

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 2977

By: Staires

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 2021, Section 1356, as last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp. 2023, Section 1356), which relates to sales tax exemptions for governmental and nonprofit entities; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1356, as last amended by Section 1, Chapter 394, O.S.L. 2022 (68 O.S. Supp. 2023, Section 1356), is amended to read as follows:

Section 1356. Exemptions - Governmental and nonprofit entities.

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

1. Sale of tangible personal property or services to the United States government or to the State of Oklahoma, any political subdivision of this state, ~~or~~ any agency of a political subdivision of this state or a public trust in which a municipality is the beneficiary; provided, all sales to contractors in connection with the performance of any contract with the United States government,

1 State of Oklahoma or any of its political subdivisions shall not be
2 exempted from the tax levied by Section 1350 et seq. of this title,
3 except as hereinafter provided;

4 2. Sales of property to agents appointed by or under contract
5 with agencies or instrumentalities of the United States government
6 if ownership and possession of such property transfers immediately
7 to the United States government;

8 3. Sales of property to agents appointed by or under contract
9 with a political subdivision of this state if the sale of such
10 property is associated with the development of a qualified federal
11 facility, as provided in the Oklahoma Federal Facilities Development
12 Act, and if ownership and possession of such property transfers
13 immediately to the political subdivision or the state;

14 4. Sales made directly by county, district or state fair
15 authorities of this state, upon the premises of the fair authority,
16 for the sole benefit of the fair authority or sales of admission
17 tickets to such fairs or fair events at any location in the state
18 authorized by county, district or state fair authorities; provided,
19 the exemption provided by this paragraph for admission tickets to
20 fair events shall apply only to any portion of the admission price
21 that is retained by or distributed to the fair authority. As used
22 in this paragraph, "fair event" shall be limited to an event held on
23 the premises of the fair authority in conjunction with and during
24 the time period of a county, district or state fair;

1 5. Sale of food in cafeterias or lunchrooms of elementary
2 schools, high schools, colleges or universities which are operated
3 primarily for teachers and pupils and are not operated primarily for
4 the public or for profit;

5 6. Dues paid to fraternal, religious, civic, charitable or
6 educational societies or organizations by regular members thereof,
7 provided, such societies or organizations operate under what is
8 commonly termed the lodge plan or system, and provided such
9 societies or organizations do not operate for a profit which inures
10 to the benefit of any individual member or members thereof to the
11 exclusion of other members and dues paid monthly or annually to
12 privately owned scientific and educational libraries by members
13 sharing the use of services rendered by such libraries with students
14 interested in the study of geology, petroleum engineering or related
15 subjects;

16 7. Sale of tangible personal property or services to or by
17 churches, except sales made in the course of business for profit or
18 savings, competing with other persons engaged in the same or a
19 similar business or sale of tangible personal property or services
20 by an organization exempt from federal income tax pursuant to
21 Section 501(c)(3) of the Internal Revenue Code of 1986, as amended,
22 made on behalf of or at the request of a church or churches if the
23 sale of such property is conducted not more than once each calendar
24 year for a period not to exceed three (3) days by the organization

1 and proceeds from the sale of such property are used by the church
2 or churches or by the organization for charitable purposes;

3 8. The amount of proceeds received from the sale of admission
4 tickets which is separately stated on the ticket of admission for
5 the repayment of money borrowed by any accredited state-supported
6 college or university or any public trust of which a county in this
7 state is the beneficiary, for the purpose of constructing or
8 enlarging any facility to be used for the staging of an athletic
9 event, a theatrical production, or any other form of entertainment,
10 edification or cultural cultivation to which entry is gained with a
11 paid admission ticket. Such facilities include, but are not limited
12 to, athletic fields, athletic stadiums, field houses, amphitheaters
13 and theaters. To be eligible for this sales tax exemption, the
14 amount separately stated on the admission ticket shall be a
15 surcharge which is imposed, collected and used for the sole purpose
16 of servicing or aiding in the servicing of debt incurred by the
17 college or university to effect the capital improvements
18 hereinbefore described;

19 9. Sales of tangible personal property or services to the
20 council organizations or similar state supervisory organizations of
21 the Boy Scouts of America, Girl Scouts of U.S.A. and Camp Fire USA;

22 10. Sale of tangible personal property or services to any
23 county, municipality, rural water district, public school district,
24 city-county library system, the institutions of The Oklahoma State

1 System of Higher Education, the Grand River Dam Authority, the
2 Northeast Oklahoma Public Facilities Authority, the Oklahoma
3 Municipal Power Authority, City of Tulsa-Rogers County Port
4 Authority, Muskogee City-County Port Authority, the Oklahoma
5 Department of Veterans Affairs, the Broken Bow Economic Development
6 Authority, Ardmore Development Authority, Durant Industrial
7 Authority, Oklahoma Ordnance Works Authority, Central Oklahoma
8 Master Conservancy District, Arbuckle Master Conservancy District,
9 Fort Cobb Master Conservancy District, Foss Reservoir Master
10 Conservancy District, Mountain Park Master Conservancy District,
11 Waurika Lake Master Conservancy District and the Office of
12 Management and Enterprise Services only when carrying out a public
13 construction contract on behalf of the Oklahoma Department of
14 Veterans Affairs, and effective July 1, 2022, the University
15 Hospitals Trust, or to any person with whom any of the above-named
16 subdivisions or agencies of this state has duly entered into a
17 public contract pursuant to law, necessary for carrying out such
18 public contract or to any subcontractor to such a public contract.
19 Any person making purchases on behalf of such subdivision or agency
20 of this state shall certify, in writing, on the copy of the invoice
21 or sales ticket to be retained by the vendor that the purchases are
22 made for and on behalf of such subdivision or agency of this state
23 and set out the name of such public subdivision or agency. Any
24 person who wrongfully or erroneously certifies that purchases are

1 for any of the above-named subdivisions or agencies of this state or
2 who otherwise violates this section shall be guilty of a misdemeanor
3 and upon conviction thereof shall be fined an amount equal to double
4 the amount of sales tax involved or incarcerated for not more than
5 sixty (60) days or both;

6 11. Sales of tangible personal property or services to private
7 institutions of higher education and private elementary and
8 secondary institutions of education accredited by the State
9 Department of Education or registered by the State Board of
10 Education for purposes of participating in federal programs or
11 accredited as defined by the Oklahoma State Regents for Higher
12 Education which are exempt from taxation pursuant to the provisions
13 of the Internal Revenue Code, 26 U.S.C., Section 501(c) (3) including
14 materials, supplies and equipment used in the construction and
15 improvement of buildings and other structures owned by the
16 institutions and operated for educational purposes.

