

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1864

By: Roberts

6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Section 1357, as last amended by Section
9 4, Chapter 363, O.S.L. 2024 (68 O.S. Supp. 2024,
10 Section 1357), which relates to sales tax exemptions;
modifying sales tax exemption on sales of tangible
personal property for veterans for nonvehicle and
vehicle purchases; and providing an effective date.

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

13 SECTION 1. AMENDATORY 68 O.S. 2021, Section 1357, as

14 last amended by Section 4, Chapter 363, O.S.L. 2024 (68 O.S. Supp.
15 2024, Section 1357), is amended to read as follows:

16 Section 1357. Exemptions - General.

17 There are hereby specifically exempted from the tax levied by
18 the Oklahoma Sales Tax Code:

19 1. Transportation of school pupils to and from elementary
schools or high schools in motor or other vehicles;

20 2. Transportation of persons where the fare of each person does
not exceed One Dollar (\$1.00), or local transportation of persons
21 within the corporate limits of a municipality except by taxicabs;

1 3. Sales for resale to persons engaged in the business of
2 reselling the articles purchased, whether within or without the
3 state, provided that such sales to residents of this state are made
4 to persons to whom sales tax permits have been issued as provided in
5 the Oklahoma Sales Tax Code. This exemption shall not apply to the
6 sales of articles made to persons holding permits when such persons
7 purchase items for their use and which they are not regularly
8 engaged in the business of reselling; neither shall this exemption
9 apply to sales of tangible personal property to peddlers, solicitors
10 and other salespersons who do not have an established place of
11 business and a sales tax permit. The exemption provided by this
12 paragraph shall apply to sales of motor fuel or diesel fuel to a
13 Group Five vendor, but the use of such motor fuel or diesel fuel by
14 the Group Five vendor shall not be exempt from the tax levied by the
15 Oklahoma Sales Tax Code. The purchase of motor fuel or diesel fuel
16 is exempt from sales tax when the motor fuel is for shipment outside
17 this state and consumed by a common carrier by rail in the conduct
18 of its business. The sales tax shall apply to the purchase of motor
19 fuel or diesel fuel in Oklahoma by a common carrier by rail when
20 such motor fuel is purchased for fueling, within this state, of any
21 locomotive or other motorized flanged wheel equipment;

22 4. Sales of advertising space in newspapers and periodicals;

23 5. Sales of programs relating to sporting and entertainment
24 events, and sales of advertising on billboards (including signage,

1 | posters, panels, marquees or on other similar surfaces, whether
2 | indoors or outdoors) or in programs relating to sporting and
3 | entertainment events, and sales of any advertising, to be displayed
4 | at or in connection with a sporting event, via the Internet,
5 | electronic display devices or through public address or broadcast
6 | systems. The exemption authorized by this paragraph shall be
7 | effective for all sales made on or after January 1, 2001;

8 | 6. Sales of any advertising, other than the advertising
9 | described by paragraph 5 of this section, via the Internet,
10 | electronic display devices or through the electronic media including
11 | radio, public address or broadcast systems, television (whether
12 | through closed circuit broadcasting systems or otherwise), and cable
13 | and satellite television, and the servicing of any advertising
14 | devices;

15 | 7. Eggs, feed, supplies, machinery, and equipment purchased by
16 | persons regularly engaged in the business of raising worms, fish,
17 | any insect, or any other form of terrestrial or aquatic animal life
18 | and used for the purpose of raising same for marketing. This
19 | exemption shall only be granted and extended to the purchaser when
20 | the items are to be used and in fact are used in the raising of
21 | animal life as set out above. Each purchaser shall certify, in
22 | writing, on the invoice or sales ticket retained by the vendor that
23 | the purchaser is regularly engaged in the business of raising such
24 | animal life and that the items purchased will be used only in such

1 business. The vendor shall certify to the Oklahoma Tax Commission
2 that the price of the items has been reduced to grant the full
3 benefit of the exemption. Violation hereof by the purchaser or
4 vendor shall be a misdemeanor;

5 8. Sale of natural or artificial gas and electricity, and
6 associated delivery or transmission services, when sold exclusively
7 for residential use. Provided, this exemption shall not apply to
8 any sales tax levied by a city or town, or a county or any other
9 jurisdiction in this state;

