



OKLAHOMA TAX COMMISSION

ASSISTANCE GUIDE

(all numbers are within the "405" area code)

Tax Professional Hotline:

The Oklahoma Tax Commission implemented a couple of methods in which tax professionals may by-pass the main telephone line to receive immediate responses to inquiries related to tax issues.

First method:..... Calling 521-6827 or

Second method:..... Emailing questions to: taxprofessionalquestion@tax.ok.gov

Telephone Numbers:

Account Maintenance Division

Main Number 521-4271

Ad Valorem Division

Main Number 319-8200

Communications Division

Main Number 521-3637

Compliance Division

Audit - Main Number 521-3251

Collections - Main Number..... 521-3281

Legal Division

Main Number 319-8550

Motor Vehicle Division

Main Number 521-3221

Tax Policy and Research

Tax Analysts 521-3133

Taxpayer Assistance

Taxpayer Resource Center 521-3160

Toll Free (within Oklahoma only) 1 (800) 522-8165

(To be connected to a division other than Taxpayer Assistance, please enter the last five digits of the phone number of the division in which you wish to be connected)

Website: www.tax.ok.gov

E-mail address: otcmaster@tax.ok.gov

Changes to 2014 Income Tax From 2013 & Prior Legislative Sessions

Deduction for Providing Foster Care – Provides a deduction, for a taxpayer who contracts with a child-placing agency as defined in 10 O.S. § 402, for expenses incurred to provide care for a foster child.

Note: The deduction was amended during the 2014 Legislative Session. See Senate Bill 1621 for the amount of the deduction.

Oklahoma Depletion – Only major oil companies, when calculating Oklahoma depletion, are limited to 50% of the net income from each property computed without the allowance for depletion. The net income limiter for the allowance of percentage depletion in computing Oklahoma taxable income for non-major oil companies has been removed.

Political Contribution – The \$100 (\$200 for married filing joint returns) Political Contribution deduction has been removed.

Interest Qualifying for Exclusion - The \$100 (\$200 for married filing joint returns) Interest Qualifying for Exclusion deduction has been removed.

Historical Battle Sites – The 50% capital gain deduction from the sale of real property to the State of Oklahoma has been removed. The property must have been a historic battle site in the 19th century and designated a National Historic Landmark.

Discharge of indebtedness under IRC Section 108(i)(1) – A new deduction has been added for income from discharge of indebtedness deferred under IRC Section 108(i)(1) which was added back to compute Oklahoma taxable income in tax year 2010. An amount equal to the portion of such deferred income included in federal income for tax year 2014 will be deducted.

Credits –

The following income tax credits have been amended:

Coal Credit -

- Credits earned on or after January 1, 2014 that are not used on Form 511CR will be refunded at 85% of the face amount of the credits. Use Form 577 to calculate the refundable portion of the credit.
- The five-year carryover provision, for credits allowed but not used, applies only to credits earned prior to January 1, 2014.
- The credit is no longer transferable.
- Extended the sunset date for 7 years from tax years ending on or before December 31, 2014 to tax years ending on or before December 31, 2021.

Credit for Electricity Generated by Zero-Emission Facilities -

- Credit generated on or after January 1, 2014 that are not used on Form 511CR will be refunded at 85% of face amount of the credits. Use Form 578 to calculate the refundable portion of the credit.

- The ten year carryover provision, for credits allowed but not used, applies only to credits generated prior to January 1, 2014.
- The credit is no longer transferable.
- Extended the sunset date for 5 years from facilities placed in operation before January 1, 2016 to before January 1, 2021.

The following income tax credits have been eliminated¹:

Cite	Credit
27A O.S. §2-11-303	Credit for Hazardous Waste Control
68 O.S. §2357	Credit for Gas Used in Manufacturing
68 O.S. §2357.6	Credit for Energy Assistance Fund Contribution
68 O.S. §2357.13	Commercial Space Industries Credit
68 O.S. §2357.26	Credit for Employers Providing Child Care Programs
68 O.S. §2357.30	Small Business Guaranty Fee Credit
68 O.S. §2357.33	Credit for Food Service Establishments that Pay for Hepatitis A Vaccination for Employees
68 O.S. §2357.34-40	Credit for Tourism Development or Qualified Media Production Facility
68 O.S. §2357.66	Credit for Qualified Ethanol Facilities
68 O.S. §2357.67	Credit for Eligible Biodiesel Facility
68 O.S. §2357.81	OK Local Development & Enterprise Zone Incentive Leverage Act Credit
68 O.S. §2357.102	Dry Fire Hydrant Credit
68 O.S. § 2357.203	Credit for Breeders of Specially Trained Canines
68 O.S. §2357.402	Credit for Manufacturers of Electric Vehicles
68 O.S. §2370.3	Credit for Stafford Loan Origination Fee
68 O.S. §54006	Research & Development New Jobs Credit

¹ Several of these credits have carryover provisions. This measure does not eliminate the carryover provisions.