17 Any person, firm, agency or entity making purchases on behalf of
18 any institution, agency or subdivision in this state, shall certify
19 in writing, on the copy of the invoice or sales ticket the nature of
20 the purchases, and violation of this paragraph shall be a
21 misdemeanor as set forth in paragraph 10 of this section;

22 12. Tuition and educational fees paid to private institutions
23 of higher education and private elementary and secondary
24 institutions of education accredited by the State Department of

1 Education or registered by the State Board of Education for purposes
2 of participating in federal programs or accredited as defined by the
3 Oklahoma State Regents for Higher Education which are exempt from
4 taxation pursuant to the provisions of the Internal Revenue Code, 26
5 U.S.C., Section 501(c)(3);

6 13. a. Sales of tangible personal property made by:

7 (1) a public school,

8 (2) a private school offering instruction for grade
9 levels kindergarten through twelfth grade,

10 (3) a public school district,

11 (4) a public or private school board,

12 (5) a public or private school student group or
13 organization,

14 (6) a parent-teacher association or organization
15 other than as specified in subparagraph b of this
16 paragraph, or

17 (7) public or private school personnel for purposes
18 of raising funds for the benefit of a public or
19 private school, public school district, public or
20 private school board or public or private school
21 student group or organization, or

22 b. Sales of tangible personal property made by or to
23 nonprofit parent-teacher associations or organizations
24 exempt from taxation pursuant to the provisions of the

1 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
2 nonprofit local public or private school foundations
3 which solicit money or property in the name of any
4 public or private school or public school district.

5 The exemption provided by this paragraph for sales made by a
6 public or private school shall be limited to those public or private
7 schools accredited by the State Department of Education or
8 registered by the State Board of Education for purposes of
9 participating in federal programs. Sale of tangible personal
10 property in this paragraph shall include sale of admission tickets
11 and concessions at athletic events;

12 14. Sales of tangible personal property by:

- 13 a. local 4-H clubs,
- 14 b. county, regional or state 4-H councils,
- 15 c. county, regional or state 4-H committees,
- 16 d. 4-H leader associations,
- 17 e. county, regional or state 4-H foundations, and
- 18 f. authorized 4-H camps and training centers.

19 The exemption provided by this paragraph shall be limited to
20 sales for the purpose of raising funds for the benefit of such
21 organizations. Sale of tangible personal property exempted by this
22 paragraph shall include sale of admission tickets;

23 15. The first Seventy-five Thousand Dollars (\$75,000.00) each
24 year from sale of tickets and concessions at athletic events by each

1 organization exempt from taxation pursuant to the provisions of the
2 Internal Revenue Code, 26 U.S.C., Section 501(c)(4);

3 16. Sales of tangible personal property or services to any
4 person with whom the Oklahoma Tourism and Recreation Department has
5 entered into a public contract and which is necessary for carrying
6 out such contract to assist the Department in the development and
7 production of advertising, promotion, publicity and public relations
8 programs;

9 17. Sales of tangible personal property or services to fire
10 departments organized pursuant to Section 592 of Title 18 of the
11 Oklahoma Statutes which items are to be used for the purposes of the
12 fire department. Any person making purchases on behalf of any such
13 fire department shall certify, in writing, on the copy of the
14 invoice or sales ticket to be retained by the vendor that the
15 purchases are made for and on behalf of such fire department and set
16 out the name of such fire department. Any person who wrongfully or
17 erroneously certifies that the purchases are for any such fire
18 department or who otherwise violates the provisions of this section
19 shall be deemed guilty of a misdemeanor and upon conviction thereof,
20 shall be fined an amount equal to double the amount of sales tax
21 involved or incarcerated for not more than sixty (60) days, or both;

22 18. Complimentary or free tickets for admission to places of
23 amusement, sports, entertainment, exhibition, display or other
24 recreational events or activities which are issued through a box

1 office or other entity which is operated by a state institution of
2 higher education with institutional employees or by a municipality
3 with municipal employees;

4 19. The first Fifteen Thousand Dollars (\$15,000.00) each year
5 from sales of tangible personal property by fire departments
6 organized pursuant to Titles 11, 18, or 19 of the Oklahoma Statutes
7 for the purposes of raising funds for the benefit of the fire
8 department. Fire departments selling tangible personal property for
9 the purposes of raising funds shall be limited to no more than six
10 (6) days each year to raise such funds in order to receive the
11 exemption granted by this paragraph;

12 20. Sales of tangible personal property or services to any Boys
13 & Girls Clubs of America affiliate in this state which is not
14 affiliated with the Salvation Army and which is exempt from taxation
15 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
16 Section 501(c) (3);

17 21. Sales of tangible personal property or services to any
18 organization, which takes court-adjudicated juveniles for purposes
19 of rehabilitation, and which is exempt from taxation pursuant to the
20 provisions of the Internal Revenue Code, 26 U.S.C., Section
21 501(c) (3), provided that at least fifty percent (50%) of the
22 juveniles served by such organization are court adjudicated and the
23 organization receives state funds in an amount less than ten percent
24 (10%) of the annual budget of the organization;