10 9. In addition to the exemptions authorized by Section 1357.6
11 of this title, sales of drugs sold pursuant to a prescription
12 written for the treatment of human beings by a person licensed to
13 prescribe the drugs, and sales of insulin and medical oxygen.
14 Provided, this exemption shall not apply to over-the-counter drugs;

15 10. Transfers of title or possession of empty, partially
16 filled, or filled returnable oil and chemical drums to any person
17 who is not regularly engaged in the business of selling, reselling
18 or otherwise transferring empty, partially filled or filled
19 returnable oil drums;

20 11. Sales of one-way utensils, paper napkins, paper cups,
21 disposable hot containers, and other one-way carry out materials to
22 a vendor of meals or beverages;

23 12. Sales of food or food products for home consumption which
24 are purchased in whole or in part with coupons issued pursuant to

1 the federal food stamp program as authorized by Sections 2011
2 through 2029 of Title 7 of the United States Code, as to that
3 portion purchased with such coupons. The exemption provided for
4 such sales shall be inapplicable to such sales upon the effective
5 date of any federal law that removes the requirement of the
6 exemption as a condition for participation by the state in the
7 federal food stamp program;

8 13. Sales of food or food products, or any equipment or
9 supplies used in the preparation of the food or food products to or
10 by an organization which:

11 a. is exempt from taxation pursuant to the provisions of
12 Section 501(c)(3) of the Internal Revenue Code, 26
13 U.S.C., Section 501(c)(3), and which provides and
14 delivers prepared meals for home consumption to
15 elderly or homebound persons as part of a program
16 commonly known as "Meals on Wheels" or "Mobile Meals",
17 or

18 b. is exempt from taxation pursuant to the provisions of
19 Section 501(c)(3) of the Internal Revenue Code, 26
20 U.S.C., Section 501(c)(3), and which receives federal
21 funding pursuant to the Older Americans Act of 1965,
22 as amended, for the purpose of providing nutrition
23 programs for the care and benefit of elderly persons;

1 14. a. Sales of tangible personal property or services to or
2 by organizations which are exempt from taxation
3 pursuant to the provisions of Section 501(c) (3) of the
4 Internal Revenue Code, 26 U.S.C., Section 501(c) (3),
5 and:

- 6 (1) are primarily involved in the collection and
7 distribution of food and other household products
8 to other organizations that facilitate the
9 distribution of such products to the needy and
10 such distributee organizations are exempt from
11 taxation pursuant to the provisions of Section
12 501(c) (3) of the Internal Revenue Code, 26
13 U.S.C., Section 501(c) (3), or
14 (2) facilitate the distribution of such products to
15 the needy.

16 b. Sales made in the course of business for profit or
17 savings, competing with other persons engaged in the
18 same or similar business shall not be exempt under
19 this paragraph;

20 15. Sales of tangible personal property or services to
21 children's homes which are located on church-owned property and are
22 operated by organizations exempt from taxation pursuant to the
23 provisions of the Internal Revenue Code, 26 U.S.C., Section
24 501(c) (3);

1 16. Sales of computers, data processing equipment, related
2 peripherals, and telephone, telegraph or telecommunications service
3 and equipment for use in a qualified aircraft maintenance or
4 manufacturing facility. For purposes of this paragraph, "qualified
5 aircraft maintenance or manufacturing facility" means a new or
6 expanding facility primarily engaged in aircraft repair, building or
7 rebuilding whether or not on a factory basis, whose total cost of
8 construction exceeds the sum of Five Million Dollars (\$5,000,000.00)
9 and which employs at least two hundred fifty (250) new full-time-
10 equivalent employees, as certified by the Oklahoma Employment
11 Security Commission, upon completion of the facility. In order to
12 qualify for the exemption provided for by this paragraph, the cost
13 of the items purchased by the qualified aircraft maintenance or
14 manufacturing facility shall equal or exceed the sum of Two Million
15 Dollars (\$2,000,000.00);

