TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 65. Sales and Use Tax

RULEMAKING ACTION: Notice of proposed **PERMANENT** rulemaking.

PROPOSED RULES:

Subchapter 1. General Provisions
710:65-1-7. Consumer/user defined; specific applications [AMENDED]
Subchapter 7. Duties and Liabilities
710:65-7-13. Vendors' responsibility - sales to contractors [AMENDED]
710:65-7-15. Vendors' responsibility - sales to entities with other specific statutory exemptions [AMENDED]
Subchapter 13. Sales and Use Tax Exemptions
Part 7. CHURCHES
710:65-13-33. Children's homes and youth camps [AMENDED]
710:65-13-40. Sales by churches; sales to churches [AMENDED]
Part 12. AIRCRAFT
710:65-13-63. Exemption for aircraft repair, modification and replacement parts [AMENDED]
Part 19. COUNTY, DISTRICT AND STATE FAIRS
710:65-13-100. Fairs, circuses, carnivals, and other public exhibitions; sales tax exemption for county, district and state fair authorities; purchases by contractors [AMENDED]
Part 25. GOVERNMENTAL ENTITIES
710:65-13-130. Sales to and by the government; taxable and exempt transactions [AMENDED]
710:65-13-131. Sales to U.S. government contractors; taxable and exempt transactions [AMENDED]
710:65-13-132. Sheriff's purchases; taxable and exempt transactions [AMENDED]
Part 31. MEDICINE, MEDICAL APPLIANCES, AND HEALTH CARE ENTITIES AND ACTIVITIES
710:65-13-172. Exemption for health centers, indigent health care clinics, certain community-based health care centers, and community mental health centers [AMENDED]
Part 39. SCHOOLS AND HIGHER EDUCATION
710:65-13-210. Exemption for public and private schools and institutions of higher education [AMENDED]
Part 43. SOCIAL, CHARITABLE, AND CIVIC ORGANIZATIONS AND ACTIVITIES
710:65-13-330. Oklahoma City National Memorial and Museum [AMENDED]
710:65-13-331. Sales to veterans' organizations for museums and memorials [AMENDED]
710:65-13-332. Exemption for sale of tickets to collegiate athletic championship events [AMENDED]
710:65-13-333. Sales made in conjunction with public library construction [AMENDED]
710:65-13-334. Exemption for qualified museums [AMENDED]

710:65-13-335. Limited exemption for organizations which sponsor and promote educational, charitable, and cultural events for disadvantaged children [AMENDED]

710:65-13-340. Exemptions for volunteer fire departments [AMENDED]

710:65-13-342. Qualifications for "Juvenile Rehabilitation" exemption [AMENDED]

710:65-13-343. Exemption for qualified youth athletic teams [AMENDED]

710:65-13-344. Exemption for tax exempt, nonprofit organizations, which provide services during the day to homeless persons [AMENDED]

710:65-13-345. Exemption for tax exempt organizations, which provide funding for the preservation of wetlands or habitats for wild ducks or preservation and conservation of wild turkeys [AMENDED]

710:65-13-346. Exemption for tax exempt organizations which are a part of a network of community-based, autonomous member organizations providing job training and employment services [AMENDED]

710:65-13-347. Exemption for specialized facilities, which provide services for physically and mentally handicapped persons [AMENDED]

710:65-13-348. Limited exemption for qualified neighborhood watch organizations [AMENDED]

710:65-13-350. Exemption for Daughters of the American Revolution [AMENDED]

710:65-13-351. Exemption for Veterans of Foreign Wars, Department of Oklahoma, Inc. and subordinate posts [AMENDED]

710:65-13-352. Exemption for YWCA or YMCA organizations [AMENDED]

710:65-13-353. Exemption for organizations primarily engaged in providing educational services and programs concerning health-related diseases and conditions [AMENDED]

710:65-13-354. Exemption for organizations whose purpose is to provide training and education to developmentally disabled persons [AMENDED]

710:65-13-355. Exemption for shelters for abused, neglected, or abandoned children from birth to age eighteen [AMENDED]

710:65-13-357. Organizations providing funding for scholarships in the medical field [AMENDED]

710:65-13-358. Exemption for sale of event tickets by organizations supporting general hospitals [AMENDED]

710:65-13-359. Nonprofit foundations supporting NRA and other like organizations [AMENDED]

710:65-13-362. Exemption for Boys & Girls Clubs of America affiliates [AMENDED]

710:65-13-363. Exemption for the National Guard Association of Oklahoma [AMENDED]

710:65-13-364. Exemption for the Marine Corps League of Oklahoma [AMENDED]

710:65-13-365. Exemption for tax exempt organizations who operate as a collaborative model which connects community agencies to serve individuals and families affected by violence [AMENDED]

710:65-13-366. Exemption for tax exempt organization who is an official

member of the Fab Lab Network [AMENDED]
710:65-13-367. Exemption for the American Legion [AMENDED]
710:65-13-368. Exemption for nonprofit organizations that construct, remodel and sell affordable housing [AMENDED]
710:65-13-369. Exemption for nonprofit organizations restoring single family housing following a disaster [AMENDED]
710:65-13-370. Exemption for non-accredited museums [REVOKED]
710:65-13-371. Exemption for Oklahoma Women Veterans Organization and Subchapters [AMENDED]
710:65-13-372. Exemption for nonprofit organizations that provide support to veterans, active duty members of the Armed Forces, reservists and members of the National Guard [AMENDED]
710:65-13-373. Organizations providing school supplies for underserved students [AMENDED]
Part 47. COMMERCIAL FORESTRY EQUIPMENT
710:65-13-470. Exemption for sales of commercial forestry service equipment [AMENDED]
Part 55. TRUST AUTHORITIES
710:65-13-550. Trust authority transactions [AMENDED]
Subchapter 18. Sourcing Pursuant to the Streamlined Sales and Use Tax Administration Act
710:65-18-7. Sourcing of a redemption code [NEW]
Subchapter 19. Specific Applications and Examples
Part 1. "A"
710:65-19-6. Place of amusement [AMENDED]

SUMMARY:
Amendments to Sections 710-65-1-7 and 710:65-7-13 clarify that the federal government, state government, tribes, and trust authorities identified in 68 O.S. § 1356(B)(1) (Version 2) may not extend their sales tax exemptions to contractors or other entities, unless otherwise specifically authorized by law. Updates are necessary to clarify and incorporate changes resulting from SB 44 (2026).

Multiple sections of Subchapter 13: Sales and Use Tax Exemptions are amended to update contractor-related rule language to allow an exemption to be extended to contractors when authorized by statute. Updates are necessary to incorporate changes resulting from SB 44 (2026).

Revokes 710:65-13-370 to reflect the sunset of the corresponding statutory exemption.

Amendments to 710:65-13-63 align rules with statutory changes that reorganized exemptions related to aircraft facilities pursuant to SB 1400 (2026).

Amendments to 710:65-13-470 remove the sunset provision for exemptions on commercial forestry service equipment following a statutory change (HB 3661, 2026).

New section, 710:65-18-7 – Sourcing of a Redemption Code, defines *Redemption Code* to clarify how sales of redemption codes providing admission to amusement events, such as concerts, are sourced. The definition conforms to the Streamlined Sales and Use Tax Agreement.

Other sections of the rules may also be amended to improve readability, correct clerical errors, remove obsolete language, update or correct citations and contact information, and ensure the accuracy of internal cross-references. These nonsubstantive revisions are not intended to change the interpretation or intent of the rules.

AUTHORITY: 68 O.S. §§ 203, 1354.18; Oklahoma Tax Commission

COMMENT PERIOD: Persons wishing to present their views in writing may do so by 4:30 p.m., January 5, 2027, at the following address: Oklahoma Tax Commission, Tax Policy and Research Division, Oklahoma City, Oklahoma 73194, Attention: Corey Jager, or by email to OTCadminrules@tax.ok.gov.

PUBLIC HEARING: A public hearing is scheduled for 9 a.m., on Tuesday, January 5, 2027, at the Oklahoma Tax Commission, in Conference Room 5, located on the 28th Floor, 123 Robert S. Kerr Ave, Oklahoma City, Oklahoma.

To gain access to the hearing, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES: Although nothing in this rulemaking action has been determined to adversely impact small business, the Oklahoma Tax Commission requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts if possible, the increase in the level of direct costs such as fees, and indirect costs such as reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed rule.

COPIES OF PROPOSED RULES: Copies of the proposed rules may be obtained from the below listed contact person. The proposed rules may also be viewed on the agency's website at tax.ok.gov.

RULE IMPACT STATEMENT: Pursuant to 75 O.S. § 303(D), a Rule Impact Statement is available from the below listed contact person. The Rule Impact Statement may also be viewed on the agency's website at tax.ok.gov.

CONTACT PERSON: Corey Jager, Agency Liaison, Tax Policy Division, Oklahoma Tax Commission, Oklahoma City, Oklahoma 73194; Telephone number: (405) 521-4155; Email: corey.jager@tax.ok.gov

CHAPTER 65. SALES AND USE TAX

SUBCHAPTER 1. GENERAL PROVISIONS

710:65-1-7. Consumer/user defined; specific applications

"Consumer" or **"user"** means a person to whom a taxable sale of tangible personal property is made or for whom a taxable service is performed.

(1) **Hospitals, sanitariums, nursing homes and emergency medical care.** Hospitals and sanitariums are primarily engaged in the business of selling services, and for the purposes of the Sales Tax Code are considered to be the consumers or users of all tangible personal property and services used in the operation of the institution. Thus, the gross proceeds derived from sales of tangible personal property and certain services to such institutions are subject to tax. This paragraph applies to all hospitals, sanitariums and nursing homes, including those owned or operated by churches, fraternities, cooperatives, or any other organization, except those operated by the Federal Government, the State, or a political subdivision thereof.

(2) **Withdrawals from stock.** If any business purchases tangible personal property for resale, manufacturing or further processing and that business withdraws tangible personal property, either from its inventory or after such inventory has been manufactured or processed for its own use or consumption, that business has made a taxable sale and the value of the property withdrawn is taxable at its **"sales value"**, as defined in *OAC* 710:65-1-2. The business withdrawing tangible personal property from inventory should include the **"sales value"** of such property in gross receipts or gross proceeds on its sales tax report for the month the property was withdrawn.