Summary of 2014 Tax Legislation

INCOME TAX

House Bill 2509 – Effective November 1, 2014

Amends the Credit for Employees in Aerospace Sector and Credits for Employers in Aerospace Sector² (68 O.S. §§ 2357.301- 2357.304) by extending the sunset date to January 1, 2018. Also, this measure amends the definition of a qualified employee to provide that a person who worked in the aerospace sector before receiving an undergraduate or graduate degree, or any person who has received an undergraduate or graduate degree and is employed by a professional staffing company and assigned to work in the aerospace sector in this state shall not be excluded from this definition. This measure clarifies that an aerospace employee meets the definition of a qualified employee if they began their employment in Oklahoma on or after January 1, 2009, regardless of their hire date.

House Bill 2643 – Effective January 1, 2015

Amends the Credit for Contributions to a Scholarship-Granting Organization and the Credit for Contributions to an Educational Improvement Grant Organization (68 O.S. § 2357.206) by adding Subchapter S corporations to those entities that are eligible for the credit. This measure authorizes the allocation of the credit to partners, shareholders, members and other equity owners of pass-through entities. Tax credits which are allocated are no longer limited to \$1,000 for single individuals or \$2,000 for married taxpayers filing jointly. This measure increases the Credit for Contributions to a Scholarship-Granting Organization to 75% of the amount donated for any taxpayer who makes a commitment to contribute the same amount for two additional years.

House Bill 3216 – Effective May 2, 2014

Amends the Natural Disaster Tax Credit³ (68 O.S. § 2357.29A) by modifying the definition of natural disaster eligible for the credit to include tornadoes during calendar years 2012 and 2013 for which a Presidential Major Disaster Declaration was not issued.

Note: See Senate Bill 1199 for additional amendments to this credit.

² Under current law, two (2) income tax credits are available to employers based on the amount of wages paid to a qualified employee and the amount of tuition that is reimbursed to a qualified employee. There is also an income tax credit for the engineer-employee in the amount of Five Thousand Dollars (\$5,000) per year for five (5) years.

³ This is a refundable income tax credit for any increased ad valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of natural disaster (weather or fire event declared as a major disaster through the Federal Emergency Management Agency) in 2012 or 2013. The credit is to be the difference between the ad valorem taxes paid on the property in the year prior to the damage and the ad valorem taxes paid in the first year the property is completely or fully repaired or rebuilt. In years two through five of the credit, the credit is to be 80% of the previous year's credit.

House Bill 3297 – Effective August 22, 2014

Amends the Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property (68 O.S. § 2357.22) by decreasing the credit for investments in qualified clean burning motor vehicle fuel property (the vehicle component) from 50% of the investment amount to 45% of the investment amount. This measure also requires the Oklahoma Tax Commission (OTC) to calculate an amount equal to 5% of the credit and transfer that amount to the Compressed Natural Gas Conversion Safety and Regulation Fund, created in Section 13 of this measure, for FY15 and each fiscal year thereafter.

Senate Bill 1150 – Effective November 1, 2014

Sunsetts the Small Business Guaranty Fee Credit (68 O.S. § 2370.1) effective for guaranty fees paid on or after January 1, 2017.

Senate Bill 1151 – Effective November 1, 2014

Sunsetts the Film or Music Project Credit (68 O.S. § 2357.101) effective for tax years ending before January 1, 2015.

Senate Bill 1152 – Effective November 1, 2014

Sunsetts the Credit for Wages Paid to an Injured Employee (68 O.S. § 2357.47) effective for tax years ending before January 1, 2015.

Sunsetts the Credit for Modification Expenses Paid for an Injured Employee (68 O.S. § 2357.47) effective for tax years ending before January 1, 2017.

Senate Bill 1153 – Effective November 1, 2014

Sunsetts the Credit for Entities in the Business of Providing Child Care Services (68 O.S. § 2357.27) effective for tax years ending before January 1, 2017.

Senate Bill 1170 – Effective November 1, 2014

Sunsetts the Wire Transfer Fee Credit (68 O.S. § 2357.401) effective for tax years ending before January 1, 2017.

Senate Bill 1199 – Effective May 23, 2014

Amends the Natural Disaster Tax Credit⁴ (68 O.S. § 2357.29A) by extending the credit to any natural disaster (weather or fire event declared as a major disaster through the Federal Emergency Management Agency) occurring after December 31, 2011. Further amends the time to rebuild or repair the primary residence to 36 months after the date of the natural disaster

⁴ This is a refundable income tax credit for any increased ad valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of natural disaster (weather or fire event declared as a major disaster through the Federal Emergency Management Agency) in 2012 or 2013. The credit is to be the difference between the ad valorem taxes paid on the property in the year prior to the damage and the ad valorem taxes paid in the first year the property is completely or fully repaired or rebuilt. In years two through five of the credit, the credit is to be 80% of the previous year's credit.

occurring on or after January 1, 2014. Current law limits the credit for increased ad valorem tax that is a result of rebuilding or repairing residential real property damaged or destroyed as a result of a natural disaster in 2012 or 2013 only.