1 22. Sales of tangible personal property or services to:

2 a. any health center as defined in Section 254b of Title
3 42 of the United States Code,

4 b. any clinic receiving disbursements of state monies
5 from the Indigent Health Care Revolving Fund pursuant
6 to the provisions of Section 66 of Title 56 of the
7 Oklahoma Statutes,

8 c. any community-based health center which meets all of
9 the following criteria:

10 (1) provides primary care services at no cost to the
11 recipient, and

12 (2) is exempt from taxation pursuant to the
13 provisions of Section 501(c)(3) of the Internal
14 Revenue Code, 26 U.S.C., Section 501(c)(3), and

15 d. any community mental health center as defined in
16 Section 3-302 of Title 43A of the Oklahoma Statutes;

17 23. Dues or fees including free or complimentary dues or fees
18 which have a value equivalent to the charge that could have
19 otherwise been made, to YMCAs, YWCAs or municipally owned recreation
20 centers for the use of facilities and programs;

21 24. The first Fifteen Thousand Dollars (\$15,000.00) each year
22 from sales of tangible personal property or services to or by a
23 cultural organization established to sponsor and promote
24 educational, charitable and cultural events for disadvantaged

1 children, and which organization is exempt from taxation pursuant to
2 the provisions of the Internal Revenue Code, 26 U.S.C., Section
3 501(c) (3);

4 25. Sales of tangible personal property or services to museums
5 or other entities which have been accredited by the American
6 Association of Museums. Any person making purchases on behalf of
7 any such museum or other entity shall certify, in writing, on the
8 copy of the invoice or sales ticket to be retained by the vendor
9 that the purchases are made for and on behalf of such museum or
10 other entity and set out the name of such museum or other entity.
11 Any person who wrongfully or erroneously certifies that the
12 purchases are for any such museum or other entity or who otherwise
13 violates the provisions of this paragraph shall be deemed guilty of
14 a misdemeanor and, upon conviction thereof, shall be fined an amount
15 equal to double the amount of sales tax involved or incarcerated for
16 not more than sixty (60) days, or by both such fine and
17 incarceration;

18 26. Sales of tickets for admission by any museum accredited by
19 the American Association of Museums. In order to be eligible for
20 the exemption provided by this paragraph, an amount equivalent to
21 the amount of the tax which would otherwise be required to be
22 collected pursuant to the provisions of Section 1350 et seq. of this
23 title shall be separately stated on the admission ticket and shall
24 be collected and used for the sole purpose of servicing or aiding in

1 the servicing of debt incurred by the museum to effect the
2 construction, enlarging or renovation of any facility to be used for
3 entertainment, edification or cultural cultivation to which entry is
4 gained with a paid admission ticket;

5 27. Sales of tangible personal property or services occurring
6 on or after June 1, 1995, to children's homes which are supported or
7 sponsored by one or more churches, members of which serve as
8 trustees of the home;

9 28. Sales of tangible personal property or services to the
10 organization known as the Disabled American Veterans, Department of
11 Oklahoma, Inc., and subordinate chapters thereof;

12 29. Sales of tangible personal property or services to youth
13 camps which are supported or sponsored by one or more churches,
14 members of which serve as trustees of the organization;

15 30. a. Until July 1, 2022, transfer of tangible personal
16 property made pursuant to Section 3226 of Title 63 of
17 the Oklahoma Statutes by the University Hospitals
18 Trust, and

19 b. Effective July 1, 2022, transfer of tangible personal
20 property or services to or by:

21 (1) the University Hospitals Trust created pursuant
22 to Section 3224 of Title 63 of the Oklahoma
23 Statutes, or
24

1 (2) nonprofit entities which are exempt from taxation
2 pursuant to the provisions of the Internal
3 Revenue Code of the United States, 26 U.S.C.,
4 Section 501(c)(3), which have entered into a
5 joint operating agreement with the University
6 Hospitals Trust;

7 31. Sales of tangible personal property or services to a
8 municipality, county or school district pursuant to a lease or
9 lease-purchase agreement executed between the vendor and a
10 municipality, county or school district. A copy of the lease or
11 lease-purchase agreement shall be retained by the vendor;

12 32. Sales of tangible personal property or services to any
13 spaceport user, as defined in the Oklahoma Space Industry
14 Development Act;

15 33. The sale, use, storage, consumption or distribution in this
16 state, whether by the importer, exporter or another person, of any
17 satellite or any associated launch vehicle including components of,
18 and parts and motors for, any such satellite or launch vehicle,
19 imported or caused to be imported into this state for the purpose of
20 export by means of launching into space. This exemption provided by
21 this paragraph shall not be affected by:

22 a. the destruction in whole or in part of the satellite
23 or launch vehicle,

24 b. the failure of a launch to occur or be successful, or

1 c. the absence of any transfer or title to, or possession
2 of, the satellite or launch vehicle after launch;

3 34. The sale, lease, use, storage, consumption or distribution
4 in this state of any space facility, space propulsion system or
5 space vehicle, satellite or station of any kind possessing space
6 flight capacity including components thereof;

7 35. The sale, lease, use, storage, consumption or distribution
8 in this state of tangible personal property, placed on or used
9 aboard any space facility, space propulsion system or space vehicle,
10 satellite, or station possessing space flight capacity, which is
11 launched into space, irrespective of whether such tangible property
12 is returned to this state for subsequent use, storage, or
13 consumption in any manner;

14 36. The sale, lease, use, storage, consumption or distribution
15 in this state of tangible personal property meeting the definition
16 of "section 38 property" as defined in Sections 48(a)(1)(A) and
17 (B)(i) of the Internal Revenue Code of 1986, that is an integral
18 part of and used primarily in support of space flight; however,
19 section 38 property used in support of space flight shall not
20 include general office equipment, any boat, mobile home, motor
21 vehicle or other vehicle of a class or type required to be
22 registered, licensed, titled or documented in this state or by the
23 United States government, or any other property not specifically
24 suited to supporting space activity. The term "in support of space