(3) **Contractors.** Contractors are consumers or users, and must pay sales tax on all taxable services and tangible personal property, including materials, supplies, and equipment, purchased to develop and improve real property. Examples of contractors subject to this paragraph are: painting contractors, road contractors, grading and excavating contractors, electrical contractors, plumbing contractors, and other persons engaged in a contractual arrangement to make improvements on real property. A person working for a salary or wage is not considered a contractor. The Sales Tax Code limits the ability of contractors to make purchases exempt from sales tax based on the exempt status of another ~~entity to the following situations:~~. [**See:** 710:65-7-6 and 710:65-7-13]

(A) **Exemptions that generally may not extend to contractors.** The following are non-exhaustive examples of exempt entities or exemption types for which the exemption generally may not be extended or otherwise transferred to a contractor or subcontractor.

(i) Federal government;

(ii) State government;

(iii) Trust authorities organized pursuant to 60 O.S. § 176, except those specifically exempted under 68 O.S. § 1356(B)(10);

(iv) Federally recognized Indian Tribes; and

(v) Exemptions that, by their nature, are not transferrable to contractors, including exemptions that:

(I) apply only to specific transactions or purchases, such as admission ticket sales;

(II) are administered through a refund process, under which the exempt entity claims a refund of tax paid rather than providing an exemption to the contractor; or

(III) authorize the exempt entity to make tax-exempt sales, but do not exempt the entity's purchases from sales tax.

(B) **Exemptions that may generally extend to contractors.** The following are non-exhaustive examples of exempt entities or exemption types for which the exemption generally may be extended or otherwise transferred to a contractor or subcontractor:

~~(A)~~(i) A contractor who has a public contract, or a subcontractor to that public contract, with an Oklahoma municipality, county, public school district, city-county library system, an institution of the Oklahoma System of Higher Education, a rural water district, the Grand River Dam Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Municipal Power Authority, the City of Tulsa-Rogers County Port Authority, the Broken Bow Economic Development Authority, the Muskogee City-County Port Authority, the Oklahoma Ordnance Works Authority, the Durant Industrial Authority, the Ardmore Development Authority, the Oklahoma Department of Veterans Affairs, the Central Oklahoma Master Conservancy District, Arbuckle Master Conservancy District, Fort Cobb Master Conservancy District, Foss Reservoir Master Conservancy District, Mountain Park Master Conservancy District, Waurika Lake Master Conservancy District or the Office of Management and Enterprise Services only when carrying out a public construction contract on behalf of the Oklahoma Department of Veterans Affairs, the Oklahoma State University Medical Authority and Trust, the Oklahoma State University Veterinary Medicine Authority and Trust, and effective July 1, 2022, the University Hospitals Trust may make purchases of tangible personal property or services, which are necessary for carrying out the public contract, exempt from sales tax.

~~(B)~~(ii) A contractor who has entered into a contract with a private institution of higher education or with a private elementary or secondary institution, may make purchases of tangible personal property or services, including materials, supplies and equipment used in the construction of buildings owned and used by the institution for educational purposes exempt from sales tax.
~~(C)~~(iii) A contractor who has contracted with an agricultural permit holder to construct a facility which will be used directly in the production of any livestock, including facilities used in the production and storage of feed for livestock owned by the agricultural permit holder, may make purchases of materials, supplies and equipment necessary to fulfill the contract, exempt from sales tax.
~~(D)~~(iv) A contractor may make purchases of materials, supplies and equipment necessary to fulfill a contract, exempt from sales tax, for use on campus construction projects for the benefit of institutions of the Oklahoma State System of Higher Education or private institutions of higher education accredited by the Oklahoma State Regents for Higher Education. The projects must be financed by or through the use of nonprofit entities which are exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.
~~(E)~~(v) A contractor may make purchases of machinery, equipment, fuels, and chemicals or other materials, exempt from sales tax, which will be incorporated into and directly used or consumed in the process of treatment of hazardous waste, pursuant to *OAC* 710:65-13-80. Contractors claiming exemption for purchases to be used to remediate hazardous wastes should obtain a letter certifying the exemption status from the Tax Commission by following the procedures set out in 710:65-13-80, and provide a copy of the letter to vendors, pursuant to subsection (f) of that rule.
~~(F)~~(vi) A contractor, or a subcontractor to such contractor, with whom a church has duly entered into a construction contract may make purchases of tangible personal property or services exempt from sales tax which are necessary for carrying out such construction contract.
~~(G)~~(vii) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property which is to be *consumed or incorporated in the construction or expansion of a facility for a corporation organized under Section 437 et seq. of Title 18 of the Oklahoma Statutes as a rural electric cooperative* exempt from sales tax.
~~(H)~~(viii) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property or services pursuant to a contractual relationship with a child care center, qualified for exemption pursuant 68 O.S. § ~~1356(69)~~1356, for construction and improvement of buildings and other structures owned by the child care center and operated for educational purposes exempt from sales tax.
~~(I)~~(ix) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property or services exempt from sales tax pursuant to a contractual relationship with a manufacturer for the construction and improvement of manufacturing goods, wares, merchandise, property, machinery and equipment for use in a manufacturing operation classified under NAICS No. 324110 (Petroleum Refineries).

(4) **Repairmen.** Repairmen are persons engaged in the business of repairing tangible personal property. Parts incidental to the repair service which are consumed/used in making repairs are taxable to the repairman as a consumer/user. [**See:** 68 O.S. § 1352]

SUBCHAPTER 7. DUTIES AND LIABILITIES

710:65-7-13. Vendors' responsibility - sales to contractors

(a) **General rule.** Contractors are defined by statute as consumer/users and must pay sales tax on all taxable services and tangible personal property, including materials, supplies, and equipment purchased to develop, repair, alter, remodel, and improve real property.

(b) **Limited exceptions.** A contractor may make purchases based upon the exempt status of another entity only in the statutorily-limited circumstances described in this paragraph.

(1) A contractor who has a public contract, or a subcontractor to that public contract, with an Oklahoma municipality, county, public school district, city-county library system, an institution of the Oklahoma System of Higher Education, a rural water district, the Grand River Dam Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Municipal Power Authority, the City of Tulsa-Rogers County Port Authority, the Broken Bow Economic Development Authority, the Muskogee City-County Port Authority, the Oklahoma Ordnance Works Authority, the Durant Industrial Authority, the Ardmore Development Authority, the Oklahoma Department of Veterans Affairs, the Central Oklahoma Master Conservancy District, Arbuckle Master Conservancy District, Fort Cobb Master Conservancy District, Foss Reservoir Master Conservancy District, Mountain Park Master Conservancy District, Waurika Lake Master Conservancy District or the Office of Management and Enterprise Services only when carrying out a public construction contract on behalf of the Oklahoma Department of Veterans Affairs and effective July 1, 2022, the University Hospitals Trust may make purchases of tangible personal property or services, which are necessary for carrying out the public contract, exempt from sales tax.

(2) A contractor who has entered into a contract with a private institution of higher education or with a private elementary or secondary institution, may make purchases of tangible personal property or services, including materials, supplies and equipment used in the construction of buildings owned and used by the institution for educational purposes exempt from sales tax. However, the institution must be registered or accredited with the Oklahoma State Regents for Higher Education, the State Board of Education, or the State Department of Education.

(3) A contractor who has contracted with an agricultural permit holder to construct a facility which will be used directly in the production of any livestock, including facilities used in the production and storage of feed for livestock owned by the agricultural permit holder, may make purchases of materials, supplies and equipment necessary to fulfill the contract, exempt from sales tax. [**See:** *OAC* 710:65-7-11]

(4) A contractor may make purchases exempt from sales tax for use on campus construction projects for the benefit of institutions of the Oklahoma State System of Higher Education or private institutions of higher education accredited by the Oklahoma State Regents for Higher Education. The projects must be financed by or through the use of nonprofit entities which are exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. Contractors claiming exemption for purchases to be used in a qualified campus construction project should obtain a letter certifying the exemption status from the Tax Commission by following the procedures set out in 710:65-13-210, and provide a copy of the letter to vendors, pursuant to subsection (g) of that rule. [**See:** 68 O.S. §~~1356(41)~~1356]

(5) A contractor may make purchases of machinery, equipment, fuels, and chemicals or other materials, exempt from sales tax, which will be incorporated into and directly used or consumed in the process of treatment of hazardous waste, pursuant to *OAC* 710:65-13-80. Contractors claiming exemption for purchases to be used to remediate hazardous wastes should obtain a letter certifying the exemption status from the Tax Commission by following the procedures set out in 710:65-13-80, and provide a copy of the letter to vendors, pursuant to subsection (f) of that rule.

(6) A contractor, or a subcontractor to such contractor, with whom a church has duly entered into a construction contract may make purchases of tangible personal property or services exempt from sales tax which are necessary for carrying out such construction contract.

(7) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property which is to be *consumed or incorporated in the construction or expansion of a facility for a corporation organized under Section 437 et seq. of Title 18 of the Oklahoma Statutes as a rural electric cooperative* exempt from sales tax. Contractors claiming exemption for purchases to be used in a qualified rural electric cooperative project shall follow the procedures set out in *OAC* 710:65-13-124.

(8) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property or services pursuant to a contractual relationship with a child care center, qualified for exemption pursuant 68 O.S. § ~~1356(69)~~1356, for construction and improvement of buildings and other structures owned by the child care center and operated for educational purposes exempt from sales tax.

(9) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property or services exempt from sales tax pursuant to a contractual relationship with a manufacturer for the construction and improvement of manufacturing goods, wares, merchandise, property, machinery and equipment for use in a manufacturing operation classified under NAICS No. 324110 (Petroleum Refineries).

(c) **Exemptions that generally may not extend to contractors.** The following are non-exhaustive examples of exempt entities or exemption types for which the exemption generally may not be extended or otherwise transferred to a contractor or subcontractor:

(1) Federal government;

(2) State government;

(3) Trust authorities organized pursuant to 60 O.S. § 176, except those specifically exempted under 68 O.S. § 1356(B)(10);

(4) Federally recognized Indian Tribes; and

(5) Exemptions that, by their nature, are not transferrable to contractors, including exemptions that:

(A) apply only to specific transactions or purchases, such as admission ticket sales;

(B) are administered through a refund process, under which the exempt entity claims a refund of tax paid rather than providing an exemption to the contractor; or

(C) authorize the exempt entity to make tax-exempt sales, but do not exempt the entity's purchases from sales tax.

(d) **Documentation required for limited exceptions.** In the case of a sale to a contractor claiming exemption pursuant to subsections (b)(1), (b)(2), (b)(6), (b)(8), or (b)(9) of this Section, the vendor must obtain:

(1) A **copy** of the exemption letter or card issued to one of the entities described in (b) of this Section;

(2) Documentation indicating the contractual relationship between the contractor and the entity; and,

(3) Certification by the purchaser, on the face of each invoice or sales receipt, setting out the name of the exempt entity, that the purchases are being made on behalf of the entity, and that they are necessary for the completion of the contract.