16 17. Sales of tangible personal property consumed or
17 incorporated in the construction or expansion of a qualified
18 aircraft maintenance or manufacturing facility as defined in
19 paragraph 16 of this section. For purposes of this paragraph, sales
20 made to a contractor or subcontractor that has previously entered
21 into a contractual relationship with a qualified aircraft
22 maintenance or manufacturing facility for construction or expansion
23 of such a facility shall be considered sales made to a qualified
24 aircraft maintenance or manufacturing facility;

- 1 18. Sales of the following telecommunications services:
- 2 a. Interstate and International "800 service". "800
- 3 service" means a telecommunications service that
- 4 allows a caller to dial a toll-free number without
- 5 incurring a charge for the call. The service is
- 6 typically marketed under the name "800", "855", "866",
- 7 "877" and "888" toll-free calling, and any subsequent
- 8 numbers designated by the Federal Communications
- 9 Commission,
- 10 b. Interstate and International "900 service". "900
- 11 service" means an inbound toll telecommunications
- 12 service purchased by a subscriber that allows the
- 13 subscriber's customers to call in to the subscriber's
- 14 prerecorded announcement or live service. 900 service
- 15 does not include the charge for: collection services
- 16 provided by the seller of the telecommunications
- 17 services to the subscriber, or service or product sold
- 18 by the subscriber to the subscriber's customer. The
- 19 service is typically marketed under the name "900"
- 20 service, and any subsequent numbers designated by the
- 21 Federal Communications Commission,
- 22 c. Interstate and International "private communications
- 23 service". "Private communications service" means a
- 24 telecommunications service that entitles the customer

1 to exclusive or priority use of a communications
2 channel or group of channels between or among
3 termination points, regardless of the manner in which
4 such channel or channels are connected, and includes
5 switching capacity, extension lines, stations and any
6 other associated services that are provided in
7 connection with the use of such channel or channels,

- 8 d. "Value-added nonvoice data service". "Value-added
9 nonvoice data service" means a service that otherwise
10 meets the definition of telecommunications services in
11 which computer processing applications are used to act
12 on the form, content, code or protocol of the
13 information or data primarily for a purpose other than
14 transmission, conveyance, or routing,

- 15 e. Interstate and International telecommunications
16 service which is:

- 17 (1) rendered by a company for private use within its
18 organization, or
19 (2) used, allocated or distributed by a company to
20 its affiliated group,

- 21 f. Regulatory assessments and charges including charges
22 to fund the Oklahoma Universal Service Fund, the
23 Oklahoma Lifeline Fund and the Oklahoma High Cost
24 Fund, and

1 g. Telecommunications nonrecurring charges including but
2 not limited to the installation, connection, change,
3 or initiation of telecommunications services which are
4 not associated with a retail consumer sale;

5 19. Sales of railroad track spikes manufactured and sold for
6 use in this state in the construction or repair of railroad tracks,
7 switches, sidings, and turnouts;

8 20. Sales of aircraft and aircraft parts provided such sales
9 occur at a qualified aircraft maintenance facility. As used in this
10 paragraph, "qualified aircraft maintenance facility" means a
11 facility operated by an air common carrier including one or more
12 component overhaul support buildings or structures in an area owned,
13 leased, or controlled by the air common carrier, at which there were
14 employed at least two thousand (2,000) full-time-equivalent
15 employees in the preceding year as certified by the Oklahoma
16 Employment Security Commission and which is primarily related to the
17 fabrication, repair, alteration, modification, refurbishing,
18 maintenance, building, or rebuilding of commercial aircraft or
19 aircraft parts used in air common carriage. For purposes of this
20 paragraph, "air common carrier" shall also include members of an
21 affiliated group as defined by Section 1504 of the Internal Revenue
22 Code, 26 U.S.C., Section 1504. Beginning July 1, 2012, sales of
23 machinery, tools, supplies, equipment, and related tangible personal
24 property and services used or consumed in the repair, remodeling, or

1 maintenance of aircraft, aircraft engines or aircraft component
2 parts which occur at a qualified aircraft maintenance facility;

3 21. Sales of machinery and equipment purchased and used by
4 persons and establishments primarily engaged in computer services
5 and data processing:

6 a. as defined under Industry Group Numbers 7372 and 7373
7 of the Standard Industrial Classification (SIC)
8 Manual, latest version, which derive at least fifty
9 percent (50%) of their annual gross revenues from the
10 sale of a product or service to an out-of-state buyer
11 or consumer, and

12 b. as defined under Industry Group Number 7374 of the SIC
13 Manual, latest version, which derive at least eighty
14 percent (80%) of their annual gross revenues from the
15 sale of a product or service to an out-of-state buyer
16 or consumer.