1 flight", for purposes of this paragraph, means the altering,
2 monitoring, controlling, regulating, adjusting, servicing or
3 repairing of any space facility, space propulsion systems or space
4 vehicle, satellite or station possessing space flight capacity
5 including the components thereof;

6 37. The purchase or lease of machinery and equipment for use at
7 a fixed location in this state, which is used exclusively in the
8 manufacturing, processing, compounding or producing of any space
9 facility, space propulsion system or space vehicle, satellite or
10 station of any kind possessing space flight capacity. Provided, the
11 exemption provided for in this paragraph shall not be allowed unless
12 the purchaser or lessee signs an affidavit stating that the item or
13 items to be exempted are for the exclusive use designated herein.
14 Any person furnishing a false affidavit to the vendor for the
15 purpose of evading payment of any tax imposed by Section 1354 of
16 this title shall be subject to the penalties provided by law. As
17 used in this paragraph, "machinery and equipment" means "section 38
18 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the
19 Internal Revenue Code of 1986, which is used as an integral part of
20 the manufacturing, processing, compounding or producing of items of
21 tangible personal property. Such term includes parts and
22 accessories only to the extent that the exemption thereof is
23 consistent with the provisions of this paragraph;

24

1 38. The amount of a surcharge or any other amount which is
2 separately stated on an admission ticket which is imposed, collected
3 and used for the sole purpose of constructing, remodeling or
4 enlarging facilities of a public trust having a municipality or
5 county as its sole beneficiary;

6 39. Sales of tangible personal property or services which are
7 directly used in or for the benefit of a state park in this state,
8 which are made to an organization which is exempt from taxation
9 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
10 Section 501(c)(3) and which is organized primarily for the purpose
11 of supporting one or more state parks located in this state;

12 40. The sale, lease or use of parking privileges by an
13 institution of The Oklahoma State System of Higher Education;

14 41. Sales of tangible personal property or services for use on
15 campus or school construction projects for the benefit of
16 institutions of The Oklahoma State System of Higher Education,
17 private institutions of higher education accredited by the Oklahoma
18 State Regents for Higher Education or any public school or school
19 district when such projects are financed by or through the use of
20 nonprofit entities which are exempt from taxation pursuant to the
21 provisions of the Internal Revenue Code, 26 U.S.C., Section
22 501(c)(3);

23 42. Sales of tangible personal property or services by an
24 organization which is exempt from taxation pursuant to the

1 provisions of the Internal Revenue Code, 26 U.S.C., Section
2 501(c)(3), in the course of conducting a national championship
3 sports event, but only if all or a portion of the payment in
4 exchange therefor would qualify as the receipt of a qualified
5 sponsorship payment described in Internal Revenue Code, 26 U.S.C.,
6 Section 513(i). Sales exempted pursuant to this paragraph shall be
7 exempt from all Oklahoma sales, use, excise and gross receipts
8 taxes;

9 43. Sales of tangible personal property or services to or by an
10 organization which:

- 11 a. is exempt from taxation pursuant to the provisions of
12 the Internal Revenue Code, 26 U.S.C., Section
13 501(c)(3),
- 14 b. is affiliated with a comprehensive university within
15 The Oklahoma State System of Higher Education, and
- 16 c. has been organized primarily for the purpose of
17 providing education and teacher training and
18 conducting events relating to robotics;

19 44. The first Fifteen Thousand Dollars (\$15,000.00) each year
20 from sales of tangible personal property to or by youth athletic
21 teams which are part of an athletic organization exempt from
22 taxation pursuant to the provisions of the Internal Revenue Code, 26
23 U.S.C., Section 501(c)(4), for the purposes of raising funds for the
24 benefit of the team;

1 45. Sales of tickets for admission to a collegiate athletic
2 event that is held in a facility owned or operated by a municipality
3 or a public trust of which the municipality is the sole beneficiary
4 and that actually determines or is part of a tournament or
5 tournament process for determining a conference tournament
6 championship, a conference championship, or a national championship;

7 46. Sales of tangible personal property or services to or by an
8 organization which is exempt from taxation pursuant to the
9 provisions of the Internal Revenue Code, 26 U.S.C., Section
10 501(c) (3) and is operating the Oklahoma City National Memorial and
11 Museum, an affiliate of the National Park System;

12 47. Sales of tangible personal property or services to
13 organizations which are exempt from federal taxation pursuant to the
14 provisions of Section 501(c) (3) of the Internal Revenue Code, 26
15 U.S.C., Section 501(c) (3), the memberships of which are limited to
16 honorably discharged veterans, and which furnish financial support
17 to area veterans' organizations to be used for the purpose of
18 constructing a memorial or museum;

19 48. Sales of tangible personal property or services on or after
20 January 1, 2003, to an organization which is exempt from taxation
21 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
22 Section 501(c) (3) that is expending monies received from a private
23 foundation grant in conjunction with expenditures of local sales tax
24 revenue to construct a local public library;

1 49. Sales of tangible personal property or services to a state
2 that borders this state or any political subdivision of that state,
3 but only to the extent that the other state or political subdivision
4 exempts or does not impose a tax on similar sales of items to this
5 state or a political subdivision of this state;

6 50. Effective July 1, 2005, sales of tangible personal property
7 or services to the Career Technology Student Organizations under the
8 direction and supervision of the Oklahoma Department of Career and
9 Technology Education;