710:65-7-15. Vendors' responsibility - sales to entities with other specific statutory exemptions

(a) **Sales to entities with other specific statutory exemptions.** In the case of sales to purchasers claiming exemption based upon specific statutory authority, the vendor must obtain the information described in this subsection:

(1) A **copy** of the letter or card from the Oklahoma Tax Commission recognizing the entity as one which is statutorily exempt from sales tax on its purchases; and

(2) A signed statement that the purchase is **authorized by, and being made by,** the exempt entity, with funds of the exempt entity, and **not** by the individual; and,

(3) In the case of sales to **fire departments organized for unincorporated areas**, as defined in 18 O.S. § 592, certification on the face of the invoice or sales ticket is also required.

(4) In the case of purchases made by the federal government, charged pursuant to the GSA SmartCard program, no letter or card from the Commission is required, and 710:65-13-130 should be consulted to determine the taxability of the transaction.

(b) **Examples and applications.** Types of entities which may receive letters or cards, certifying or confirming a specific statutory exemption include:

(1) **Churches**; [**See**: 710:65-13-40]

(2) **Youth camps**, **supported or sponsored by** one or more **churches**, members of which serve as trustees of the organization; [**See**: 710:65-13-33]

(3) **Children's homes** where church members are trustees or where the home is on church-owned land or where 50% of the juveniles are court-adjudicated and the home receives less than 10% of its funding from state funds; [**See**: 710:65-13-33]

(4) **Council organizations** of the Boy Scouts and Girl Scouts of America or Camp Fire USA; [**See**: 710:65-13-341]

(5) **Public schools**; [**See**: 710:65-13-210]

(6) Oklahoma System of **Higher Education**; [**See**: 710:65-13-210]

(7) **Private schools** registered with the State Department of Education and private institutions of higher education accredited by the Oklahoma State Board of Regents for Higher Education; [**See**: 710:65-13-210]

(8) **Federal governmental** units, institutions, and instrumentalities; [**See**: 710:65-13-130]

(9) **Governmental entities** of the State of Oklahoma, including county and local units; [**See**: 710:65-13-130]

(10) City and county **trust authorities**; [**See**: 710:65-13-550]

(11) Federally chartered **credit unions**;

(12) **Rural water districts**;

(13) Facilities engaged in the remediation or processing to ameliorate **hazardous wastes**; [**See**: 710-65-13-80]

(14) **Disabled American Veterans** Department of Oklahoma and its subordinate chapters; [**See**: 710:65-13-336]

(15) **Museums** which are members of the American Alliance of Museums formally the American Museum Association; [**See**: 710:65-13-334]

(16) **Rural Electric Cooperatives**;

(17) Federally qualified **health care** facilities;

(18) **Health care** facilities receiving reimbursement from the Indigent Care Revolving Fund;

(19) **Community based health centers** providing primary care services at no cost to the patient;

(20) **Cultural organizations** established to sponsor and promote educational, charitable, and **cultural events for disadvantaged children**; [**See**: 710:65-13-335]

(21) Federally recognized **Indian Tribes**;

(22) Leases or lease-purchases of tangible personal property or services to **municipalities, counties, or school districts**; [**See**: 710:65-13-210]

(23) Sales of tangible personal property or services **to**, or **by**, a tax-exempt [26 U.S.C. § 501(c)(3)] organization, which is organized primarily to provide education and to conduct events related to **teacher training in robotics**, and affiliated with a comprehensive University within the Oklahoma System of Higher Education;

(24) Sales of tangible personal property or services by an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), in the course of conducting a **national championship sports event**, but only if all or a portion of the payment in exchange therefor would qualify as the receipt of a qualified sponsorship payment described in Internal Revenue Code, 26 U.S.C., Section 513(i);

(25) Volunteer fire departments organized pursuant to 18 O.S. § 592; [**See**: 710:65-13-340]

(26) Parent-teacher associations and parent-teacher organizations that are exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code; [**See**: 710:65-13-210]

(27) The non-profit organization which operates the Oklahoma City National Memorial and Museum; [**See**: 710:65-13-330]

(28) The first ~~Fifteen Thousand Dollars ($15,000.00)~~ $15,000 of sales of tangible personal property sold for fund raising purposes to or by a youth athletic team which is part of an athletic organization exempt from federal taxation pursuant to 26 U.S.C. § 501(c)(4); [**See**: 710:65-13-343]

(29) Tax exempt, nonprofit organizations which provide services during the day to homeless persons; [**See**: 710:65-13-344]

(30) Motion picture or television production companies for certain eligible productions; [**See**: 710:65-13-194]

(31) Child care centers providing on site universal pre-kindergarten education; [**See**: 710:65-13-220]

(32) Tax exempt organizations which are shelters for abused, neglected, or abandoned children; [**See**: 710:65-13-355]

(33) Tax exempt organizations providing funding for medical scholarships; [**See**: 710:65-13-357]

(34) Nonprofit local public or private school foundations; [**See**: 710:65-13-210(m)]

(35) Nonprofit foundations in support of NRA and other like organizations; [**See**: 710:65-13-359]

(36) Grassroots fundraising programs in support of NRA; [**See**: 710:65-13-360]

(37) Construction projects for organizations providing end of life care and hospice service~~.~~; [**See**: 710:65-13-178]
(38) Meals on Wheels, Mobile Meals; [**See**: 710:65-13-337]
(39) Organizations which received federal funding pursuant to the Older Americans Act of 1965, for purposes of providing nutrition programs for the care and benefit of elderly persons; [**See**: 710:65-13-338]
(40) Collection and Distribution Organization; [**See**: 710:65-13-339]
(41) Council organizations or similar state supervisory organizations of Boy Scouts of America, Girl Scouts of U.S.A., and Camp Fire USA; [**See**: 710:65-13-341]
(42) Organizations which take court-adjudicated juveniles for purposes of rehabilitation; [**See**: 710:65-13-342]
(43) Tax exempt organizations which provide funding for the preservation and conservation of wild turkeys or preservation of wetlands or habitats for wild ducks; [**See**: 710:65-13-345]
(44) Tax exempt organizations which are part of a network of community-based, autonomous member organizations providing job training and employment services; [**See** 710:65-13-346]
(45) Qualified neighborhood watch organizations; [**See**: 710:65-13-348]
(46) Specialized facilities, which provide services for physically and mentally handicapped persons; [**See**: 710:65-13-347]
(47) Daughters of the American Revolution; [**See**: 710:65-13-350]
(48) Veterans of Foreign Wars of United States, Oklahoma Chapters; [**See**: 710:65-13-351]
(49) YWCA or YMCA organizations; [**See**: 710:65-13-352]
(50) Organizations primarily engaged in providing educations services and programs concerning health-related diseases and conditions; [**See**: 710:65-13-353]
(51) Organizations whose purpose is to provide training and education to developmentally disabled persons; [**See**: 710:65-13-354]
(52) Nonprofit Boys & Girl Clubs of America affiliates not affiliated with the Salvation Army; [**See**: 710:65-13-362]
(53) National Guard Association of Oklahoma exempt from federal taxation pursuant to 26 U.S.C. 501(c)(19); [**See**: 710:65-13-363]
(54) Marine Corps League of Oklahoma exempt from federal taxation pursuant to 26 U.S.C. 501(c)(4); [**See**: 710:65-364]
(55) Nonprofit collaborative model organization connecting agencies to serve persons affected by violence; [**See**: 710:65-13-365]
(56) Tax exempt organization who is an official member of the Fab Lab Network; [**See**: 710:65-13-366]
(57) The American Legion; [**See**: 710:65-13-367]
(58) Tax exempt, independent, nonprofit community blood banks headquartered in this state~~.~~; [**See** 710:65-13-175]
(59) Tax exempt, independent, nonprofit biomedical research foundations~~.~~; [**See** 710:65-13-174]
~~(60) Museums which are not accredited by the American Alliance of Museums operating on budgets of less than $1,000,000; [See: 710:65-13-370]~~
~~(61)~~(60) University Hospital Trust and nonprofit entity with a joint operating agreement with the Trust~~.~~; [**See** 68 O.S. § ~~1356(30)~~1356]
~~(62)~~(61) Tax exempt organizations that construct, remodel and sell affordable housing~~.~~; [**See**: 710:65-13-368]
~~(63)~~(62) Nonprofit organizations restoring single family housing following a disaster~~.~~; [**See**: 710:65-13-369]
~~(64)~~(63) Businesses engaged in logging, timber, and tree farming. [**See** 710:65-13-470]

SUBCHAPTER 13. SALES AND USE TAX EXEMPTIONS

PART 7. CHURCHES

710:65-13-33. Children's homes and youth camps

(a) **Qualification for the exemption for children's homes located on church-owned property.** The sale of tangible personal property or services to children's homes located on church-owned property and operated by a qualified organization is exempt from sales tax. **"Qualified organization"** means, for purposes of this Section, an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3). [**See:** 68 O.S. § 1357(15)]

(b) **Qualification for the exemption for certain children's homes supported by one or more churches.** The sale of tangible personal property or services to children's homes supported or sponsored by one or more churches, whose members serve as trustees of the children's home, is exempt from sales tax. [**See:** 68 O.S. § ~~1356(27)~~1356]

(c) **Qualification for the exemption for certain youth camps.** The sale of tangible personal property or services to youth camps supported or sponsored by one or more churches, whose members serve as trustees of the youth camp, is exempt from sales tax. [**See:** 68 O.S. § ~~1356(29)~~1356]

(d) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with the applicable documentation set forth in (e) of this Section.

(e) **Supporting documentation required.**

(1) **Children's homes on church property.** Children's homes on church property must submit the following documentation:

(A) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and

(B) Documentation evidencing church ownership of the property where the children's home is located.

(2) **Children's homes supported by churches.** Children's homes supported or sponsored by churches must submit the following documentation:

(A) The name(s) of the church(es) which support or sponsor the home;

(B) The names of the members who serve as trustees of the home; and

(C) The amount that each church contributes each year.

(3) **Youth camps.** Youth camps must submit the following documentation:

(A) The name(s) of the church(es) which support or sponsor the camp; and

(B) The names of the church members who serve as trustees of the camp.

710:65-13-40. Sales by churches; sales to churches

(a) **Sales "by" churches.** Sales by churches are not subject to sales tax when it can be said that such selling is noncompetitive with business establishments.