17 Eligibility for the exemption set out in this paragraph shall be
18 established, subject to review by the Tax Commission, by annually
19 filing an affidavit with the Tax Commission stating that the
20 facility so qualifies and such information as required by the Tax
21 Commission. For purposes of determining whether annual gross
22 revenues are derived from sales to out-of-state buyers or consumers,
23 all sales to the federal government shall be considered to be to an
24 out-of-state buyer or consumer;

1 22. Sales of prosthetic devices to an individual for use by
2 such individual. For purposes of this paragraph, "prosthetic
3 device" shall have the same meaning as provided in Section 1357.6 of
4 this title, but shall not include corrective eye glasses, contact
5 lenses, or hearing aids;

6 23. Sales of tangible personal property or services to a motion
7 picture or television production company to be used or consumed in
8 connection with an eligible production. For purposes of this
9 paragraph, "eligible production" means a documentary, special, music
10 video or a television commercial or television program that will
11 serve as a pilot for or be a segment of an ongoing dramatic or
12 situation comedy series filmed or taped for network or national or
13 regional syndication or a feature-length motion picture intended for
14 theatrical release or for network or national or regional
15 syndication or broadcast. The provisions of this paragraph shall
16 apply to sales occurring on or after July 1, 1996. In order to
17 qualify for the exemption, the motion picture or television
18 production company shall file any documentation and information
19 required to be submitted pursuant to rules promulgated by the Tax
20 Commission;

21 24. Sales of diesel fuel sold for consumption by commercial
22 vessels, barges and other commercial watercraft;

23 25. Sales of tangible personal property or services to tax-
24 exempt independent nonprofit biomedical research foundations that

1 provide educational programs for Oklahoma science students and
2 teachers and to tax-exempt independent nonprofit community blood
3 banks headquartered in this state;

4 26. Effective May 6, 1992, sales of wireless telecommunications
5 equipment to a vendor who subsequently transfers the equipment at no
6 charge or for a discounted charge to a consumer as part of a
7 promotional package or as an inducement to commence or continue a
8 contract for wireless telecommunications services;

9 27. Effective January 1, 1991, leases of rail transportation
10 cars to haul coal to coal-fired plants located in this state which
11 generate electric power;

12 28. Beginning July 1, 2005, sales of aircraft engine repairs,
13 modification, and replacement parts, sales of aircraft frame repairs
14 and modification, aircraft interior modification, and paint, and
15 sales of services employed in the repair, modification, and
16 replacement of parts of aircraft engines, aircraft frame and
17 interior repair and modification, and paint;

18 29. Sales of materials and supplies to the owner or operator of
19 a ship, motor vessel, or barge that is used in interstate or
20 international commerce if the materials and supplies:

21 a. are loaded on the ship, motor vessel, or barge and
22 used in the maintenance and operation of the ship,
23 motor vessel, or barge, or

b. enter into and become component parts of the ship,
motor vessel, or barge;

3 30. Sales of tangible personal property made at estate sales at
4 which such property is offered for sale on the premises of the
5 former residence of the decedent by a person who is not required to
6 be licensed pursuant to the Transient Merchant Licensing Act, or who
7 is not otherwise required to obtain a sales tax permit for the sale
8 of such property pursuant to the provisions of Section 1364 of this
9 title; provided:

- a. such sale or event may not be held for a period exceeding three (3) consecutive days,
- b. the sale must be conducted within six (6) months of the date of death of the decedent, and
- c. the exemption allowed by this paragraph shall not be allowed for property that was not part of the decedent's estate;

31. Beginning January 1, 2004, sales of electricity and

18 associated delivery and transmission services, when sold exclusively
19 for use by an oil and gas operator for reservoir dewatering projects
20 and associated operations commencing on or after July 1, 2003, in
21 which the initial water-to-oil ratio is greater than or equal to
22 five-to-one water-to-oil, and such oil and gas development projects
23 have been classified by the Corporation Commission as a reservoir
24 dewatering unit;