10 51. Sales of tangible personal property to a public trust
11 having either a single city, town or county or multiple cities,
12 towns or counties or combination thereof as beneficiary or
13 beneficiaries or a nonprofit organization which is exempt from
14 taxation pursuant to the provisions of the Internal Revenue Code, 26
15 U.S.C., Section 501(c)(3) for the purpose of constructing
16 improvements to or expanding a hospital or nursing home owned and
17 operated by any such public trust or nonprofit entity prior to July
18 1, 2008, in counties with a population of less than one hundred
19 thousand (100,000) persons, according to the most recent Federal
20 Decennial Census. As used in this paragraph, "constructing
21 improvements to or expanding" shall not mean any expense for routine
22 maintenance or general repairs and shall require a project cost of
23 at least One Hundred Thousand Dollars (\$100,000.00). For purposes
24 of this paragraph, sales made to a contractor or subcontractor that

1 enters into a contractual relationship with a public trust or
2 nonprofit entity as described by this paragraph shall be considered
3 sales made to the public trust or nonprofit entity. The exemption
4 authorized by this paragraph shall be administered in the form of a
5 refund from the sales tax revenues apportioned pursuant to Section
6 1353 of this title and the vendor shall be required to collect the
7 sales tax otherwise applicable to the transaction. The purchaser
8 may apply for a refund of the sales tax paid in the manner
9 prescribed by this paragraph. Within thirty (30) days after the end
10 of each fiscal year, any purchaser that is entitled to make
11 application for a refund based upon the exempt treatment authorized
12 by this paragraph may file an application for refund of the sales
13 taxes paid during such preceding fiscal year. The Tax Commission
14 shall prescribe a form for purposes of making the application for
15 refund. The Tax Commission shall determine whether or not the total
16 amount of sales tax exemptions claimed by all purchasers is equal to
17 or less than Six Hundred Fifty Thousand Dollars (\$650,000.00). If
18 such claims are less than or equal to that amount, the Tax
19 Commission shall make refunds to the purchasers in the full amount
20 of the documented and verified sales tax amounts. If such claims by
21 all purchasers are in excess of Six Hundred Fifty Thousand Dollars
22 (\$650,000.00), the Tax Commission shall determine the amount of each
23 purchaser's claim, the total amount of all claims by all purchasers,
24 and the percentage each purchaser's claim amount bears to the total.

1 The resulting percentage determined for each purchaser shall be
2 multiplied by Six Hundred Fifty Thousand Dollars (\$650,000.00) to
3 determine the amount of refundable sales tax to be paid to each
4 purchaser. The pro rata refund amount shall be the only method to
5 recover sales taxes paid during the preceding fiscal year and no
6 balance of any sales taxes paid on a pro rata basis shall be the
7 subject of any subsequent refund claim pursuant to this paragraph;

8 52. Effective July 1, 2006, sales of tangible personal property
9 or services to any organization which assists, trains, educates, and
10 provides housing for physically and mentally handicapped persons and
11 which is exempt from taxation pursuant to the provisions of the
12 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and that
13 receives at least eighty-five percent (85%) of its annual budget
14 from state or federal funds. In order to receive the benefit of the
15 exemption authorized by this paragraph, the taxpayer shall be
16 required to make payment of the applicable sales tax at the time of
17 sale to the vendor in the manner otherwise required by law.

18 Notwithstanding any other provision of the Oklahoma Uniform Tax
19 Procedure Code to the contrary, the taxpayer shall be authorized to
20 file a claim for refund of sales taxes paid that qualify for the
21 exemption authorized by this paragraph for a period of one (1) year
22 after the date of the sale transaction. The taxpayer shall be
23 required to provide documentation as may be prescribed by the
24 Oklahoma Tax Commission in support of the refund claim. The total

1 amount of sales tax qualifying for exempt treatment pursuant to this
2 paragraph shall not exceed One Hundred Seventy-five Thousand Dollars
3 (\$175,000.00) each fiscal year. Claims for refund shall be
4 processed in the order in which such claims are received by the
5 Oklahoma Tax Commission. If a claim otherwise timely filed exceeds
6 the total amount of refunds payable for a fiscal year, such claim
7 shall be barred;

8 53. The first Two Thousand Dollars (\$2,000.00) each year of
9 sales of tangible personal property or services to, by, or for the
10 benefit of a qualified neighborhood watch organization that is
11 endorsed or supported by or working directly with a law enforcement
12 agency with jurisdiction in the area in which the neighborhood watch
13 organization is located. As used in this paragraph, "qualified
14 neighborhood watch organization" means an organization that is a
15 not-for-profit corporation under the laws of the State of Oklahoma
16 that was created to help prevent criminal activity in an area
17 through community involvement and interaction with local law
18 enforcement and which is one of the first two thousand organizations
19 which makes application to the Oklahoma Tax Commission for the
20 exemption after March 29, 2006;

21 54. Sales of tangible personal property to a nonprofit
22 organization, exempt from taxation pursuant to the provisions of the
23 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), organized
24 primarily for the purpose of providing services to homeless persons

1 during the day and located in a metropolitan area with a population
2 in excess of five hundred thousand (500,000) persons according to
3 the latest Federal Decennial Census. The exemption authorized by
4 this paragraph shall be applicable to sales of tangible personal
5 property to a qualified entity occurring on or after January 1,
6 2005;

7 55. Sales of tangible personal property or services to or by an
8 organization which is exempt from taxation pursuant to the
9 provisions of the Internal Revenue Code, 26 U.S.C., Section
10 501(c) (3) for events the principal purpose of which is to provide
11 funding for the preservation of wetlands and habitat for wild ducks;

12 56. Sales of tangible personal property or services to or by an
13 organization which is exempt from taxation pursuant to the
14 provisions of the Internal Revenue Code, 26 U.S.C., Section
15 501(c) (3) for events the principal purpose of which is to provide
16 funding for the preservation and conservation of wild turkeys;

17 57. Sales of tangible personal property or services to an
18 organization which:

19 a. is exempt from taxation pursuant to the provisions of
20 the Internal Revenue Code, 26 U.S.C., Section
21 501(c) (3), and

22 b. is part of a network of community-based, autonomous
23 member organizations that meets the following
24 criteria:

- 1 (1) serves people with workplace disadvantages and
2 disabilities by providing job training and
3 employment services, as well as job placement
4 opportunities and post-employment support,
- 5 (2) has locations in the United States and at least
6 twenty other countries,
- 7 (3) collects donated clothing and household goods to
8 sell in retail stores and provides contract labor
9 services to business and government, and
- 10 (4) provides documentation to the Oklahoma Tax
11 Commission that over seventy-five percent (75%)
12 of its revenues are channeled into employment,
13 job training and placement programs and other
14 critical community services;

15 58. Sales of tickets made on or after September 21, 2005, and
16 complimentary or free tickets for admission issued on or after
17 September 21, 2005, which have a value equivalent to the charge that
18 would have otherwise been made, for admission to a professional
19 athletic event in which a team in the National Basketball
20 Association is a participant, which is held in a facility owned or
21 operated by a municipality, a county or a public trust of which a
22 municipality or a county is the sole beneficiary, and sales of
23 tickets made on or after July 1, 2007, and complimentary or free
24 tickets for admission issued on or after July 1, 2007, which have a

1 value equivalent to the charge that would have otherwise been made,
2 for admission to a professional athletic event in which a team in
3 the National Hockey League is a participant, which is held in a
4 facility owned or operated by a municipality, a county or a public
5 trust of which a municipality or a county is the sole beneficiary;

6 59. Sales of tickets for admission and complimentary or free
7 tickets for admission which have a value equivalent to the charge
8 that would have otherwise been made to a professional sporting event
9 involving ice hockey, baseball, basketball, football or arena
10 football, or soccer. As used in this paragraph, "professional
11 sporting event" means an organized athletic competition between
12 teams that are members of an organized league or association with
13 centralized management, other than a national league or national
14 association, that imposes requirements for participation in the
15 league upon the teams, the individual athletes or both, and which
16 uses a salary structure to compensate the athletes;

17 60. Sales of tickets for admission to an annual event sponsored
18 by an educational and charitable organization of women which is
19 exempt from taxation pursuant to the provisions of the Internal
20 Revenue Code, 26 U.S.C., Section 501(c)(3) and has as its mission
21 promoting volunteerism, developing the potential of women and
22 improving the community through the effective action and leadership
23 of trained volunteers;

24

1 61. Sales of tangible personal property or services to an
2 organization, which is exempt from taxation pursuant to the
3 provisions of the Internal Revenue Code, 26 U.S.C., Section
4 501(c)(3), and which is itself a member of an organization which is
5 exempt from taxation pursuant to the provisions of the Internal
6 Revenue Code, 26 U.S.C., Section 501(c)(3), if the membership
7 organization is primarily engaged in advancing the purposes of its
8 member organizations through fundraising, public awareness or other
9 efforts for the benefit of its member organizations, and if the
10 member organization is primarily engaged either in providing
11 educational services and programs concerning health-related diseases
12 and conditions to individuals suffering from such health-related
13 diseases and conditions or their caregivers and family members or
14 support to such individuals, or in health-related research as to
15 such diseases and conditions, or both. In order to qualify for the
16 exemption authorized by this paragraph, the member nonprofit
17 organization shall be required to provide proof to the Oklahoma Tax
18 Commission of its membership status in the membership organization;

19 62. Sales of tangible personal property or services to or by an
20 organization which is part of a national volunteer women's service
21 organization dedicated to promoting patriotism, preserving American
22 history and securing better education for children and which has at
23 least 168,000 members in 3,000 chapters across the United States;

24

1 63. Sales of tangible personal property or services to or by a
2 YWCA or YMCA organization which is part of a national nonprofit
3 community service organization working to meet the health and social
4 service needs of its members across the United States;

5 64. Sales of tangible personal property or services to or by a
6 veteran's organization which is exempt from taxation pursuant to the
7 provisions of the Internal Revenue Code, 26 U.S.C., Section
8 501(c)(19) and which is known as the Veterans of Foreign Wars of the
9 United States, Oklahoma Chapters;

10 65. Sales of boxes of food by a church or by an organization,
11 which is exempt from taxation pursuant to the provisions of the
12 Internal Revenue Code, 26 U.S.C., Section 501(c)(3). To qualify
13 under the provisions of this paragraph, the organization must be
14 organized for the primary purpose of feeding needy individuals or to
15 encourage volunteer service by requiring such service in order to
16 purchase food. These boxes shall only contain edible staple food
17 items;

18 66. Sales of tangible personal property or services to any
19 person with whom a church has duly entered into a construction
20 contract, necessary for carrying out such contract or to any
21 subcontractor to such a construction contract;

22 67. Sales of tangible personal property or services used
23 exclusively for charitable or educational purposes, to or by an
24 organization which:

- 1 a. is exempt from taxation pursuant to the provisions of
2 the Internal Revenue Code, 26 U.S.C., Section
3 501(c) (3),
- 4 b. has filed a Not-for-Profit Certificate of
5 Incorporation in this state, and
- 6 c. is organized for the purpose of:
- 7 (1) providing training and education to
8 developmentally disabled individuals,
- 9 (2) educating the community about the rights,
10 abilities and strengths of developmentally
11 disabled individuals, and
- 12 (3) promoting unity among developmentally disabled
13 individuals in their community and geographic
14 area;

15 68. Sales of tangible personal property or services to any
16 organization which is a shelter for abused, neglected, or abandoned
17 children and which is exempt from taxation pursuant to the
18 provisions of the Internal Revenue Code, 26 U.S.C., Section
19 501(c) (3); provided, until July 1, 2008, such exemption shall apply
20 only to eligible shelters for children from birth to age twelve (12)
21 and after July 1, 2008, such exemption shall apply to eligible
22 shelters for children from birth to age eighteen (18);

1 69. Sales of tangible personal property or services to a child
2 care center which is licensed pursuant to the Oklahoma Child Care
3 Facilities Licensing Act and which:

- 4 a. possesses a 3-star rating from the Department of Human
5 Services Reaching for the Stars Program or a national
6 accreditation, and
- 7 b. allows on-site universal prekindergarten education to
8 be provided to four-year-old children through a
9 contractual agreement with any public school or school
10 district.

