

# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
DAWN CASH, DIRECTOR

PHONE (405) 521-3133  
FACSIMILE (405) 522-0063



May 13, 2010

Re: LR-09-198; Sales Tax Inquiry

I am writing in response to your request for advice regarding sales and use tax treatment of certain membership fees. Set forth verbatim are the facts presented along with the question posed and the response thereto.

#### Facts:

The Service Provider [Insurance Services Office Inc.] provides professional services to a specific industry nationwide with customers located in Oklahoma. The Service Provider does not have employees in Oklahoma but does send representatives into the state to conduct business and as stated above its headquarters and offices are located outside of Oklahoma.

Two types of services are provided:

1. Information and statistical analysis service which consists of highly specialized statistical development of the aggregate customer information collected and,
2. Evaluations of various attributes of real and personal property. The customer uses this evaluation to make its own business decisions with respect to providing certain services to the property. The charge is generally either a fixed fee or a fee determined by hours worked on the evaluation.

In order to receive the above services the customer must generally be a member of the Service Provider to be able to obtain the publications, reports, evaluations, summaries and on-line service. The membership fees consists of a flat fee for membership for a specific state and a variable fee which is determined based on the member's sales of the product related to the service in the data.

Members of the Service Provider can attend meetings of the Service Provider, vote on corporate governance questions and receive newsletters about the industries served by the Service Provider. The Service Provider acts as a representative of the industry before various government panels to which it provides services.

The Service Provider also files aggregate information on behalf of the members which so request with regulatory bodies which supervise the members. The information which can be collected for a member includes both aggregate information which is collected from the members and is the result of the statistical analysis and review by the Service Provider. The filings by the Service Provider satisfy the statutory and regulatory filing requirements imposed on the member of the Service Provider.

Finally the member can purchase copies of the Service Provider's publications and report. The member pays a separate fee for the Service Providers publications and reports whether the reports are delivered manually via paper or electronically for the on-line service.

Membership fees paid by a member do not vary depending on the member's purchases from the Service Provider. The flat and variable fees are determined on the same basis whether the member purchases no publications, reports or evaluations or the member purchases many publications etc. from the Service Provider.

#### Issue

Are the membership fees described above subject to the Oklahoma sales and use taxes?

#### Response

Membership fees do not constitute tangible personal property nor does the sale of the membership fees described herein fall within one of the other enumerated transactions subjected to sales tax pursuant to Section 1354 of Title 68 of the Oklahoma Statutes. Therefore, the charges imposed by the service provider which upon payment entitle the members to the services and access set forth above are not subject to Oklahoma sales and use tax. The Service Provider correctly collects sales/use tax and remits same to the Oklahoma Tax Commission for sales of copies to members of its publications and reports in a tangible format.

This response applies only to the circumstances discussed in your request of September 16, 2009. Pursuant to Oklahoma Administrative Code 710:1-3-73(e), this Letter Ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION



Christy J Caesar  
Tax Policy Analyst