1 32. Sales of prewritten computer software that is delivered
2 electronically. For purposes of this paragraph, "delivered
3 electronically" means delivered to the purchaser by means other than
4 tangible storage media;

5 33. Sales of modular dwelling units when built at a production
6 facility and moved in whole or in parts, to be assembled on-site,
7 and permanently affixed to the real property and used for
8 residential or commercial purposes. The exemption provided by this
9 paragraph shall equal forty-five percent (45%) of the total sales
10 price of the modular dwelling unit. For purposes of this paragraph,
11 "modular dwelling unit" means a structure that is not subject to the
12 motor vehicle excise tax imposed pursuant to Section 2103 of this
13 title;

14 34. Sales of tangible personal property or services to:

15 a. persons who are residents of Oklahoma and have been
16 honorable discharged from active service in any branch
17 of the Armed Forces of the United States or Oklahoma
18 National Guard and who have been certified by the
19 United States Department of Veterans Affairs or its
20 successor to be in receipt of disability compensation
21 at the one-hundred-percent rate and the disability
22 shall be permanent and have been sustained through
23 military action or accident or resulting from disease
24 contracted while in such active service and registered

1 with the veterans registry created by the Oklahoma
2 Department of Veterans Affairs, or
3 b. the surviving spouse of the person in subparagraph a
4 of this paragraph if the person is deceased and the
5 spouse has not remarried and the surviving spouse of a
6 person who is determined by the United States
7 Department of Defense or any branch of the United
8 States military to have died while in the line of duty
9 if the spouse has not remarried. Sales for the
10 benefit of an eligible person to a spouse of the
11 eligible person or to a member of the household in
12 which the eligible person resides and who is
13 authorized to make purchases on the person's behalf,
14 when such eligible person is not present at the sale,
15 shall also be exempt for purposes of this paragraph.
16 The Oklahoma Tax Commission shall issue a separate
17 exemption card to a spouse of an eligible person or to
18 a member of the household in which the eligible person
19 resides who is authorized to make purchases on the
20 person's behalf, if requested by the eligible person.
21 Sales qualifying for the exemption authorized by this
22 paragraph shall not exceed Twenty-five Thousand
23 Dollars (\$25,000.00) for nonvehicle purchases per year
24 per individual while the disabled veteran is living.

1 Sales qualifying for the exemption authorized by this
2 paragraph shall not exceed Twenty Thousand Dollars
3 (\$20,000.00) for a vehicle purchase per individual
4 while the disabled veteran is living, as long as the
5 exemption has not been used for a vehicle in the
6 preceding five (5) years. Sales qualifying for the
7 exemption authorized by this paragraph shall not
8 exceed One Thousand Dollars (\$1,000.00) per year for
9 an unremarried surviving spouse. Upon request of the
10 Tax Commission, a person asserting or claiming the
11 exemption authorized by this paragraph shall provide a
12 statement, executed under oath, that the total sales
13 amounts for which the exemption is applicable have not
14 exceeded Twenty-five Thousand Dollars (\$25,000.00) per
15 year per living disabled veteran or One Thousand
16 Dollars (\$1,000.00) per year for an unremarried
17 surviving spouse. If the amount of such exempt sales
18 exceeds such amount, the sales tax in excess of the
19 authorized amount shall be treated as a direct sales
20 tax liability and may be recovered by the Tax
21 Commission in the same manner provided by law for
22 other taxes including penalty and interest. The Tax
23 Commission shall promulgate any rules necessary to
24 implement the provisions of this paragraph, which

1 shall include rules providing for the disclosure of
2 information about persons eligible for the exemption
3 authorized in this paragraph to the Oklahoma
4 Department of Veterans Affairs, as authorized in
5 Section 205 of this title. For purposes of the
6 exemption authorized by this subparagraph, if the
7 disability determination that would have been made
8 while the disabled veteran was still living is not
9 made final until after the death of the disabled
10 veteran, the exemption authorized by this subparagraph
11 may still be claimed by the surviving spouse;