Note: See House Bill 3216 for additional amendments to this credit.

Senate Bill 1226 – Effective November 1, 2014

Sunsetts the Credit for Financial Institutions Making Loans under the Rural Economic Development Loan Act effective for tax years beginning on or after January 1, 2017. [68 O.S. § 2370]

Senate Bill 1246 – Effective August 22, 2014

Amends 68 O.S. § 2355 by maintaining the top marginal individual income tax rate of 5.25% through tax year 2015 and potentially reducing the top marginal individual income tax rate to 5.0% beginning with tax year 2016, and to 4.85% for subsequent tax years (no earlier than two tax years after the 5% rate is in effect), contingent upon certain revenue growth.

Senate Bill 1621 – Effective June 3, 2014

Amends the Deduction for Providing Foster Care (68 O.S. § 2358.5-1). Individuals may deduct \$5,000 for expenses incurred providing foster care. Married persons filing separately in a year in which they could have filed a joint return may each claim only \$2,500. This measure also sunsetts this credit effective for tax years beginning on or after January 1, 2018.

Senate Bill 1723 – Effective November 1, 2014

Amends the Military Pay Exclusion (68 O.S. § 2358(E)(5)) which relates to the deduction for military pay by removing the sunset date of the 100% exclusion. This measure also repeals 68 O.S. § 2355.1D which potentially could have reduced the exclusion back to \$1,500.

Senate Bill 2128 – Effective January 1, 2015

Creates the Oklahoma Affordable Housing Tax Credit for qualified projects placed in service after July 1, 2015. The amount of state tax credits available will equal the amount of federal low-income housing tax credits for a qualified project, but cannot exceed \$4.0 million per allocation year. For allocation year 2013, \$8.7 million of federal low-income housing tax credits were awarded for Oklahoma projects.

AD VALOREM

House Bill 2534 – *Effective November 1, 2014*

Provides that all affidavits described in 68 O.S. § 2877(E) be maintained by the County Board of Equalization as part of the hearing record. It also imposes the requirement that prior to the presentation of any evidence at a County Board of Equalization hearing, each member of the board hearing the protest must sign an affidavit stating that he/she is not in violation of paragraph 1 of subsection E of Section 2877 of Title 68.⁵ Additionally, it requires all parties to a proceeding, prior to the presentation of any evidence at a County Board of Equalization hearing, to sign an affidavit that the evidence being presented is true to the best of their belief and knowledge.

House Bill 2621 – *Effective Upon Voter Approval*

Proposes an amendment to Section 8E of Article 10 of the Oklahoma Constitution to provide that if a qualifying veteran or surviving spouse of the qualifying veteran sells a homestead property exempted from ad valorem tax pursuant to Section 8E of Article 10 and acquires a new homestead property, the newly acquired homestead property shall be exempt to the same extent as the homestead property previously owned by such person.

Proposes an amendment to Article 10 of the Oklahoma Constitution by adding a new Section 8F which, beginning January 1, 2015, affords a surviving spouse of the head of household who is determined by the United States Department of Defense or any branch of the United States Military to have died while in the line of duty an ad valorem exemption for the full amount of the fair cash value of the homestead until such surviving spouse remarries.

House Bill 2810 – *Effective November 1, 2014*

Amends 68 O.S. § 2817 by providing that in the event any improvements on land or personal property are destroyed or partially destroyed, or the land is impaired or partially impaired by fire, lightning, storm, winds, floodwaters, overflow of streams or other causes, the assessor for purposes of requirement to determine the amount of damage and to reassess the property must take into account the actual loss of functional use of the property occasioned by such damage. The assessor is required to make the value adjustments to the property for that tax year up to the time at which the assessor publishes the “Assessor’s Report to the Excise Board”. Thereafter, adjustments can only be made by the county Board of Tax Roll Corrections and only after the assessor has certified the tax roll for that year. It also requires the board secretary to notify property owners in advance of the time and place at which the value adjustments to their property will be heard by the board and authorizes the Board of Tax Roll Corrections to only approve or reject the value adjustment submitted by the county assessor.

Clarifies provision in 68 O.S. § 2871 allowing correction to tax rolls upon hearing of the Board of Tax Roll Corrections for improvements to real estate or other property assessed which have

⁵ Paragraph 1 of subsection E of Section 2877 of Title 68 prohibits members of county boards of equalization from directly or indirectly communicating with the county assessor or any deputy assessor or designated agent on any matter relating to any pending appeal before the County Board of Equalization prior to the actual hearing.

been destroyed by fire or the value of land has been impaired, damaged or destroyed by wildfires, floods or overflow of streams providing that the county assessor must have made and entered an adjustment to assessments previously made and entered.

House Bill 3119 – Effective January 1, 2015

Amends 68 O.S. § 2876 to allow a taxpayer 30 days instead of 20 working days from the mailing or delivery date of the assessment notice in the case of a valuation increase or added property valuation to file a written complaint with the county assessor. Regarding informal hearings scheduled to consider a complaint, Section 1 also provides that a taxpayer who is unable to participate in a scheduled informal hearing, either in person or telephonically, shall be given at least two additional opportunities to participate on one of two alternative dates provided by the county assessor, each on a different day of the week, before the county assessor or an authorized representative of the county assessor.