(1) The following are tests for determining that such selling is noncompetitive:

(A) The transactions are conducted by members of the church and not by any franchisee or licensee.

(B) All of the proceeds must go to the church organization.

(C) The transaction must not be a continuing one but rather should be held whether annually or a reasonably small number of times within a year. The test of reasonableness would be an administrative decision, to be made by the Commission.

(D) The reasonably ascertainable dominant motive of most transferees of the items sold must be the making of a contribution, with the transfer of property being merely incidental and secondary to the dominant purpose of making a gift to the church.

(2) In addition, there are these further considerations as guides to the resolution of questions raised by each individual situation:

(A) The nature of the particular item sold. All other things being equal, the decision as to candy might well be different from the decision as to refrigerators.

(B) The character of the particular sale, and the real practical effect upon putative competition. [**See:** 68 O.S. § ~~1356(7)~~1356]

(b) **Sales "to" churches.** Generally, sales made directly to a church are exempt from sales and use tax. Only sales purchased by the church, invoiced to the church, and paid for by funds or check directly from the church, will qualify for the exemption. A vendor wishing to be relieved of liability to collect the tax should follow the requirements of *OAC* 710:65-7-6 and 710:65-7-15.

(c) **Purchases by contractors.** Purchases of taxable personal property or services by a contractor with whom a church has duly entered into a construction contract, or to any subcontractor to such construction contract, are exempt provided they are necessary for carrying out the contract. A vendor wishing to be relieved of liability to collect the tax should follow the requirements of subsection (c) of *OAC* 710:65-7-13.

(d) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation which shows that the church consists of a body of believers which holds religious services and public notification of the place and time of those services such as a copy of a newspaper or yellow pages ad, newsletter or bulletin sent to regular attendees or distributed during a service.

PART 12. AIRCRAFT

710:65-13-63. Exemption for aircraft repair, modification and replacement parts

~~Beginning July 1, 2005, sales~~ Sales tax does not apply to sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification, and paint, or sales of services employed in the repair, modification and replacement of parts of aircraft engines, aircraft frame and interior repair and modification, and paint. [See: 68 O.S. § ~~1357(28)~~1357]

PART 19. COUNTY, DISTRICT AND STATE FAIRS

710:65-13-100. Fairs, circuses, carnivals, and other public exhibitions; sales tax exemption for county, district and state fair authorities; purchases by contractors

(a) Persons conducting games of chance or skill at fairs, carnivals, circuses, expositions, celebrations, bazaars, picnics and similar places and delivering merchandise as prizes are deemed consumers of such articles. All sales to them of tangible personal property, including merchandise, devices, apparatus, furnishings and other equipment are taxable. Credit cards and extension of credit in any form, given as prizes, will be deemed merchandise and taxable, unless the tax is paid at the time the credit is exchanged for

merchandise. Concessionaires at fairs, circuses, carnivals, etc., must collect, report and remit the sales tax on all their sales. The Commission reserves the right to require a concessionaire to file a report and pay the tax at the close of any business day or period during which he operates.

(b) However, specifically exempted from sales tax are sales made upon the premises of a county, district or state fair authority when said sales are made directly by the county, district or state fair authority and the sales are made solely for the benefit of the fair authority.

(1) For purposes of this exemption, "*fair authority*" means:

(A) Any county, municipality, school district, public trust or any other political subdivision of this state, or

(B) Any not-for-profit corporation acting pursuant to an agency, operating management agreement which has been approved or authorized by the governing body of any of the entities specified in (1)(A) of this subsection which conduct, operate or produce a fair commonly understood to be a county, district or state fair.

(2) *"Sales made directly by the county, district or state fair authorities"* for purposes of this exemption requires that all persons making sales be employees of the authority or contract labor employed by the fair authority.

(3) *"For the sole benefit of the fair authority"* for purposes of this exemption requires that all proceeds of sales made go to the fair authority. Sales made under a proceeds splitting arrangement or pursuant to a contract requiring payment to persons or groups based on a percentage of sales do not qualify for this exemption. [68 O.S. §~~1356 (4)~~ 1356]

(c) Provided further, sales of admissions to fairs or fair events made at any location other than the premises of the fair in this state that is authorized by the fair authority are subject to sales tax only with respect to any portion of an admission price that is not retained by or distributed to the fair authority. ***"Fair event"*** *shall be limited to an event held on the premises of the fair authority in conjunction with and during the time period of a county, district, or state fair.* [**See:** 68 O.S. § ~~1356(4)~~1356]

(d) Persons operating or sponsoring a fair, circus, carnival, etc., shall be held liable, as the principal, for the tax upon the sale or use of tangible personal property sold, given as prizes or otherwise disposed of by a person engaged in business without a sales tax license at such exhibition, unless the tax is paid by the dispenser of such property.

(e) Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A contractor who performs improvements to real property for a county, district or state fair authority may **not** purchase the tangible personal property or services to perform the contract exempt from sales tax.

PART 25. GOVERNMENTAL ENTITIES

710:65-13-130. Sales to and by the government; taxable and exempt transactions

(a) **Sales "to" governmental entities.** Sales of tangible personal property or services to this State, its institutions or political subdivisions, and to the United States, including its agencies and instrumentalities are exempt from sales tax. Sales to other states' governments, political subdivisions, institutions, or agencies are not exempt, unless the state is one which borders Oklahoma and grants a like exemption from taxes on similar sales of items to Oklahoma or its political subdivisions.

(1) **Records required.** The books and records of the vendor must show that the purchase was billed to and paid by the government agency.

(2) **Sales to government employees.** Sales to individuals who are employees of this State, its institutions and subdivisions, or of the United States government, are not exempt from tax unless the sale is billed directly to the appropriate government agency or the purchase is by means of properly completed government purchase order or credit card. Sales made on credit cards bearing an employee's name and the name of the government agency for which the employee works will qualify for exemption only if the card is issued to the Federal Government, rather than to the individual, and is paid directly by the Federal Government. The credit cards that currently meet these criteria are those issued through the GSA SmartPay card program:

(A) **Fleet cards.** All Federal Government **fleet cards** are centrally-billed. This means that all charges are billed directly to the Federal Government and paid directly by the Federal Government. Charges made using an authorized **fleet card** are therefore, exempt from the levy of Oklahoma sales tax. Authorized **fleet cards** must meet all the requirements set out in this paragraph:

(i) The fleet card prefix (first 4 digits) must be 4486, 4614, 4716, 5565, 5568 or 8699;

(ii) The fleet card platform must be Voyager, MasterCard, Wright Express, or Visa; and

(iii) The Voyager fleet card must be issued by Citibank, or U.S. Bank; the MasterCard fleet card must be issued by Citibank, JP Morgan Chase or U.S. Bank; the Wright Express fleet card must be issued by Citibank.

(B) **Purchase cards.** All Federal Government **purchase cards** are centrally-billed. This means that all charges are billed directly to the Federal Government and paid directly by the Federal Government. Charges made using an authorized **purchase card** are therefore, exempt from the levy of Oklahoma sales tax. Authorized **purchase cards** must meet all the requirement set out in this paragraph:

(i) The purchase card prefix (first 4 digits) must be 4486, 4614, 4716, 5565 or 5568;

(ii) The purchase card platform must be Visa or MasterCard; and

(iii) The Visa purchase card must be issued by Citibank, JP Morgan Chase or U.S. Bank; The MasterCard purchase card must be issued by Citibank, JP Morgan Chase, or U.S. Bank;

(C) **Travel cards.** Federal Government **travel cards** may be centrally-billed or individually billed. Individually-billed charges are billed to and paid by the federal **employee**, and then reimbursed by the Federal Government. Individually-billed charges made using a **travel card** are **subject to** the levy of Oklahoma sales tax. Only centrally-billed charges made using an authorized **travel card**, because they are billed directly to and paid directly by the Federal Government, are exempt from the levy of Oklahoma sales tax. Authorized **travel cards** must meet all the requirements set out in this paragraph:

(i) The travel card prefix (1st four (4) digits) must by 4486, 4614, 5565 or 5568;

(ii) The sixth (6th) digit of the account numbering structure will denote whether the travel card is centrally-billed or individually-billed:

(I) A sixth digit of 0, 6, 7, 8, or 9 denotes that the travel card is centrally-billed;

(II) A sixth digit of 1, 2, 3, or 4 indicates that the travel card is individually-billed;

(iii) The travel card platform must be Visa or MasterCard; and

(iv) The travel card, whether Visa or MasterCard, must be issued by Citibank, U.S.Bank, or JP Morgan Chase.

(D) **Integrated cards.** Federal Government **integrated cards** may include **fleet**, **travel**, or **purchase card** functionality and offer the Federal Government a single card for all purchases. All **fleet and purchase type transactions** made on an **integrated card** are centrally-billed, and therefore exempt from the levy of Oklahoma sales tax, regardless of the sixth digit on the card. **Travel card** type functionality may be centrally-billed or individually-billed. Authorized **integrated cards** must meet all the requirements set out in this paragraph:

(i) The prefix (first four (4) digits) of an integrated card must be 4486, 4614, 4716, 5565 or 5568;

(ii) For travel functionality only, the sixth digit of the integrated card will denote whether the card is centrally or individually billed:

(I) A sixth digit of 0, 6, 7, 8, or 9 denotes that the integrated card being used for travel functionality is centrally-billed;

(II) A sixth digit of 1, 2, 3, or 4 indicates that the integrated card being used for travel functionality is individually-billed;

(iii) The integrated card platform must be Visa or MasterCard; and

(iv) The integrated card, whether Visa or MasterCard, must be issued by Citibank, U.S.Bank or JP Morgan Chase.

(3) **Sale to contractors.** Sales to contractors in connection with the performance of any contract with the United States government are not exempt unless the ownership and possession of the property purchased by the contractor or agent transfers immediately to the United States government. [**See:** 68 O.S. §§~~1356(1), 1356(2)~~ 1356(B)(1), 1356(B)(2)]

(4) **Sales to foreign diplomats, consular mission and mission employees.** Foreign diplomats and consular missions and their personnel and eligible family members who have been issued a *Diplomatic Tax Exemption Card* by the United States Department of State, Office of Foreign Missions may make eligible purchases exempt from sales tax. Qualifying Diplomatic Tax Exemption Cards may also be issued by the American Institute in Taiwan. Each category of tax exemption card bears an animal image indicating the purchases eligible for sales tax exemption by the cardholder as follows:

(A) **Owl image card** exempts the cardholder from sales tax on all official mission purchases.

(B) **Buffalo image card** exempts the cardholder from sales tax on all official mission purchases subject to the restrictions listed on the card. For example, the card may read: "Exempt from tax on purchases over $300; not valid for hotels."

