

# An Act

ENROLLED HOUSE  
BILL NO. 1399

By: Johnson of the House

and

Sykes of the Senate

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 1364.1, as amended by Section 1, Chapter 230, O.S.L. 2012 (68 O.S. Supp. 2012, Section 1364.1), which relates to remittance of sales tax; modifying eligibility to obtain direct payment permit; eliminating fee; allowing extended reporting period under certain circumstances; prescribing qualifications for direct payment permit; specifying accounting method; providing an effective date; and declaring an emergency.

SUBJECT: Sales tax

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 1364.1, as amended by Section 1, Chapter 230, O.S.L. 2012 (68 O.S. Supp. 2012, Section 1364.1), is amended to read as follows:

Section 1364.1 A. Every person who ~~makes purchases of Eight Hundred Thousand Dollars (\$800,000.00) or more annually in taxable items for use in Oklahoma enterprises~~ qualifies pursuant to subsection B of this section and desires to directly remit the taxes due under Section 1350 et seq. of this title or Section 1401 et seq. of this title to the Oklahoma Tax Commission rather than remit such taxes to the vendor may apply to the Tax Commission for a direct payment permit. The permit shall be valid for three (3) years ~~and the fee for the permit shall be Twenty Dollars (\$20.00)~~. Each such person shall file with the Tax Commission an application for a

direct payment permit, setting forth such information as the Tax Commission may require, including but not limited to:

1. An agreement that is signed by the owner of the business or representative of the business entity and as a natural person, and, in the case of a corporation, as a legally constituted officer thereof, that provides that the applicant agrees to:

- a. accrue and remit all taxes imposed by Section 1350 et seq. of this title or Section 1401 et seq. of this title on the sale or use of all taxable personal property or services sold to or leased or rented by the applicant. Provided, no tax shall be due from the holder of a direct payment permit on tangible personal property intended solely for use in other states, but which is stored in Oklahoma pending shipment to such other states or which is temporarily retained in Oklahoma for the purpose of fabrication, repair, testing, alteration, maintenance, or other service,
- b. pay such taxes as required by Section 1365 of this title. Provided, in lieu of monthly reports, persons qualifying pursuant to paragraph 2 of subsection B of this section owing an average per month of Five Hundred Dollars (\$500.00) or less may file quarterly reports and remit taxes due thereunder to the Tax Commission on or before the twentieth day of the month following the calendar quarter. If not paid on or before the twentieth day of such month, the tax shall be delinquent,
- c. waive the discount permitted by Section 1367.1 of this title on the payment of all taxes remitted directly to the Tax Commission; and

2. A description of the accounting method by which the applicant proposes to differentiate between taxable and exempt transactions.

Upon verification that the applicant is eligible to receive a direct payment permit, the Tax Commission shall issue a direct payment permit for the place of business set forth in the application for the permit. The Tax Commission shall be the sole judge of the applicant's qualifications and may refuse to issue a direct payment permit to an applicant. An applicant who has been

denied the issuance of a permit may submit an amended application or may submit a new application after a reasonable period of time after the denial of the original application.

B. The following persons shall qualify for a direct payment permit as provided in subsection A of this section:

1. Every person who makes purchases of Eight Hundred Thousand Dollars (\$800,000.00) or more annually in taxable items for use in Oklahoma enterprises; or

2. Every person who makes purchases of drugs for the treatment of human beings, medical appliances, medical devices and other medical equipment including but not limited to corrective eyeglasses, contact lenses, hearing aids, prosthetic devices, durable medical equipment, and mobility-enhancing equipment for administration or distribution by a practitioner, as defined in subsection B of Section 1357.6 of this title, who is authorized by law to administer or distribute such items and the cost of such items will be reimbursed under the Medicare or Medicaid program.

C. For exempt purchases made by persons that have been issued a permit under paragraph 2 of subsection B of this section, the Tax Commission shall accept the following information, maintained separate from confidential patient records, as an acceptable accounting method by which the applicant documents the purchase of items exempt under Section 1357.6 of this title:

1. Patient case number or account number;
2. Type of insurance; and
3. Item description or product number.

SECTION 2. This act shall become effective July 1, 2013.

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

Passed the House of Representatives the 5th day of March, 2013.

*Mike Jack*

Presiding Officer of the House  
of Representatives

Passed the Senate the 17th day of April, 2013.

*Tommy Ford*

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 18<sup>th</sup>

day of April, 20 13, at 3:04 o'clock P M.

By: Andrew Redwell

Approved by the Governor of the State of Oklahoma this 24<sup>th</sup>

day of April, 20 13, at 2:53 o'clock P M.

*Mary Fallin*

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 24<sup>th</sup>

day of April, 20 13, at 5:00 o'clock P. M.

By: Greg Palmer