11 For the purposes of this paragraph, sales made to any person,
12 firm, agency or entity that has entered previously into a
13 contractual relationship with a child care center for construction
14 and improvement of buildings and other structures owned by the child
15 care center and operated for educational purposes shall be
16 considered sales made to a child care center. Any such person,
17 firm, agency or entity making purchases on behalf of a child care
18 center shall certify, in writing, on the copy of the invoice or
19 sales ticket the nature of the purchase. Any such person, or person
20 acting on behalf of a firm, agency or entity making purchases on
21 behalf of a child care center in violation of this paragraph shall
22 be guilty of a misdemeanor and upon conviction thereof shall be
23 fined an amount equal to double the amount of sales tax involved or
24 incarcerated for not more than sixty (60) days or both;

1 70. a. Sales of tangible personal property to a service
2 organization of mothers who have children who are
3 serving or who have served in the military, which
4 service organization is exempt from taxation pursuant
5 to the provisions of the Internal Revenue Code, 26
6 U.S.C., Section 501(c)(19) and which is known as the
7 Blue Star Mothers of America, Inc. The exemption
8 provided by this paragraph shall only apply to the
9 purchase of tangible personal property actually sent
10 to United States military personnel overseas who are
11 serving in a combat zone and not to any other tangible
12 personal property purchased by the organization.
13 Provided, this exemption shall not apply to any sales
14 tax levied by a city, town, county, or any other
15 jurisdiction in this state.

16 b. The exemption authorized by this paragraph shall be
17 administered in the form of a refund from the sales
18 tax revenues apportioned pursuant to Section 1353 of
19 this title, and the vendor shall be required to
20 collect the sales tax otherwise applicable to the
21 transaction. The purchaser may apply for a refund of
22 the state sales tax paid in the manner prescribed by
23 this paragraph. Within sixty (60) days after the end
24 of each calendar quarter, any purchaser that is

1 entitled to make application for a refund based upon
2 the exempt treatment authorized by this paragraph may
3 file an application for refund of the state sales
4 taxes paid during such preceding calendar quarter.
5 The Tax Commission shall prescribe a form for purposes
6 of making the application for refund.

7 c. A purchaser who applies for a refund pursuant to this
8 paragraph shall certify that the items were actually
9 sent to military personnel overseas in a combat zone.
10 Any purchaser that applies for a refund for the
11 purchase of items that are not authorized for
12 exemption under this paragraph shall be subject to a
13 penalty in the amount of Five Hundred Dollars
14 (\$500.00);

15 71. Sales of food and snack items to or by an organization
16 which is exempt from taxation pursuant to the provisions of the
17 Internal Revenue Code, 26 U.S.C., Section 501(c)(3), whose primary
18 and principal purpose is providing funding for scholarships in the
19 medical field;

20 72. Sales of tangible personal property or services for use
21 solely on construction projects for organizations which are exempt
22 from taxation pursuant to the provisions of the Internal Revenue
23 Code, 26 U.S.C., Section 501(c)(3) and whose purpose is providing
24 end-of-life care and access to hospice services to low-income

1 individuals who live in a facility owned by the organization. The
2 exemption provided by this paragraph applies to sales to the
3 organization as well as to sales to any person with whom the
4 organization has duly entered into a construction contract,
5 necessary for carrying out such contract or to any subcontractor to
6 such a construction contract. Any person making purchases on behalf
7 of such organization shall certify, in writing, on the copy of the
8 invoice or sales ticket to be retained by the vendor that the
9 purchases are made for and on behalf of such organization and set
10 out the name of such organization. Any person who wrongfully or
11 erroneously certifies that purchases are for any of the above-named
12 organizations or who otherwise violates this section shall be guilty
13 of a misdemeanor and upon conviction thereof shall be fined an
14 amount equal to double the amount of sales tax involved or
15 incarcerated for not more than sixty (60) days or both;

16 73. Sales of tickets for admission to events held by
17 organizations exempt from taxation pursuant to the provisions of the
18 Internal Revenue Code, 26 U.S.C., Section 501(c) (3) that are
19 organized for the purpose of supporting general hospitals licensed
20 by the State Department of Health;

21 74. Sales of tangible personal property or services:

22 a. to a foundation which is exempt from taxation pursuant
23 to the provisions of the Internal Revenue Code, 26
24 U.S.C., Section 501(c) (3) and which raises tax-

1 deductible contributions in support of a wide range of
2 firearms-related public interest activities of the
3 National Rifle Association of America and other
4 organizations that defend and foster Second Amendment
5 rights, and

6 b. to or by a grassroots fundraising program for sales
7 related to events to raise funds for a foundation
8 meeting the qualifications of subparagraph a of this
9 paragraph;

10 75. Sales by an organization or entity which is exempt from
11 taxation pursuant to the provisions of the Internal Revenue Code, 26
12 U.S.C., Section 501(c)(3) which are related to a fundraising event
13 sponsored by the organization or entity when the event does not
14 exceed any five (5) consecutive days and when the sales are not in
15 the organization's or the entity's regular course of business.
16 Provided, the exemption provided in this paragraph shall be limited
17 to tickets sold for admittance to the fundraising event and items
18 which were donated to the organization or entity for sale at the
19 event;

20 76. Effective November 1, 2017, sales of tangible personal
21 property or services to an organization which is exempt from
22 taxation pursuant to the provisions of the Internal Revenue Code, 26
23 U.S.C., Section 501(c)(3) and operates as a collaborative model
24 which connects community agencies in one location to serve

1 individuals and families affected by violence and where victims have
2 access to services and advocacy at no cost to the victim;