(C) **Eagle image card** exempts the cardholder from sales tax on all personal purchases.

(D) **Deer image card** exempts the cardholder from sales tax on personal purchases, subject to the restrictions listed on the card. For example, the card may read: "Exempt from tax on purchases over $150; not exempt for hotels, restaurants, and services."

(5) **Transferability.** The Eagle and Deer exemption cards used for personal purchases are not transferable. The exempt use of the Owl and Buffalo cards is not restricted to the individual pictured on the card.

(6) **Exemption requirements.** To qualify for exemption, official mission purchases made with either an Owl or Buffalo Card must be invoiced to the cardholder and payments made with mission check or mission credit card. For personal purchases made pursuant to an Eagle or Deer Card to qualify for the exemption, they must be invoiced to the cardholder and payment may be in any form including cash, check, or credit card.

(b) **Sales by a lease or lease-purchase agreement with a municipality or county.** The sale of tangible personal property or services pursuant to a lease or lease-purchase agreement executed between a vendor and a school district is exempt from sales tax.

(c) **Sales "by" governmental entities.** Except as specifically exempt by statute, the State of Oklahoma, its agencies and instrumentalities, all counties, townships, and municipal corporations, their respective agencies and instrumentalities, and all other state governmental entities and subdivisions, including state colleges and universities, shall collect, report and remit sales tax on taxable sales of tangible personal property and services. For example, sales of city maps, sales of gifts and souvenirs, sales of food from city operated concessions at stadiums, ballparks, auditoriums, etc., are subject to tax.

(d) **Purchases by contractors.** Except where specifically authorized by statute, purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A contractor who performs improvements to real

property for a governmental entity may **not** purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to a governmental entity.

710:65-13-131. Sales to U.S. government contractors; taxable and exempt transactions

Sales of tangible personal property to agents of the United States government are exempt from sales tax if ownership and possession of such property transfers immediately to the United States government. Sales to contractors who are improving real property for the United States government are not considered to be sales in which ownership transfers immediately to the United States government and are therefore taxable. [**See:** 68 O.S. §~~1356(1),(2),(3)~~ 1356(B)(1)]

710:65-13-132. Sheriff's purchases; taxable and exempt transactions

Purchases by a county sheriff or county sheriff's office, as agent for the county, of food to be used in feeding prisoners are exempt from sales tax. Purchases made by a county sheriff personally or on behalf of a prisoner are subject to tax. [**See:** 68 O.S. §~~1356 (10)~~1356(B)(10)]

PART 31. MEDICINE, MEDICAL APPLIANCES, AND HEALTH CARE ENTITIES AND ACTIVITIES

710:65-13-172. Exemption for health centers, indigent health care clinics, certain community-based health care centers, and community mental health centers

(a) **Qualification for the exemption for health centers, indigent health care clinics, certain community-based health care centers and community mental health centers.** Sales tax does not apply to the sale of tangible personal property or taxable services when sold to:

(1) Any health center as defined in Section 254b(a) of Title 42 of the United States Code;

(2) Any clinic receiving disbursements of state monies from the Indigent Health Care Revolving Fund pursuant to the provisions of Section 66 of Title 56 of the Oklahoma Statues;

(3) Any community-based health center which provides primary care services at no cost to the recipients, **and** is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3). For purposes of this Section, **"primary care services"** means health services related to family medicine, internal medicine, pediatrics, obstetrics, or gynecology that are furnished by physicians, and where appropriate, physician assistants, nurse practitioners, or other licensed medical professionals; or

(4) Any community mental health center as defined in Section 3-302 of Title 43A of the Oklahoma Statutes. For purposes of this Section, "**community mental health center**" means *a facility offering:*

(A) *A comprehensive array of community-based mental health services, including, but not limited to, outpatient treatment, emergency evaluation and care, consultation, education, rehabilitation services, and aftercare, and*

(B) *Certain services at the option of the center, including, but not limited to, inpatient treatment , training programs, and research and evaluation programs.*

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with the applicable documentation set forth in (c) of this Section:

(c) **Supporting documentation required.**

(1) **Health centers.** Health centers must submit the letter of notification from the U.S. Department of Health and Human Services, recognizing that the center qualifies under Section 254b(a) of Title 42 of the United States Code.

(2) **Clinics receiving disbursements of state monies from the Oklahoma Indigent Health Care Revolving Fund.** Clinics receiving disbursements of state monies from the Oklahoma Indigent Health Care Revolving Fund must submit a copy of the letter or disbursement voucher from the Fund, showing the date the funds were disbursed.

(3) **Community-based health centers.** Community-based health centers must submit the documentation described in (A) through (C) of this paragraph:

(A) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3);

(B) A written description of the primary care services provided must be submitted, stating the activities of the organization, and evidenced by copies of the following, as applicable:

(i) By-laws;

(ii) An audit or other financial statement, showing the types and amounts of revenue received; and

(iii) Intake documents or other forms used to obtain information from clients and which specifically reflect that the primary care services were being provided at no cost to the recipients.

(C) For the purposes of this paragraph, **"at no cost to the recipient"** means at no cost to either the recipient or any unit of government, or any insurance company, or any other person or entity. Centers which provide primary care services on a "sliding scale" fee schedule do **not** qualify for the exemption.

(4) **Community mental health centers.** Community mental health centers must submit to the Commission, as part of its application, proof of recognition by the Oklahoma Department of Mental Health and Substance Abuse Services that

applicant qualifies as a Community Mental Health Center, along with a written description of the comprehensive array of community-based mental health and other optional services the facility offers, as may be evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization.

(d) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property and services purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the exemption described in this Section.

(e) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. §1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, may ~~not~~ purchase tangible personal property or services to perform contracts with qualifying health care organizations exempt from sales tax.

PART 39. SCHOOLS AND HIGHER EDUCATION

710:65-13-210. Exemption for public and private schools and institutions of higher education

(a) **Sales to schools.** Sales of tangible personal property or services to the following entities are exempt from taxation:

(1) Private institutions of higher education.

(2) Private elementary and secondary schools.

(3) Members of the Oklahoma system of higher education.

(4) Public school districts.

(b) **Scope of exemption.** The exemption in this subsection shall apply only if said institution or school is accredited by the State Department of Education, registered by the State Board of Education for purposes of participating in federal programs or accredited as defined by the Oklahoma State Regents for Higher education which are exempt from taxation pursuant to 26 U.S.C.A § 501(c)(3) of the Internal Revenue Code. Included in sales which are exempt are materials, supplies and equipment used in construction and improvement of buildings owned by said entities and operated for educational services.

(c) **Sales by a lease or lease-purchase agreement with a school district.** Sales of tangible personal property or services pursuant to a lease or lease-purchase agreement executed between a vendor and a school district are exempt from sales tax.

(d) **Sales under public contract.** Sales to any public school, institution of the Oklahoma system of higher education and to any person, including subcontractor, whom a public school or institution of the Oklahoma system of higher education has duly entered into a contract pursuant to law necessary for carrying out said contract are exempt from taxation.

(e) **Certification required.** Certification on the face of the invoice is required of persons making purchases on behalf of an entity listed in (a) of this Section. The invoice containing the certification must be retained by the vendor. Wrongful or erroneous certification may result in criminal punishment.

(f) **Campus or school construction.** Sales for use on campus or school construction projects for the benefit of either the institutions of the Oklahoma system of higher education, private institutions of higher education accredited by the Oklahoma State Regents for Higher Education, or for public schools or school-districts, are exempt when the projects are financed by or through the use of nonprofit entities exempt from taxation pursuant to the provisions of the Internal Revenue Code 26 U.S.C., § 501(c)(3).

(g) **Obtaining exemption for campus or school construction projects.** The general contractor shall request a letter of confirmation that the project qualifies for the exemption from the Business Tax Services Division. Along with the request, the following must be supplied:

(1) A letter from the institution confirming that the not-for-profit entity is financing the project and that the requestor is the general contractor for the project.

(2) A copy of the IRS letter to the not-for-profit entity showing its exemption status.

(h) **Private schools tuition.** Tuition and educational fees paid to private institutions of higher education, private elementary and secondary institutions of education duly accredited by the State Board of Education or registered to participate in federal programs are exempt from sales tax. The institution must be exempt from income taxation pursuant to the provisions of 26 U.S.C.A. § 501(c)(3) for this exemption to apply.

(i) **Sales in school cafeterias.** Sales of food in cafeterias or lunchrooms of elementary schools, high schools, colleges or universities which are operated primarily for teachers and pupils are exempt from taxation so long as the cafeteria or lunch room is not operated primarily for the public or for profit. Management companies operating for a profit who contract with a school, college or university to operate a lunchroom or cafeteria will be denied the exemption. Also, sales of food made on school premises but not in a cafeteria or lunchroom do not fall within the exemption provided by statute.

(j) **Sales of admission tickets.** That portion of the gross receipts received from the sale of admission tickets which is for the repayment of money borrowed by an accredited state-supported college or university for the purposes outlined in the statute is exempt from taxation if said amount is:

(1) separately stated on the admission ticket; and

(2) imposed, collected and used for the sole purpose of servicing the debt incurred by the college or university for capital improvements described in the statute.

(k) **Sales by school, student, parent-teacher organizations or associations.** Private schools, public schools, public or private school boards, public school districts, public or private school student organizations and parent-teacher organizations or associations can make sales of tangible personal property exempt from sales tax. Public or private school personnel can make sales for fund-raising projects to benefit the school, school district, school board or student group or organization without collecting and remitting sales tax. For purposes of subsections (k) and (l) tangible personal property includes the sale of admission tickets and concessions at athletic events. [**See**: 68 O.S. § ~~1356(13)~~1356]

(l) **Sales to, or by, parent-teacher organizations.** Parent-teacher associations and parent-teacher organizations that are exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code may make purchases and sales free from the levy of Oklahoma sales taxes.

(m) **Sales to, or by, nonprofit local public or private school foundations.** 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 may make purchases and sales of tangible personal property exempt from sales tax.

(n) **Sales to career technology student organizations.** Career technology student organizations under the direction and supervision of the Oklahoma Department of Career and Technology Education may make purchases exempt from Oklahoma sales and use taxes and local sales and use taxes.

(o) **Application process.** The entities set forth in (l) through (n) of this Section may make application for exemption by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with the applicable documentation outlined in (p) of this Section.

(p) **Supporting documentation required.**

(1) **Parent-Teacher Associations or Organizations.** Parent-Teacher Associations or Organizations must submit the Internal Revenue Service determination letter recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3).

