

# An Act

ENROLLED SENATE  
BILL NO. 687

By: Hall of the Senate

and

Caldwell (Trey) of the  
House

An Act relating to sales tax exemption; amending 68 O.S. 2021, Section 1357.21, as last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp. 2024, Section 1357.21), which relates to rebate payments for the sales tax exemption on the consumption of qualifying broadband equipment; requiring the Oklahoma Broadband Office and the Oklahoma Tax Commission to administer program; prescribing deadlines and procedure for filing claims; requiring the Oklahoma Broadband Office to approve or disapprove all claims; requiring Tax Commission to issue rebate payment for approved claims; modifying rebate limit; requiring certain claims to be made on forms prescribed by the Oklahoma Broadband Office; providing for electronic submission of certain report; updating statutory language; creating the Oklahoma Broadband Revolving Fund; providing sources of fund; providing for expenditures from fund; limiting liability of this state to balance of fund; making an appropriation to the Tax Commission; directing transfer of funds; and providing for codification.

SUBJECT: Sales tax exemption rebate

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357.21, as last amended by Section 1, Chapter 273, O.S.L. 2024 (68 O.S. Supp. 2024, Section 1357.21), is amended to read as follows:

Section 1357.21. A. The exemption authorized by the provisions of paragraph 43 of Section 1357 of this title shall be administered as a rebate. The rebate program shall be administered by the Oklahoma Broadband Office and the Oklahoma Tax Commission.

B. No claim for a rebate shall be approved unless the equipment was purchased in order to establish or expand broadband services in underserved or unserved areas. As used in this subsection and for purposes of the exemption authorized by paragraph 43 of Section 1357 of this title, "broadband", "underserved", and "unserved" shall mean those services and areas as defined in Section 139.102 of Title 17 of the Oklahoma Statutes.

C. No claim for rebate shall be approved unless the claimant establishes that as a result of the equipment purchase there has been net growth in the number of potential customers served in underserved or unserved areas.

D. In order to qualify for rebate payments during the fiscal year beginning July 1, 2022, for equipment or other items qualifying for the exemption authorized by paragraph 43 of Section 1357 of this title, the items must shall be purchased and placed in service between January 1, 2022, and December 31, 2023. Claims for rebates of sales tax or use tax paid for such equipment purchased in calendar year 2022 shall be filed with the Oklahoma Tax Commission not later than September 1, 2023, and in subsequent calendar years shall be filed with the Oklahoma Tax Commission not later than September 1 of the following year. Beginning in calendar year 2025, claims for rebates for sales or use tax paid for such equipment purchased in calendar year 2025 and subsequent calendar years shall be filed with the Oklahoma Tax Commission Oklahoma Broadband Office not later than September 1 of the following year.

E. The Oklahoma Broadband Office shall approve or disapprove all claims for a rebate payment beginning with claims for rebates for sales or use tax paid for such equipment purchased in calendar year 2025 and subsequent calendar years and shall notify the Oklahoma Tax Commission. Upon notification of approval from the Oklahoma Broadband Office, the Tax Commission shall issue a rebate payment for all approved claims from funds in the Oklahoma Broadband Rebate Revolving Fund, created pursuant to Section 2 of this act.

F. Qualifying purchases do not include supporting or ancillary functions, such as office operations, field operations, marketing, transportation, warehousing, data storage, or similar operations that do not directly result in the distribution of broadband Internet service. Property directly used or consumed in or during the provision, creation, or production of a data processing service or information service, or property the provider grants, sells, or leases to the customer for use within the home or establishment receiving broadband is not eligible for a rebate under this section.

F. G. The total amount of rebates that may be paid shall not exceed ~~Forty two Million Dollars (\$42,000,000.00)~~ with ~~Thirty one~~ ~~Million Five Hundred Thousand Dollars (\$31,500,000.00)~~ of the total reserved for eligible projects serving counties having a population density of fewer than one hundred persons per square mile and ~~Ten~~ ~~Million Five Hundred Thousand Dollars (\$10,500,000.00)~~ of the total reserved for eligible projects serving counties having a population density of one hundred or more persons per square mile ~~Fourteen~~ ~~Million Seventy-one Thousand Six Hundred Ninety-one Dollars~~ (\$14,071,691.00).

G. H. The amount of ~~rebate rebates~~ paid to each claimant shall be computed by dividing the applicable total rebate pool amount by the dollar amount of claims timely received by the Tax Commission with respect to each fiscal year, and paying in full the amount of the claims submitted if the amount of claims are equal to, or less than, the total rebate pool, or a pro rata share if the total amount of claims submitted exceed the rebate pool.

H. I. ~~For the fiscal year beginning July 1, 2023, and all subsequent fiscal years, the~~ The total amount of ~~rebate rebates~~ that may be paid shall not exceed ~~Forty two Million Dollars (\$42,000,000.00)~~ Fourteen Million Seventy-one Thousand Six Hundred Ninety-one Dollars (\$14,071,691.00).

I. J. Claims for rebate shall be on such forms as the Oklahoma Tax Commission may prescribe for such purpose and shall contain any required information or supporting documentation the Commission requires to verify eligibility for the rebate payment. Claims for rebate for sales or use tax paid for equipment purchased in calendar

year 2025 and subsequent calendar years shall be on such forms as the Oklahoma Broadband Office may prescribe for such purpose.

J. K. The Oklahoma Department of Commerce shall use information provided by the Oklahoma Tax Commission and the Oklahoma Broadband Office to prepare a report to identify the qualifying rural broadband projects completed with the equipment purchased together with the location of the equipment and the geographic areas served as a result of the equipment purchases, including the total number of potential new customers receiving qualifying broadband services resulting from the project. The report shall not identify any entity by name that purchased equipment.

K. L. The report shall be filed not later than April 1, 2025, with respect to rebates paid for equipment purchases made during calendar years 2022 and 2023 and April 1 of the second succeeding year for equipment purchases made in subsequent calendar years. The Oklahoma Tax Commission and the Oklahoma Broadband Office shall make information available as required by subsection J K of this section as claims are completed to assist with the timely preparation of the report.

L. M. The report shall be electronically filed with the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate and posted on the Oklahoma Broadband Office website.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1357.22 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Oklahoma Broadband Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Tax Commission which are specifically required by law to be deposited in the fund. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Commission for the purpose of paying rebate claims pursuant to Section 1357.21 of Title 68 of the Oklahoma Statutes. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by

law with the Director of the Office of Management and Enterprise Services for approval and payment.

B. The liability of this state to make rebate payments pursuant to the program created in Section 1357.21 of Title 68 of the Oklahoma Statutes shall be limited to the balance of the Oklahoma Broadband Rebate Revolving Fund.

SECTION 3. There is hereby appropriated to the Oklahoma Tax Commission from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2025, the sum of Fourteen Million Seventy-one Thousand Six Hundred Ninety-one Dollars (\$14,071,691.00) to be transferred to the Oklahoma Broadband Rebate Revolving Fund created pursuant to Section 2 of this act.

Passed the Senate the 22nd day of May, 2025.

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Presiding Officer of the Senate

Passed the House of Representatives the 22nd day of May, 2025.

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Presiding Officer of the House  
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this \_\_\_\_\_  
day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_. M.  
By: \_\_\_\_\_

Approved by the Governor of the State of Oklahoma this \_\_\_\_\_  
day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_. M.

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Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this \_\_\_\_\_  
day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_. M.  
By: \_\_\_\_\_