3 77. Effective July 1, 2018, sales of tangible personal property
4 or services to or by an association which is exempt from taxation
5 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
6 Section 501(c)(19) and which is known as the National Guard
7 Association of Oklahoma;

8 78. Effective July 1, 2018, sales of tangible personal property
9 or services to or by an association which is exempt from taxation
10 pursuant to the provisions of the Internal Revenue Code, 26 U.S.C.,
11 Section 501(c)(4) and which is known as the Marine Corps League of
12 Oklahoma;

13 79. Sales of tangible personal property or services to the
14 American Legion, whether the purchase is made by the entity
15 chartered by the United States Congress or is an entity organized
16 under the laws of this or another state pursuant to the authority of
17 the national American Legion organization;

18 80. Sales of tangible personal property or services to or by an
19 organization which is:

- 20 a. exempt from taxation pursuant to the provisions of the
21 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 22 b. verified with a letter from the MIT Fab Foundation as
23 an official member of the Fab Lab Network in
24 compliance with the Fab Charter, and

1 c. able to provide documentation that its primary and
2 principal purpose is to provide community access to
3 advanced 21st century manufacturing and digital
4 fabrication tools for science, technology,
5 engineering, art and math (STEAM) learning skills,
6 developing inventions, creating and sustaining
7 businesses and producing personalized products;

8 81. Effective November 1, 2021, sales of tangible personal
9 property or services used solely for construction and remodeling
10 projects to an organization which is exempt from taxation pursuant
11 to the provisions of the Internal Revenue Code, 26 U.S.C., Section
12 501(c) (3), and which meets the following requirements:

13 a. its primary purpose is to construct or remodel and
14 sell affordable housing and provide homeownership
15 education to residents of Oklahoma that have an income
16 that is below one hundred percent (100%) of the Family
17 Median Income guidelines as defined by the U.S.

18 Department of Housing and Urban Development,

19 b. it conducts its activities in a manner that serves
20 public or charitable purposes, rather than commercial
21 purposes,

22 c. it receives funding and revenue and charges fees in a
23 manner that does not incentivize it or its employees
24

1 to act other than in the best interests of its
2 clients, and

3 d. it compensates its employees in a manner that does not
4 incentivize employees to act other than in the best
5 interests of its clients;

6 82. Effective November 1, 2021, sales of tangible personal
7 property or services to a nonprofit entity, organized pursuant to
8 Oklahoma law before January 1, 2022, exempt from federal income
9 taxation pursuant to Section 501(c) of the Internal Revenue Code of
10 1986, as amended, the principal functions of which are to provide
11 assistance to natural persons following a disaster, with program
12 emphasis on repair or restoration to single-family residential
13 dwellings or the construction of a replacement single-family
14 residential dwelling. As used in this paragraph, "disaster" means
15 damage to property with or without accompanying injury to persons
16 from heavy rain, high winds, tornadic winds, drought, wildfire,
17 snow, ice, geologic disturbances, explosions, chemical accidents or
18 spills and other events causing damage to property on a large scale.
19 For purposes of this paragraph, an entity that expended at least
20 seventy-five percent (75%) of its funds on the restoration to
21 single-family housing following a disaster including related general
22 and administrative expenses, shall be eligible for the exemption
23 authorized by this paragraph;

1 83. Effective November 1, 2021, through December 31, 2024,
2 sales of tangible personal property or services to a museum that:

- 3 a. operates as a part of an organization which is exempt
4 from taxation pursuant to the provisions of the
5 Internal Revenue Code, 26 U.S.C., Section 501(c)(3),
- 6 b. is not accredited by the American Alliance of Museums,
7 and
- 8 c. operates on an annual budget of less than One Million
9 Dollars (\$1,000,000.00);

10 84. Until July 1, 2022, sales of tangible personal property or
11 services for use in a clinical practice or medical facility operated
12 by an organization which is exempt from taxation pursuant to the
13 provisions of the Internal Revenue Code of the United States, 26
14 U.S.C., Section 501(c)(3), and which has entered into a joint
15 operating agreement with the University Hospitals Trust created
16 pursuant to Section 3224 of Title 63 of the Oklahoma Statutes. The
17 exemption provided by this paragraph shall be limited to the
18 purchase of tangible personal property and services for use in
19 clinical practices or medical facilities acquired or leased by the
20 organization from the University Hospitals Authority, University
21 Hospitals Trust, or the University of Oklahoma on or after June 1,
22 2021; and

23 85. Sales of tangible personal property or services to a
24 nonprofit entity, organized pursuant to Oklahoma law before January

1 1, 2019, exempt from federal income taxation pursuant to Section
2 501(c) of the Internal Revenue Code of 1986, as amended, the
3 principal functions of which are to provide assistance to natural
4 persons following a disaster, with program emphasis on repair or
5 restoration to single-family residential dwellings or the
6 construction of a replacement single-family residential dwelling.
7 For purposes of this paragraph, an entity operated exclusively for
8 charitable and educational purposes through the coordination of
9 volunteers for the disaster recovery of homes (as derived from Part
10 III, Statement of Program Services, of Internal Revenue Service Form
11 990) and offers its services free of charge to disaster survivors
12 statewide who are low income with no or limited means of recovery on
13 their own for the restoration to single-family housing following a
14 disaster including related general and administrative expenses,
15 shall be eligible for the exemption authorized by this paragraph.
16 The exemption provided by this paragraph shall only be applicable to
17 sales made on or after the effective date of this act. As used in
18 this paragraph, "disaster" means damage to property with or without
19 accompanying injury to persons from heavy rain, high winds, tornadic
20 winds, drought, wildfire, snow, ice, geologic disturbances,
21 explosions, chemical accidents or spills and other events causing
22 damage to property on a large scale.

23 SECTION 2. This act shall become effective July 1, 2024.
24

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

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6 59-2-9115 AO 12/11/23

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