(2) **School foundations.** School foundations must submit the documentation described in (A) and (B) of paragraph (2).

(A) A letter from the Internal Revenue Service recognizing the foundation as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3);

(B) A written description of the qualifying activities of the foundation or organization, as may be evidenced by copies of:

(i) Articles of Incorporation;

(ii) By-laws;

(iii) Brochure; and

(iv) Notarized letter from the President or Chairman of the foundation.

(3) **Career Technology School Organizations.** Career Technology School Organizations must submit documentation that the organization is under the direction and supervision of the Oklahoma Department of Career and Technology Education.

PART 43. SOCIAL, CHARITABLE, AND CIVIC ORGANIZATIONS AND ACTIVITIES

710:65-13-330. Oklahoma City National Memorial and Museum

Sales of tangible personal property or services to or by an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and is operating the Oklahoma City National Memorial and Museum are exempt from sales tax. [68 O.S. § ~~1356(46)~~1356]

710:65-13-331. Sales to veterans' organizations for museums and memorials

Sales of tangible personal property or services to organizations which are exempt from federal taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, the members of which are limited to honorably discharged veterans, and which furnish financial support to area veterans' organizations to be used for the purpose of constructing a memorial or museum are exempt from sales and use tax [68 O.S. § ~~1356(47)~~1356]

710:65-13-332. Exemption for sale of tickets to collegiate athletic championship events

Sales of tickets for admission to a collegiate athletic event that is held in a facility owned or operated by a municipality or a public trust of which the municipality is the sole beneficiary and that actually determines or is part of a tournament or tournament process for determining a conference tournament championship, a conference championship, or a national championship are exempt from sales tax. [68 O.S. § ~~1356(45)~~1356]

710:65-13-333. Sales made in conjunction with public library construction

Sales of tangible personal property or services made on or after January 1, 2003, to an organization, which is exempt from taxation pursuant to the provisions of the 26 U.S.C. § 501(c)(3), and that is expending monies received from a private foundation grant in conjunction with expenditures of local sales tax revenue to construct a local public library, are exempt from sales tax. [68 O.S. § ~~1356(48)~~1356]

710:65-13-334. Exemption for qualified museums

(a) **General provisions.** Museums or other entities accredited by the American Alliance of Museums formally the American Association of Museums are exempt from the levy of sales tax on their purchases of tangible personal property and services, and provided that the museum is in compliance with (d)(2) of this Section, on the sales of tickets for admission.

(b) **Certification required for purchases.** Certification, in which the name of the museum or other accredited entity is set out on the face of the invoice or sales receipt to be obtained and retained by the vendor, is required of persons making purchases on behalf of a qualifying museum or other accredited entity, in order to support the exemption pursuant to *OAC* 710:65-3-30 and 710:65-3-33.

(c) **Application procedure.** Application for the exemption is made by submitting to the Taxpayer Resource Center, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with written confirmation that the applicant is currently accredited by the American Alliance of Museums formally the American Association of Museums.

(d) **Exemption limited to eligible, properly-documented transactions.**

(1) Only those purchases actually purchased by the museum or other accredited entity, invoiced to the museum or entity, and paid for by funds or check directly from the museum or other accredited entity, will qualify for the exemption on purchases.

(2) To qualify for the exemption on sales of admission tickets, the museum must separately state an amount equivalent to the tax which would otherwise have been required to be collected on the face of the admission ticket and must use the amount so stated and so collected solely for the purpose of servicing debt incurred by the museum in the construction, enlargement, or renovation of facilities used or to be used for the entertainment, edification, or cultural cultivation of persons admitted to the museum or facility. The museum or other accredited entity must maintain records adequate to show that the proper amount was collected in lieu of the tax and that those funds were used for purposes of servicing qualifying projects.

(e) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to museums and other accredited entities.

710:65-13-335. Limited exemption for organizations which sponsor and promote educational, charitable, and cultural events for disadvantaged children

(a) **Qualification for educational, charitable, and cultural events for disadvantaged children exemption.** The first $15,000.00 of each calendar year's sales to or by organizations which were established to sponsor or promote educational, charitable, or cultural events for disadvantaged children, are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov and the supporting documentation described in (c) of this Section.

(c) **Supporting documentation required.** To support the exemption claimed under this Section, the applicant must submit to the Commission, along with the application:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and

(2) Documentation showing that the organization was established to sponsor and provide educational, charitable, and cultural events for disadvantaged children, along with a written description of the activities of the organization, as may be evidenced by copies of one or more of the following:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or,

(D) Notarized letter from the President or Chairman of the organization.

(d) **Exemption limited to eligible, properly-documented transactions.** Only the first $15,000 of either sales or purchases of the organization are exempt. The organization must keep accurate records to enable it to properly document the exemption on its purchases and to know when it is required to charge sales tax on its sales. If sales tax is collected by the organization on sales which could have been exempt under the provisions of this Section, the sales tax must be remitted to the Oklahoma Tax Commission. Only those purchases actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(e) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, may ~~not~~ purchase tangible personal property or services to perform contracts with qualifying organizations exempt from sales tax.

710:65-13-340. Exemptions for volunteer fire departments

(a) Sales to volunteer fire departments which are organized under 18 O.S. § 592 are exempt from sales tax. Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a

completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation that the department is registered with the Oklahoma Secretary of State.
(b) A vendor shall obtain the documentation set out in *OAC* 710:65-7-15 in order to be relieved of liability for sales tax on such sales.
(c) Additionally, volunteer fire departments which are organized under 18 O.S. ~~Section~~ § 592 are exempt from having to charge sales tax on the first ~~Fifteen Thousand Dollars ($15,000.00)~~ $15,000 of sales per year which are made for the purpose of raising funds for the benefit of the department, provided the sales are made on no more than six days per year. [68 O.S. § ~~1356(19)~~1356]

710:65-13-342. Qualifications for "Juvenile Rehabilitation" exemption
(a) **Qualification for the Juvenile Rehabilitation exemption.** Sales tax does not apply to the sale of goods or services to organizations which take court-adjudicated juveniles for purposes of rehabilitation and which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3). However, at least ~~fifty percent (50%)~~ 50% of the juveniles served by the organization must be court-adjudicated and the organization must receive state funds in an amount which is less than ~~ten percent (10%)~~ 10% of the annual budget of the organization.
(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:
(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3);
(2) A copy of the last audit, income tax informational return, or other financial statements which will show that for the last fiscal year end before application, less than 10% of the budget of the organization was from state funds;
(3) A statement signed by a responsible officer of the organization that sets out the percentage of juveniles served which were court-adjudicated during the last fiscal year, giving the total number served, and the total number of those that were court-adjudicated;
(4) A written description stating the activities of the organization, as evidenced by copies of:
(A) Articles of incorporation;
(B) By-laws;
(C) Brochure; or,
(D) Notarized letter from the President or Chairman of the organization which states the services provided by the organization.
(c) **Exemption limited to eligible, properly documented transactions.** Only sales of goods or services purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the exemption described in this Section.
(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November, 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for "Juvenile Rehabilitation" organizations may ~~**not**~~ purchase the tangible personal property or services used to perform the contract exempt from sales tax under the exemption provided by statute to "Juvenile Rehabilitation" organizations.

710:65-13-343. Exemption for qualified youth athletic teams
(a) **General provisions.** Sales tax does not apply to the first $15,000.00 of each year's sales to or by youth athletic teams, made for the purpose of raising funds for the benefit of the team. In order to qualify for exemption the youth athletic team must be a part of an athletic organization exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(4).
(b) **Application process.** Application is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov, along with the following information:
(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(4); and,
(2) A written description stating the activities of the organization, as evidenced by copies of:
(A) Articles of incorporation;
(B) By-laws;
(C) Brochure; or,
(D) Notarized letter from the President or Chairman of the organization.
(c) **Exemption limited to eligible, properly-documented transactions.** Only the first $15,000 of either sales or purchases of the organization are exempt. The organization must keep accurate records to enable it to properly document the exemption on its purchases and to know when it is required to charge sales tax on its sales. If sales tax is collected by the organization on sales which could have been exempt under the provisions of this Section, the sales tax must be remitted to the Oklahoma Tax Commission. Only those purchases actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.
(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 20226, a contractor, as defined by 68 O.S. § 1352, may ~~not~~ purchase tangible

personal property or services to perform contracts with qualifying organizations exempt from sales tax.

710:65-13-344. Exemption for tax exempt, nonprofit organizations, which provide services during the day to homeless persons

(a) **Qualification for tax-exempt, nonprofit organizations which provide services during the day to homeless person exemption.** Sales of tangible personal property to a nonprofit organization exempt from income taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3), which is organized primarily for the purpose of providing services to homeless persons during the day and located in a metropolitan area with a population in excess of ~~five hundred thousand (500,000)~~ 500,000 persons according to the latest Federal Decennial Census are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3); and

(2) Documentation showing that the organization was established to provide services to homeless persons during the day and is located in a metropolitan area with a population in excess of ~~five hundred thousand (500,000)~~ 500,000 persons according to the latest Federal Decennial Census. Also, a written description of the services of the organization, as may be evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only those purchases actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-345. Exemption for tax exempt organizations, which provide funding for the preservation of wetlands or habitats for wild ducks or preservation and conservation of wild turkeys

(a) **Qualifications for exemption.** Sales of tangible personal property or services are exempt from sales tax when made to or by an organization exempt from income taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3), for events the principal purpose of which is to provide funding for the preservation of wetlands and habitats for wild ducks or preservation and conservation of wild turkeys.

(b) **Exemption limited to eligible, properly-documented transactions.** Only those purchases or sales which are made for an event, the principal purpose of which is to provide funding for the preservation of wetlands and habitats for wild ducks and/or the preservation and conservation of wild turkeys will qualify for the exemption described in this Section.

(c) **Application process.** Application is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov, along with the following information:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and,

(2) A written description stating the activities of the organization, as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or,

(D) Notarized letter from the President or Chairman of the organization.