Amends 68 O.S. § 2877 which relates to hearings before a County Board of Equalization by providing that in any county with a population less than 300,000 according to the latest Federal Decennial Census, the County Board of Equalization must provide at least three dates at intervals of at least 10 days between the dates on which a taxpayer may personally appear and make a presentation of evidence. Also, it provides that no final determination regarding valuation protests shall be made by a County Board of Equalization until the taxpayer fails to appear for all three dates.

House Bill 3188 – Effective June 3, 2014

Amends the definition of improvement in 68 O.S. § 2802.1 for purposes of implementing Section 8B of Article 10 of the Oklahoma Constitution to exclude any expenditure made to repair damage to a residential or business structure caused by a natural disaster or other event causing damage. Any such improvements made shall be disregarded for purposes of determining the maximum amount of fair cash value subject to ad valorem taxation, unless the improvements increase the square footage in which case only additional square footage may be considered an improvement. The measure further provides that when such improvements constitute an increase in square footage, the county assessor must determine the fair cash value of the additional square footage and separately determine the maximum fair cash value for the remaining square footage subject to the limitations of Section 8B of Article 10.

House Bill 3216 – Effective May 2, 2014

Amends 68 O.S. §§ 2888 and 2892, respectively by updating statutory cites to accurately reference the income tax credit provided in 68 O.S. § 2357.29A.

Senate Bill 1199 – Effective May 23, 2014

Defines tornado for purposes of 68 O.S. § 2888 to mean a tornado which occurred in calendar year 2013 or any subsequent tornado for which a Presidential Major Disaster Declaration was issued.

Amends 68 O.S. § 2892 extending the homestead exemption eligibility and filing period until June 1st of the year immediately following the year a tornado⁶ occurs, for any person authorized to claim the income tax credit in 68 O.S. § 2357.29A with respect to a tornado or for any owner of real property whose primary residence was damaged or destroyed by a tornado and who purchased or built a new primary residence at a location in this state different from the one where the damaged or destroyed residence was located.⁷

CIGARETTE & TOBACCO PRODUCTS

House Bill 2361 – Effective November 1, 2014

Prohibits any person engaged in the business of selling or distributing cigarettes who is not a manufacturer, wholesaler, or distributor of cigarettes or other tobacco products licensed by the Oklahoma Tax Commission (OTC) from mailing, shipping or otherwise delivering cigarettes to any person in this state that is not 1) a distributor or wholesaler of cigarettes licensed by the OTC pursuant to 68 O.S. § 304; 2) an export warehouse proprietor pursuant to Chapter 52 of the Internal Revenue Code or the operator of a customs bonded warehouse pursuant to 19 U.S.C., Section 1311 or 1555; or 3) a person who is an officer, employee or agent of the United States government, this state or a department, agency, instrumentality or political subdivision of the United States or this state when the person is acting in accordance with the official duties of the person. Further this Section makes it illegal for any common or contract carrier to transport knowingly cigarettes to any person in this state reasonably believed by the carrier to be a person other than the ones authorized above. Conversely, cigarettes may be transported to a home or residence in this state by persons other than common and contract carriers in quantities that do not exceed 1,000 cigarettes at any one time.

The measure provides for penalties for violating the provisions of 68 O.S. § 317.9 along with the forfeiture and destruction of any cigarettes which are unlawfully shipped or transported into Oklahoma.

Repeals 68 O.S. §§ 317.2, 317.3, 317.4, 317.5, 317.6 and 317.7 relating to delivery sales of cigarettes.

House Bill 2363 – Effective November 1, 2014

Authorizes the Attorney General, when considered necessary for the enforcement of the Prevention of Youth Access to Tobacco Act or the Master Settlement Agreement Complementary Act, to require each wholesaler or distributor of cigarettes and roll-your-own tobacco products intended for sale to file with the Attorney General a report each month of its sales, by brand, to retailers and wholesalers located in this state. The report is required to be filed electronically with the Attorney General and OTC. The measure further provides that the above-referenced report, if timely filed, shall be considered as meeting the reporting requirements of 68 O.S. § 360.6.

⁶ Tornado is defined in the same manner as in Section 6 to include a tornado which occurred in calendar year 2013 or any subsequent tornado for which a Presidential Major Disaster Declaration was issued.

⁷ Section 7 also provides, consistent with the passage of SB 330 [2013], that for tornadoes occurring in calendar year 2013, the homestead exemption may be filed no later than June 1, 2014.

Senate Bill 1602 – Effective November 1, 2014

Defines vapor product for purposes of the Prevention of Youth Access to Tobacco Act.

