorized by Section 1358 of this title, setting forth such
2 information as the Tax Commission may require. The application
3 shall be certified by the applicant that the applicant is engaged in
4 custom farming operations or in the business of farming or ranching.
5 If the applicant is a corporation, the application shall be
6 certified by a legally constituted officer thereof.

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

19 F. If an agricultural exemption permit holder purchases
20 tangible personal property from a vendor on a regular basis, the
21 permit holder may furnish the vendor proof of eligibility as
22 provided for in subsections C and D of this section and the vendor
23 may subsequently make sales of tangible personal property to the
24 permit holder without requiring proof of eligibility for each

1 subsequent sale. Provided, the permit holder shall notify the
2 vendor of all purchases which are not exempt from sales tax under
3 the provisions of Section 1358 of this title and remit the
4 applicable amount of tax thereon. If the permit holder fails to
5 notify the vendor of purchases not exempt from sales tax, then
6 sufficient grounds shall exist for the Oklahoma Tax Commission to
7 cancel the agricultural exemption permit of the permit holder who so
8 failed to notify the vendor.

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

17 H. A purchaser who uses an agricultural exemption permit or
18 provides proof of eligibility pursuant to subsection E of this
19 section to purchase, exempt from sales tax, items not authorized for
20 exemption under Section 1358 of this title shall be subject to a
21 penalty in the amount of Five Hundred Dollars (\$500.00).

22 I. 1. For applications filed on or after November 1, 2019,
23 under the provisions of subsections C and D of this section, the Tax
24 Commission shall verify that the applicant has reported income from

1 farming for income tax purposes. Such verification may be made from
2 records of the Tax Commission or satisfactory proof submitted by the
3 applicant with the application. No permit shall be issued until the
4 Tax Commission has verified the reporting of farming income by the
5 applicant.

6 2. If an applicant that would otherwise qualify for a permit is
7 denied a permit as provided in paragraph 1 of this subsection, the
8 applicant may submit a claim for refund for sales tax paid on
9 purchases exempt pursuant to Section 1358 of this title. Provided,
10 the applicant must submit a copy of its income tax return
11 documenting the reporting of farming income with its refund claim.
12 The period for which a claim may be filed shall be within one (1)
13 year of application for permit under this section and no claim for
14 refund may be filed more than two (2) years of application for
15 permit.

16 3. The Tax Commission shall develop such forms and procedures
17 as may be necessary to issue permits and refunds for sales tax paid
18 which is subject to the exemption authorized by Section 1358 of this
19 title as provided in this section.

20 SECTION 2. This act shall become effective November 1, 2019.

21 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
22 February 26, 2019 - DO PASS AS AMENDED
23
24