(d) **Purchases by contractors.** ~~Purchase of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, ~~may not purchase tangible personal property or services to perform contracts with qualifying organizations enumerated in 68 O.S. §1356(55) & (56) 1356 exempt from sales tax~~ who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-346. Exemption for tax exempt organizations which are a part of a network of community-based, autonomous member organizations providing job training and employment services

(a) **Qualifications for exemption.** Sales of tangible personal property or services are exempt from sales tax when made to an organization, exempt from income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, which is a part of a network of community-based, autonomous member organizations provided that the organization meets the following criteria;

(1) Serves people with workplace disadvantages and disabilities by providing job training and employment services, as well as job placement opportunities and post-employment support,

(2) Has locations in the United States and at least twenty other countries,

(3) Collects donated clothing and household goods to sell in retail stores and provides contract labor services to business and government, and

(4) Provides documentation to the Oklahoma Tax Commission that over ~~seventy-five percent (75%)~~ 75% of its revenues are channeled into employment, job training and placement programs and other critical community services.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3);

(2) A written description stating the activities of the organization which shows that the applicant meets the criteria set out in subsection (a) above as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or checks directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-347. Exemption for specialized facilities, which provide services for physically and mentally handicapped persons

(a) **Qualification for specialized facilities, which provide services for physically and mentally handicapped persons.** Sales of tangible personal property and services are exempt from sales tax when made to an organization exempt from income taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), which assists, trains, educates, and provides housing for physically and mentally handicapped persons provided that the organization receives at least ~~eighty-five percent (85%)~~ 85% of its annual budget from state or federal funds.

(b) **Application process.**

(1) **Application.** All "specialized facilities" shall file an Application/Intent to Qualify with the Commission. The Application/Intent to Qualify shall be on forms provided by the Commission and shall include, as attachments, the following information:

(A) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3);

(B) A written description stating the activities of the organization, as evidenced by copies of:

(i) Articles of incorporation;

(ii) By-laws;

(iii) Brochure; or

(iv) Notarized letter from the President or Chairman of the organization; AND

(C) Copy of the organization's annual budget representing that ~~eighty-five percent (85%)~~ 85% of its budget is from state or federal funds.

(2) **Review.** Upon receipt of the Application, the Application will be reviewed by the Commission for completeness and compliance with the exemption. The applicant will be notified of any action taken regarding the Application by the Commission.

(c) **Exemption limited to eligible, properly documented transactions.** The exemption will be administered as a refund to the qualified organization. To receive the benefit of the exemption, the qualified organization must pay the applicable sales tax at the time of purchase to the vendor. Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the refund described in this Section.

(d) **Refund procedure.** To obtain a refund under this Section, the qualified organization must file within ~~one (1)~~ 1 year after the date of the sales transaction, a claim for a refund on forms provided by the Commission, along with invoices, and all receipts indicating the amount of state and local sales tax paid on sales exempt from tax under this section. Refund claims will be processed in the order of claims received by the Oklahoma Tax Commission. The sales tax qualifying for the exemption is limited to ~~One Hundred~~

~~Seventy-five Thousand Dollars ($175,000.00)~~ $175,000 each fiscal year and timely filed claims that exceed that total amount of refunds payable will be barred.

(e) **Purchases by contractors.** Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A contractor who performs improvements to real property for qualified organizations may **not** purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by this Section.

710:65-13-348. Limited exemption for qualified neighborhood watch organizations

(a) **Qualification for exemption.** Effective July 1, 2005, the first $2,000 of each calendar year's sales of tangible personal property or services, to, by, or for the benefit of a qualified neighborhood watch organization that is endorsed or supported by or working directly with a law enforcement agency with jurisdiction in the area in which the neighborhood watch organization is located are exempt from sales tax. For purposes of this exemption "**qualified neighborhood watch organization**" ~~*means*~~ means *an organization that is a not-for-profit corporation under the laws of the State of Oklahoma that was created to help prevent criminal activity in an area through community involvement and interaction with local law enforcement and which is one of the first two thousand organizations which makes application to the Oklahoma Tax Commission for the exemption after March 29, 2006.*[68 O.S. § ~~1356(53)~~1356]

(b) **Application process.** Only the first two thousand applications received by the Oklahoma Tax Commission are eligible for exemption. Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Documentation showing that the organization is a not-for profit corporation under the laws of Oklahoma established to help prevent criminal activity in a specific area through community involvement and interaction with local law enforcement, as may be evidenced by copies of one or more of the following:

(A) Articles of incorporation;

(B) By-laws;

(C) Other documents that show the intent of the incorporators at the time of incorporation.

(2) Documentation showing that the organization is either endorsed, supported by or working directly with a law enforcement agency that has jurisdiction in the area where the neighborhood watch is located. Documentation may consist of membership lists, notices or minutes of meetings or letters from the applicable law enforcement agencies concerning their support, endorsement or involvement with the organization.

(3) A description of the boundaries of the area in which the neighborhood watch organization is located.

(4) The name and address of the person representing the organization to whom the exemption card will be mailed and who will be responsible for keeping track of the sales made to, by, or for the benefit of the organization so that the annual limit of $2,000 will not be exceeded by the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only the first $2,000 of either sales to, by or on behalf of the organization are exempt. The organization must keep accurate records to enable it to properly document the exemption. The exemption documentation that vendors are required to obtain on purchases to, or for the benefit of the organization is set out in 710:65-7-17.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

(e) **Review and determination.** Upon receipt of the application, the Commission will review and make a determination as to the applicant's eligibility. Upon approval, an exemption card will be sent to the applicant.

(f) **Denial of exemption; cancellation, suspension, revocation of exemption card.** The exemption may be denied, and the exemption card cancelled, suspended, or revoked by the Commission for non-compliance with the provisions of this Section, with applicable Oklahoma tax statutes, or for other good cause shown. Proceedings related to the cancellation or refusal to issue a certification pursuant to this Section shall be governed by 710:1-5-100 and 710:1-5-21 through 710:1-5-49 of the permanent rules of the Commission.

710:65-13-350. Exemption for Daughters of the American Revolution

(a) **General provisions.** Sales of tangible personal property or services to or by the Daughters of the American Revolution are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Written confirmation that the applicant is currently recognized as an Oklahoma chapter of the Daughters of the American Revolution; and

(2) A written description stating the activities of the organization, as evidenced by copies of:

(A) Articles of incorporation;
(B) By-laws;
(C) Brochure; or
(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-351. Exemption for Veterans of Foreign Wars, Department of Oklahoma, Inc. and subordinate posts

(a) **General provisions.** Sales of tangible personal property or services to or by the Veterans of Foreign Wars, Department of Oklahoma, Inc. and its subordinate posts are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U. S. C. § 501(c)(19);
(2) Written confirmation that the applicant is currently recognized as a post of the Veterans of Foreign Wars, Department of Oklahoma, Inc.; and
(3) A written description stating the activities of the organization, as evidenced by copies of:
(A) Articles of incorporation;
(B) By-laws;
(C) Brochure; or
(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-352. Exemption for YWCA or YMCA organizations

(a) **General provisions.** Sales of tangible personal property or services to or by YWCA or YMCA organizations are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Written confirmation that the applicant is currently recognized as part of a national nonprofit community service organization meeting the health and social service needs of its members; and
(2) A written description stating the activities of the organization, as evidenced by copies of:
(A) Articles of incorporation;
(B) By-laws;
(C) Brochure; or
(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-353. Exemption for organizations primarily engaged in providing educational services and programs concerning health-related diseases and conditions

(a) **Qualification for organizations primarily engaged in providing educational services and programs concerning health-related diseases and conditions exemption.** Sales of tangible personal property or services to an organization primarily engaged in providing educational services and programs concerning health-related diseases and conditions to individuals suffering from such health-related diseases and conditions, their caregivers and family members, or in health-related research of such diseases and conditions, or both, are exempt from sales tax. However, in order to qualify, such organization must itself be a member of a tax-exempt organization that is primarily engaged in advancing the purposes of its member organizations through fundraising, public awareness or other efforts for the benefit of its member organizations.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U. S. C. § 501(c)(3);

(2) Proof of membership in a tax-exempt organization primarily engaged in advancing the purposes of its member organization, including a description of the activities of the membership organization; and

(3) Documentation showing that the organization is primarily engaged either in providing educational services, programs or support concerning health-related diseases and conditions to individuals suffering from such diseases or their caregivers and family members and or health-related research of such diseases or conditions, along with a written description of the activities of the organization, as may be evidenced by copies of one or more of the following:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-354. Exemption for organizations whose purpose is to provide training and education to developmentally disabled persons

(a) **Qualification for organizations whose purpose is to provide training and education to developmentally disabled persons.** Sales to or by qualifying organizations of tangible personal property and services to be used exclusively for charitable or educational purposes are exempt from sales tax. To qualify an organization must be exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code; must have filed a Not-for-Profit Certificate of Incorporation in Oklahoma, and must be organized for the purpose of providing training and education to developmentally disabled individuals; educating the community about the rights, abilities and strengths of developmentally disabled individuals; and promoting unity among developmentally disabled individuals in their community and geographic area.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U. S. C. § 501(c)(3);

(2) Proof of Not-for-Profit Certificate of Incorporation in Oklahoma; and

(3) Documentation showing that the organization is organized for the purpose of providing training and education to developmentally disabled individuals, educating the community about the rights, abilities and strengths of developmentally disabled individuals and promoting unity among developmentally disabled individuals in their community and geographic area, along with a written description of the activities of the organization, as may be evidenced by copies of one or more of the following:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization which states the services provided by the organization.

(c) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, may ~~not~~ purchase tangible personal property or services to perform contracts with qualifying organizations exempt from sales tax.

710:65-13-355. Exemption for shelters for abused, neglected, or abandoned children from birth to age eighteen

(a) **Qualification for shelters for abused, neglected, or abandoned children from birth to age eighteen.** Sales of tangible personal property and services to an organization exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, which is a shelter for abused, neglected, or abandoned children from birth to age eighteen.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U. S. C. § 501(c)(3); and

(2) Documentation showing that the organization is a shelter for abused, neglected, or abandoned children from birth to age eighteen.

(3) A written description of the activities of the organization, as may be evidenced by copies of one or more of the following:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure;

(D) Intake documents or other forms used to obtain information from clients which specifically reflect age of children and reason for being sheltered; or

(E) Notarized letter from the President or Chairman of the organization which states the services provided by the organization.

(c) **Exemption limited to eligible, properly-documented transactions.** Only sales of goods or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. Section 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, may ~~not~~ purchase tangible personal property or services to perform contracts with qualifying organizations exempt from sales tax.

710:65-13-357. Organizations providing funding for scholarships in the medical field

(a) **Qualification for exemption.** Sales tax does not apply to the sale of food and snacks items to or by organizations exempt from taxation pursuant to Internal Revenue Code, 26 U.S.C., Section 501(c)(3) who primary and principal purpose is providing funding for scholarships in the medical field.