Provides that stores predominately engaged in the sale of vapor products where other product sales are merely incidental which violate the prohibition against selling vapor products to minors in 37 O.S. § 600.3(A) & (B) in excess of two times within a two year period may have their sales tax permit suspended for a period dependent upon the number of violations committed. Upon a determination that the penalty for such violations includes permit suspension for the above-described stores, the ABLE Commission must notify the OTC, and the OTC must suspend the store's sales tax permit. Further, each violation of Title 37 O.S. § 600.3 by an employee of a store predominately engaged in the sale of vapor products shall be deemed a violation against the owner for purposes of a sales tax permit suspension. It also provides that a sales tax permit of a store predominately engaged in the sale of vapor products shall be suspended by the OTC upon notification by ABLE of a storeowner's failure to pay an administrative fine imposed pursuant to 37 O.S. § 600.3.

Provides that in addition to other information currently provided pursuant to 37 O.S. § 600.11, the OTC is to provide ABLE and each municipality which has ordinances concerning the Prevention of Youth Access to Tobacco Act, the location, name, and address of each licensee licensed to sell vapor products at retail or otherwise furnish vapor products.

GROSS PRODUCTION & PETROLEUM EXCISE TAXES

House Bill 2562 – Effective July 1, 2014

Amends 68 O.S. § 1001 by reducing the tax rate for all new production from wells, spudded on or after 7/1/15, to 2% for the first 36 months. Thereafter, the tax rate increases to 7%. The legislation extends the deep well, new discovery, and 3-D seismic incentives to July 1, 2015. The legislation also extends the enhanced recovery, inactive well, and production enhancement incentives to July 1, 2020. Effective July 1, 2015, the bill modifies the current refund process for production and provides that the incentives are not available for production taxed at the 2% rate. It also provides that no claims for rebates for production occurring before 2003 are permitted after the effective date of the bill, as well as, deletes obsolete language.

Extends the economically-at-risk incentive to July 1, 2020. The legislation also proposes to amend 68 O.S. § 1001.3a by providing that no claims regarding the economically-at-risk leases shall be permitted after December 31, 2015 for production periods occurring between calendar years 2005 through 2013.

Amends 68 O.S. § 1004 by providing for apportionment of revenue from oil and gas under the new 2% tax rate.

MOTOR VEHICLE

House Bill 1516 – Effective November 1, 2014

Creates the Oklahoma Crusher Act which requires automobile crushers to be licensed by the Oklahoma Used Motor Vehicle and Parts Commission. It also requires that prior to the purchase of a used motor vehicle, trailer, or nonmotorized recreational vehicle, a crusher must require from the vehicle seller proof of the seller's ownership. One form of acceptable proof is a certificate of title in the name of the seller that shows no outstanding liens. [47 O.S. §§ 592.1 – 592.10]

House Bill 2688 – Effective November 1, 2014

Repeals 47 O.S. § 1138 which imposes license and registration fees on intercity buses operating both in and outside of Oklahoma under the authority of the Interstate Commerce Commission and 47 O.S. § 1139 which levies on intercity buses traveling along any public highway in this state a tax to reimburse the state for maintenance and upkeep of the public highways.

House Bill 3216 – Effective May 2, 2014

Amends 47 O.S. § 1132.3 to allow a credit⁸ for registration fees associated with a vehicle which is a replacement for a currently registered vehicle which was destroyed by a tornado in calendar year 2012 or calendar year 2013 for which a Presidential Major Disaster Declaration was not issued.

Amends 68 O.S. § 2103.1 by adding a new paragraph 5 which provides a related vehicle excise tax credit for vehicles similarly situated to those referenced in the paragraph above. The credit is in the amount of the excise tax previously paid on or after January 1, 2011 for the destroyed vehicle and must be applied to the excise tax due on the replacement vehicle. It also states that in no event shall the credit authorized by paragraphs 1, 2, 3 and 4 of Section 2103.1 be refunded.

Senate Bill 503 – Effective June 3, 2014

Authorizes the Oklahoma Tax Commission (OTC) to deny issuance of a replacement plate or decal if the plate was confiscated pursuant to 47 O.S. § 7-606(A)(1)(b) for failure to comply with the Compulsory Insurance Law until the owner/operator of the vehicle for which the plate was seized complies with the provisions of 47 O.S. § 7-606(A)(1)(b)(2).

Requires offices of county sheriffs to provide plan administrator – the Oklahoma Sheriffs' Association – with seized license plate numbers. The plan administrator must maintain a database of all seized plates and provide such information to the OTC. The plan administrator shall notify the OTC once the vehicle owner/operator is in compliance with 47 O.S. § 7-606(A)(1)(b)(2).

⁸The credit is based on the fee paid for the registration of the destroyed vehicle and the registration period remaining at the date of destruction. The credit must be applied to the registration fee for the replacement vehicle.

Senate Bill 582 – Effective November 1, 2014

Amends 42 O.S. § 91 by providing that failure to comply with any requirements of Section 91 shall result in denial of the title application and cause the special lien to be subordinate to any perfected lien. Applicant is entitled under the provisions of this measure to resubmit the title application once within 15 business days of receipt of a denial to comply with the requirements of Section 91. Examples of “failure to comply” are provided.