12 35. Sales of electricity to the operator, specifically

13 designated by the Corporation Commission, of a spacing unit or lease
14 from which oil is produced or attempted to be produced using
15 enhanced recovery methods including, but not limited to, increased
16 pressure in a producing formation through the use of water or
17 saltwater if the electrical usage is associated with and necessary
18 for the operation of equipment required to inject or circulate
19 fluids in a producing formation for the purpose of forcing oil or
20 petroleum into a wellbore for eventual recovery and production from
21 the wellhead. In order to be eligible for the sales tax exemption
22 authorized by this paragraph, the total content of oil recovered
23 after the use of enhanced recovery methods shall not exceed one
24 percent (1%) by volume. The exemption authorized by this paragraph

1 shall be applicable only to the state sales tax rate and shall not
2 be applicable to any county or municipal sales tax rate;

3 36. Sales of intrastate charter and tour bus transportation.

4 As used in this paragraph, "intrastate charter and tour bus
5 transportation" means the transportation of persons from one
6 location in this state to another location in this state in a motor
7 vehicle which has been constructed in such a manner that it may
8 lawfully carry more than eighteen persons, and which is ordinarily
9 used or rented to carry persons for compensation. Provided, this
10 exemption shall not apply to regularly scheduled bus transportation
11 for the general public;

12 37. Sales of vitamins, minerals, and dietary supplements by a
13 licensed chiropractor to a person who is the patient of such
14 chiropractor at the physical location where the chiropractor
15 provides chiropractic care or services to such patient. The
16 provisions of this paragraph shall not be applicable to any drug,
17 medicine, or substance for which a prescription by a licensed
18 physician is required;

19 38. Sales of goods, wares, merchandise, tangible personal
20 property, machinery, and equipment to a web search portal located in
21 this state which derives at least eighty percent (80%) of its annual
22 gross revenue from the sale of a product or service to an out-of-
23 state buyer or consumer. For purposes of this paragraph, "web
24 search portal" means an establishment classified under NAICS code

1 519130 which operates websites that use a search engine to generate
2 and maintain extensive databases of Internet addresses and content
3 in an easily searchable format;

4 39. Sales of tangible personal property consumed or
5 incorporated in the construction or expansion of a facility for a
6 corporation organized under Section 437 et seq. of Title 18 of the
7 Oklahoma Statutes as a rural electric cooperative. For purposes of
8 this paragraph, sales made to a contractor or subcontractor that has
9 previously entered into a contractual relationship with a rural
10 electric cooperative for construction or expansion of a facility
11 shall be considered sales made to a rural electric cooperative;

12 40. Sales of tangible personal property or services to a
13 business primarily engaged in the repair of consumer electronic
14 goods including, but not limited to, cell phones, compact disc
15 players, personal computers, MP3 players, digital devices for the
16 storage and retrieval of information through hard-wired or wireless
17 computer or Internet connections, if the devices are sold to the
18 business by the original manufacturer of such devices and the
19 devices are repaired, refitted or refurbished for sale by the entity
20 qualifying for the exemption authorized by this paragraph directly
21 to retail consumers or if the devices are sold to another business
22 entity for sale to retail consumers;

23 41. On or after July 1, 2019, and prior to July 1, 2024, sales
24 or leases of rolling stock when sold or leased by the manufacturer,

1 regardless of whether the purchaser is a public services corporation
2 engaged in business as a common carrier of property or passengers by
3 railway, for use or consumption by a common carrier directly in the
4 rendition of public service. For purposes of this paragraph,
5 "rolling stock" means locomotives, autocars, and railroad cars and
6 "sales or leases" includes railroad car maintenance and retrofitting
7 of railroad cars for their further use only on the railways;

8 42. Sales of gold, silver, platinum, palladium or other bullion
9 items such as coins and bars and legal tender of any nation, which
10 legal tender is sold according to its value as precious metal or as
11 an investment. As used in the paragraph, "bullion" means any
12 precious metal including, but not limited to, gold, silver,
13 platinum, and palladium, that is in such a state or condition that
14 its value depends upon its precious metal content and not its form.
15 The exemption authorized by this paragraph shall not apply to
16 fabricated metals that have been processed or manufactured for
17 artistic use or as jewelry; and

18 43. Recovery fees on the rental charge from any item of heavy
19 equipment property rental as provided for in Section 2 of this act.

20 SECTION 2. This act shall become effective November 1, 2025.

22 60-1-11693 AO 12/27/24