For Title 42 possessory lien proceedings initiated in accordance with Sections 91 or 91A, the measure requires the OTC, upon receipt of notice of legal proceedings, to place the vehicle sale process on hold until notice of resolution of court proceedings is received from the court. If notice of commencement of court proceeding is not filed with the OTC, the sale process may continue.

Amends 42 O.S. § Section 91A by providing, with the exception of Class AA licensed wrecker towing charges, the special lien shall be subordinate to any perfected security interest unless the claimant complies with the requirements of Section 91A. Failure to comply with any requirements of Section 91A shall result in denial of the title application and cause the special lien to be subordinate to any perfected lien. Applicant is entitled under the provisions of this measure to resubmit the title application once within 15 business days of receipt of the denial to comply with the requirements of Section 91A. Examples of “failure to comply” are provided.

Further, for possessory lien proceedings governed by 47 O.S. § 91A, the lien claimant is required within 5 business days of performing any service or work on property to request the OTC or other appropriate license agency to furnish the name and address of the current vehicle owner and vehicle lienholder if any. The Motor Vehicle Division or other appropriate license agency must respond in person or by mail within 10 business days of the receipt of the request.

Senate Bill 1199 – Effective May 23, 2014

Amends 47 O.S. § 1132.3 to allow a credit⁹ for registration fees associated with a vehicle which is a replacement for a currently registered vehicle which was destroyed by a tornado for which a Presidential Major Disaster Declaration was issued.

Amends 68 O.S. § 2103.1 and provides a related vehicle excise tax credit for vehicles similarly situated to those referenced in Section 1. The credit is in the amount of the excise tax previously paid on or after January 1, 2012 for the destroyed vehicle and must be applied to the excise tax due on the replacement vehicle.

Senate Bill 1369 – Effective July 1, 2014

Amends 47 O.S. § 14-109 by adding vehicles transporting fertilizer, cottonseed, cotton, livestock, peanuts, canola, sunflowers, soybeans, and any other raw or unprocessed agriculture products to those vehicles excepted from the weight limitations for operating vehicles on the road or highway. The referenced classification of vehicles operating under the exception must purchase an annual special overload permit of \$100.00.

⁹The credit is based on the fee paid for the registration of the destroyed vehicle and the registration period remaining at the date of destruction. The credit must be applied to the registration fee for the replacement vehicle.

Senate Bill 1397 – Effective July 1, 2014

Amends the definitions of all-terrain vehicle and recreation off-highway vehicle contained in 47 O.S. § 1102 by removing the seating and steering descriptions, while adding a width requirement of 50 inches or less for ATVs and 65 inches or less for ROHVs.

Senate Bill 1551 – Effective July 1, 2014

Amends 47 O.S. § 14-109 by clarifying that vehicles transporting oil field fluids operating pursuant to the weight limit exception in 47 O.S. § 14-109 must purchase an annual special overload permit of \$100.00. Currently, both the Oklahoma Corporation Commission (“OCC”) and OTC issue the overload permits. The measure also amends 47 O.S. § 14-109 by providing that the special overload permits are to be issued solely by the OCC.

Amends 47 O.S. § 1133 by stipulating that frac tanks, construction machinery, and commercial trailers shall not be permitted to operate on the highways of this state unless the pulling truck or truck-tractor has been licensed pursuant to 47 O.S. § 1133 or is 24,000 pounds or less and operating under a valid temporary license plate provided by 47 O.S. § 1137.1 or 1137.3.

Amends 47 O.S. § 1133.2 by changing the commercial weight threshold to 26,001 pounds or greater to the list of vehicles required to display the name of the vehicle registrant on each side of the vehicle and adds commercial vehicles subject to this name display requirement to include vehicles designed to transport more than 8 passengers, including the driver, for compensation; vehicles designed to transport more than 15 passengers, including the driver, not for compensation and vehicles transporting hazardous material in a quantity requiring placarding in accordance with 49 Code of Federal Regulation, Part 172, Subpart F. It further provides that the motor carrier’s markings be in compliance with 47 CFR 390.21 for motor carriers holding a valid United States Department of Transportation number, whether for interstate or solely intrastate purposes. It also removes language that exempts out-of-state vehicles from the requirements of Section 1133.2 which have a base license plate from a state other than Oklahoma unless the vehicle is being utilized in intrastate commerce.

Amends 47 O. S. § 1134.1 by clarifying that the license fees for taxicabs and school buses be paid to the OTC. The license fees for intercity motor buses shall be paid to the OCC.

Senate Bill 1624 – Effective November 1, 2014

Clarifies that the \$15 reduced vehicle registration fee¹⁰ provided for in 47 O.S. § 1127 shall not apply to vehicles owned by retired members of the Armed Forces, inactive members of the Reserve Corps of the Armed Forces, inactive members of the Oklahoma National Guard and other members and former members of the U.S. Armed Forces who are not on active duty.

¹⁰ The reduced registration only applies to vehicles owned by members of the U.S. Armed Forces, the Reserve Corp of the U.S. Armed Forces, and the Oklahoma National Guard or their spouses assigned to duty in this state in compliance with official military or naval orders or noncommercial vehicles owned by the spouse, residing in Oklahoma, of a member of the U.S. Armed Forces serving in a foreign country.

SALES & USE TAX

House Bill 1875 – Effective July 1, 2015

Amends 68 O.S. § 265 by providing for fiscal years beginning July 1, 2015 and thereafter, a portion of the revenue apportioned to the Oklahoma Tax Commission (OTC) and Office of Management and Enterprise Services Joint Computer Enhancement Fund pursuant to Sections 1353, 1403, and 2352 shall be credited to the OTC in an amount equal to the sum of 0.5% of gross collections of sales and use tax levied by cities and counties of this state.

Amends 68 O.S. §§ 1371 & 2702 by reducing from 1% to 0.5% the amount the OTC is authorized to retain from both county and municipal sales and use tax collections for collection services rendered.

House Bill 3143 – Effective November 1, 2014

Allows an exception to the provision that municipal revenue and taxation ordinances and the licensing and regulatory authority of a municipality shall not apply or extend to any military installation located on federal property annexed in part or in whole by a municipality on or after July 1, 1998. The exception provides for the application of municipal sales, use and occupancy tax ordinances to extend to any military installation on federal property annexed on or after July 1, 1998. This application is limited to activities on the military installation engaged in by the private sector involving the sale of goods and services taxable under the Oklahoma Sales Tax Code, the storage, use or other consumption of tangible property taxable under the Oklahoma Use Tax Code and the occupancy of hotel/motel rooms for rent whether received in money or otherwise. [11 O.S. § 21-109]

House Bill 3216 – Effective May 2, 2014

Amends 68 O.S. § 1362(D) by providing that persons required to file a sales tax report shall be exempt from remitting sales tax on the sales value of tangible personal property donated for the assistance of persons affected by tornadoes occurring in calendar 2012 or calendar year 2013 for which a Presidential Major Disaster Declaration was not issued.

Amends 68 O.S. § 1367.1(B) by providing that the deduction/remuneration afforded sales tax vendors for record maintenance and the timely filing and remittance of sales tax shall not be disallowed if a report was delinquent because of the above-referenced tornadoes.

House Bill 3509 – Effective May 28, 2014

Amends 68 O.S. § 1357(34) which provides a sales tax exemption for sales to qualifying 100% disabled veterans and surviving spouses of deceased qualified veterans by requiring the OTC to issue, upon request of the eligible person, a separate sales tax exemption card to a spouse of an eligible person or to a member of the household, in which the eligible person resides and who is authorized to make purchases on the person's behalf.

Senate Bill 331 – Effective August 22, 2014

Deletes the sunset date of July 1, 2014 for the sales tax exemption currently provided to nonprofit local public or private school foundations which solicit money or property in the name of any public or private school or public school district. [68 O.S. § 1356]

Reinserts language inadvertently omitted from paragraph 20 of 68 O.S. § 1357 pursuant to the passage of a bill during the 2013 legislative session which also amended Section 1357. The omitted language expanded the sales tax exemption for qualified aircraft maintenance facilities to include *beginning July 1, 2012, sales of machinery, tools, supplies, equipment, and related tangible personal property and services used or consumed in the repair, remodeling or maintenance of aircraft, aircraft engines, or aircraft component parts which occur at a qualified aircraft maintenance facility.* This language also expanded the definition of qualified aircraft maintenance facility to *include one or more component overhaul support buildings or structures in an area owned, leased or controlled by the air common carrier.*

Senate Bill 862 – Effective November 1, 2014

Designates gold and silver coins issued by the United States government as legal tender in this State and provides that no person may compel another person to tender or accept gold or silver coins that are issued by the United States government, except as agreed upon by contract. [62 O.S. § 4500]

Amends the current sales tax exemption for sales of gold, silver, platinum, palladium or other bullion items such as coins, bars and legal tender of any nation by removing the requirement that in order to be exempt the items must be stored within a recognized depository facility. [68 O.S. § 1357]

Senate Bill 1199 – Effective May 23, 2014

Amends 68 O.S. § 1362(D) by extending to all subsequent years the provision that persons required to file a sales tax report shall be exempt from remitting sales tax on the sales value of tangible personal property donated for the assistance of persons affected by tornadoes for which a Presidential Major Disaster Declaration was issued. Under current law this provision is limited to tornadoes occurring in calendar year 2013¹².

Amends 68 O.S. § 1367.1(B) by extending to all subsequent years the provision that the deduction/remuneration afforded sales tax vendors for record maintenance and the timely filing and remittance of sales tax shall not be disallowed if a report was delinquent because of the above-referenced tornadoes. Under current law this provision is limited to tornadoes occurring in calendar year 2013¹¹.

¹¹ Issuance of Presidential Major Disaster Declaration for the tornado was also required.

MISCELLANEOUS

ALCOHOL, MIXED BEVERAGES AND LOW-POINT BEER

Senate Bill 1715 – Effective August 22, 2014

Requires holders of public event licenses to pay gross receipts tax on mixed beverage sales. [37 O.S. § 576]

Requires public event licensees to obtain a mixed beverage permit from the Oklahoma Tax Commission (OTC) prior to engaging in the sale of mixed beverages. [37 O.S. § 577]

Provides that public event licensees must post a bond with the OTC to secure payment of mixed beverage gross receipts tax. [37 O.S. § 578]

Provides that licensed wholesalers of alcoholic beverages must include, as applicable, the name, location, and mixed beverage permit of any public event licensee to whom it sold alcoholic beverages in their monthly wholesaler report filed with the OTC. This Section also authorizes the OTC to audit public event licensees to determine if the correct amount of mixed beverage gross receipts taxes was collected. [37 O.S. § 579]

COMPETE WITH CANADA FILM REBATE

House Bill 2580 – Effective August 22, 2014

Amends 68 O.S. § 3626 (*Compete with Canada Film Act*) by extending the sunset date from July 1, 2014 to July 1, 2024.

FRANCHISE TAX

Senate Bill 341 – Effective May 16, 2014

Amends 68 O.S. § 1208 by extending the delinquency date for paying franchise tax to September 15. Currently the delinquency date for paying franchise tax is September 1.

QUALITY EVENTS INCENTIVE ACTS

House Bill 2711-- Effective November 1, 2014

Amends the requirements of the economic analysis of an event and the process by which incremental sales tax revenues are determined and verified. The measure also extends the sunset date from June 30, 2015 to June 30, 2018 limiting the total payments authorized under the Act to Three Million Dollars for each additional fiscal year through June 30, 2018. [68 O.S. §§ 4301, 4303, 4304, 4305 & 4307]

QUALITY JOBS

House Bill 1416 – Effective November 1, 2014

Amends 68 O.S. § 3603 by including the definition of a proxy establishment¹² as eligible to qualify and receive Quality Jobs Incentive Payments provided the proxy establishment benefits a geographic area where new direct jobs are created and the new direct jobs are created by a branch of the Armed Forces of the United States.

House Bill 2956 – Effective July 1, 2014

Amends the Oklahoma Small Employer Quality Jobs Incentive Act (68 O.S. § 3903) by eliminating the requirement that qualifying establishments locate in either counties with populations under 200,000 persons or in opportunity zones.

ADMINISTRATIVE

Senate Bill 1228 – Effective November 1, 2014

Amends 68 O.S. §§ 253, 1361 and 2385.3 to expand individual liability for sales, withholding and motor fuel tax to include any person who is responsible for withholding or collection and remittance of trust fund taxes.

Senate Bill 1244 – Effective November 1, 2014

Amends language in 68 O.S. § 217(C) to provide that penalty assessed for delinquent sales, use, mixed beverage gross receipts or motor fuel taxes will not be collected if assessed tax and accrued interest is paid within 60 days of assessment.

Amends the language in 68 O.S. §227 to allow claimants 60 days instead of the current time of 30 days in which to protest the denial of a claim for tax refund.

Amends language in 68 O.S. § 2375(B) to provide that penalty assessed for delinquent income tax will not be collected if assessed tax and accrued interest is paid within 60 days of assessment.

Amends language in 68 O.S. § 2385.6 to provide that penalty assessed for delinquent withholding tax will not be collected if assessed tax and accrued interest is paid within 60 days of assessment.

Senate Bill 1648 – Effective May 12, 2014

Amends 75 O.S. § 315, expanding the power of a state agency to require the furnishing of information, the attendance of witnesses and the production of documents during the course of an individual proceeding or investigation.

¹² Proxy establishments must be a public trust organized and existing under 60 O.S. § 176 for the benefit of a geographic area which includes a city, county or a combination thereof.

Senate Bill 1980 – Effective November 1, 2014

Amends the *Taxpayer Transparency Act* requiring the Office of Management and Enterprise Services (OMES) to develop and operate a searchable web site by which the public can monitor any expenditure of state tax dollars, including data on state revenue, expenditures, incentive payments, tax credits¹³, stimulus fund expenditures, and road funding. This measure provides that OMES shall include in their website a function which allows taxpayers to see an estimate of the income and sales tax paid by the taxpayer which is allocated to various general categories of state expenditures. Also, the measure modifies the definition of "tax credit" to specifically exclude the credit for a residence damaged or destroyed in a natural disaster (68 O.S. § 2357.29A). [62 O.S. § 46]

¹³ "Tax credit" is defined as a credit pursuant to the Oklahoma Income Tax Act against tax liability which is taken by a taxpayer, excluding credits authorized under paragraphs 1(credit for taxes paid to another state) and 2 (child care tax credit) of subsection B of Section 2357 and Sections 2357.29 (credit for property destroyed by tornado) and 2357.43 (earned income tax credit) of Title 68 of the Oklahoma Statutes.