(b) **Application process.** Application is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov, along with the following information:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and,

(2) A written description stating the activities of the organization, as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or,

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of food or snack items, purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** Purchase of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A contractor may not purchase tangible personal property or services to perform contracts with qualifying organizations enumerated in 68 O.S. §~~1356(71)~~ 1356 exempt from sales tax.

710:65-13-358. Exemption for sale of event tickets by organizations supporting general hospitals

Sales of tickets for admission to events held by organizations exempt from taxation pursuant to the Internal Revenue Code, 26 U.S.C. 501(c)(3) that are organized for the purpose of supporting general hospitals licensed by the State Department of Health are exempt from sales tax. [68 O.S. § ~~1356(73)~~1356]

710:65-13-359. Nonprofit foundations supporting NRA and other like organizations

(a) **Qualifications for exemption.** Sales of property to a nonprofit foundation which raises tax deductible contributions in support of a wide range of firearms related public interest activities of the National Rifle Association of America and other organizations that defend and foster the Second Amendment are exempt from sales tax.

(b) **Application process.** Application is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov, along with the following information:

(1) A letter from the Internal Revenue Service (IRS) recognizing the foundation or organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and

(2) A written description of the qualifying activities of the foundation or organization, as may be evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; and

(D) Notarized letter from the President or Chairman of the foundation or organization.

(c) **Exemption limited to eligible, properly documented transactions.** Only property purchased by the foundation/organization, invoiced to the foundation/organization, and paid for by funds or check directly from the foundation/organization will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchase of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, ~~may not purchase tangible personal property or services to perform contracts with qualifying foundations/organizations enumerated in 68 O.S. §1356(74)(a) 1356 exempt from sales tax~~ who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-362. Exemption for Boys & Girls Clubs of America affiliates

(a) **General provisions.** Sales of tangible personal property or services to any Boys & Girls Clubs of America affiliate in Oklahoma which is not affiliated with the Salvation Army and which is exempt from taxation pursuant to the Internal Revenue Code, 26 U.S.C. § 501(c)(3) are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and

(2) Documentation verifying that the applicant club is not affiliated with the Salvation Army.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~not~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-363. Exemption for the National Guard Association of Oklahoma

(a) **General provisions.** Effective July 1, 2018, sales of tangible personal property or services to or by an association which is exempt from taxation pursuant to 26 U.S.C. § 501(c)(19) and which is known as the National Guard Association of Oklahoma are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(19); and

(2) Written confirmation that the applicant is currently recognized as the National Guard Association of Oklahoma.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~not~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-364. Exemption for the Marine Corps League of Oklahoma

(a) **General provisions.** Effective July 1, 2018, sales of tangible personal property or services to or by an association which is exempt from taxation pursuant to 26 U.S.C. § 501(c)(4) and which is known as the Marine Corps League of Oklahoma are exempt from sales tax.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(4); and

(2) Written confirmation that the applicant is currently recognized as the Marine Corps League of Oklahoma.

(c) **Exemption limited to eligible, properly-documented transactions.** Only property or services actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-365. Exemption for tax exempt organizations who operate as a collaborative model which connects community agencies to serve individuals and families affected by violence

(a) **Qualifications for exemption.** Effective November 1, 2017, sales of tangible personal property or services are exempt from sales tax when made to an organization exempt from income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code that operates as a collaborative model which connects community agencies in one location to serve individuals and families affected by violence and where victims have access to services and advocacy at no cost to the victim. For the purposes of this paragraph, **"at no cost to the recipient"** means at no cost to either the recipient or any unit of government, or any insurance company, or any other person or entity. Organizations which provide services on a "sliding scale" fee schedule do **not** qualify for the exemption.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3);

(2) A written description stating the activities of the organization which shows that the applicant meets the criteria set out in subsection (a) above as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or checks directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-366. Exemption for tax exempt organization who is an official member of the Fab Lab Network

(a) **Qualifications for exemption.** Effective November, 1, 2019, sales of tangible personal property or services are exempt from sales tax when made to, or by, an organization which is exempt from taxation pursuant to 26 U.S.C., Section 501(c)(3), who is an official member of the Fab Lab Network in compliance with the Fab Charter as verified by a letter from the MIT Fab Foundation and whose primary and principal purpose is to provide community access to advanced 21st century manufacturing and digital fabrication tools for science, technology, engineering, art and math ("STEAM") learning skills, developing inventions, creating and sustaining businesses and producing personalized products.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3).

(2) A written description stating the activities of the organization which shows the applicant meets the criteria set out in subsection (a) above as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure;

(D) Letter from the MIT Fab Foundation verifying the organization is an official member of the Fab Lab Network and in compliance with the Fab Charter.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or checks directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-367. Exemption for the American Legion

(a) **Qualifications for exemption.** Sales of tangible personal property or services are exempt from sales tax when made to the American Legion, whether the purchase is made by the entity charterd by the United States Congress or is an entity organized under the laws of this or another state pursuant to the authority of the national American Legion organization.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Documentation that the applicant is the entity chartered as the American Legion by the U.S. Congress;

(2) Proof the applicant is organized under the laws of Oklahoma or another state pursuant to the authority of the national American Legion organization;

(3) Written confirmation the applicant is currently recognized as an organization of the American Legion.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or checks directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-368. Exemption for nonprofit organizations that construct, remodel and sell affordable housing

(a) **Qualifications for exemption.** Effective November 1, 2021, sales of tangible personal property or services used solely for construction and remodeling projects are exempt from sales tax when made to an organization exempt from income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code which meets the following requirements:

(1) Its primary purpose is to construct or remodel and sell affordable housing and provide homeownership education to residents of Oklahoma that have an income below ~~one hundred percent (100%)~~ 100% of the Family Median Income guidelines as defined by the U.S. Department of Housing and Urban Development,

(2) Conducts its activities in a manner that serves public or charitable purposes, rather than commercial purposes,

(3) Receives funding and revenue and charges fees in a manner that does not incentivize it or its employees to act other than in the best interest of its clients, and

(4) Compensates its employees in a manner that does not incentivize employees to act other than in the best interest of its clients.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3); and

(2) A written description stating the activities of the organization which shows that the applicant meets the criteria set out in subsection (a) above as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or checks directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~not~~

purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-369. Exemption for nonprofit organizations restoring single family housing following a disaster

(a) **General provisions.** Sales of tangible personal property or services to a nonprofit entity, organized pursuant to Oklahoma law before January 1, 2022, exempt from federal income taxation pursuant to Section 501(c) of the Internal Revenue Code of 1986, as amended, the principal functions of which are to provide assistance to natural persons following a disaster, with program emphasis on repair or restoration to single-family residential dwellings or the construction of a replacement single-family residential dwelling. As used in this Section, "disaster" means damage to property with or without accompanying injury to persons from heavy rain, high winds, tornadic winds, drought, wildfire, snow, ice, geologic disturbances, explosions, chemical accidents or spills and other events causing damage to property on a large scale. For purposes of this exemption, an entity that expended at least 75% of its funds on the restoration to single-family housing following a disaster, including related general and administrative expenses, shall be eligible for the exemption authorized by this Section.

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. Section 501(c)(3);

(2) A written description stating the activities of the organization which shows that the applicant meets the criteria set out in subsection (a) above as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairman of the organization; and

(3) A copy of an audit, income tax informational return or financial statement which demonstrates that for the last fiscal year end before application that at least 75% of the applying organization's funds were expended on the restoration to single family housing following a disaster including related general and administrative expenses.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of tangible personal property or services, purchased by the organization, invoiced to the organization, and paid for by funds or checks directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~not~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-370. Exemption for non-accredited museums [REVOKED]

~~(a) **General provisions.** Effective November 1, 2021 through December 31, 2024, sales of tangible personal property or services to a museum that operates as part of an organization which is exempt from taxation pursuant 26 U.S.C., § 501(c)(3) and is not accredited by the American Alliance of Museums are exempt from sales and use tax. To qualify, the described entities must operate on an annual budget of less than One Million Dollars ($1,000,000.00). [**See**: 68 O.S. § 1356]~~

~~(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E available online at www.tax.ok.gov along with supporting documentation as follows:~~

~~(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3);~~

~~(2) A written description stating the activities of the organization which shows that the applicant operates within the organization as a museum as evidenced by copies of:~~

~~(A) Articles of incorporation;~~

~~(B) By-laws;~~

~~(C) Brochure; or,~~

~~(D) Notarized letter from the President or Chairman of the organization; and~~

~~(3) A copy of an audit, income tax informational return, or other financial statement which demonstrates the organization's annual budget is less than One Million Dollars ($1,000,000.00).~~

~~(c) **Exemption limited to eligible, properly documented transactions.** Only sales of goods or services purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the exemption described in this Section.~~

~~(d) **Purchases by contractors.** Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A contractor who performs improvements to real property for "non-accredited museums" may **not** purchase~~

~~the tangible personal property or services used to perform the contract exempt from sales tax under the exemption provided by statute to "non-accredited museums".~~

710:65-13-371. Exemption for Oklahoma Women Veterans Organization and Subchapters

(a) **General provisions.** *Sales of tangible personal property or services to or by a women's veteran's organization, and its subchapters in Oklahoma, that is exempt from taxation pursuant to 26 U.S.C., § 501(c)(19) and is known as the Oklahoma Women Veterans Organization* are exempt from sales tax. [68 O.S. §~~1356(85)~~1356]

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(19); and,

(2) Written confirmation that the applicant is currently recognized as the Oklahoma Women Veterans Organization or a subchapter thereof.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of goods or services purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-372. Exemption for nonprofit organizations that provide support to veterans, active duty members of the Armed Forces, reservists and members of the National Guard

(a) **General provisions.** *Sales of tangible personal property or services to an organization that is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which provides support to veterans, active duty members of the Armed Forces, reservists and members of the National Guard to assist with the transition to civilian life, and that provides documentation to the Tax Commission that over 70% of its revenue is expended on support for transition to civilian life* are exempt from sales tax. [68 O.S. § ~~1356(84)~~1356]

(b) **Application process.** Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E available online at www.tax.ok.gov along with supporting documentation as follows:

(1) Letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3);

(2) A written description stating the activities of the organization which shows that the applicant meets the criteria set out in subsection (a) of this Section as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or

(D) Notarized letter from the President or Chairperson of the organization; and

(3) A copy of an audit, income tax informational return or financial statement which demonstrates that for the last fiscal year end before application that over 70% of the applying organization's funds were expended on the support for veterans, active duty members of the Armed Forces, reservists and members of the National Guard to assist with the transition to civilian life.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales of goods or services purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, who performs improvements to real property for organizations which qualify for the exemption from sales tax on their purchases described in this Section may ~~**not**~~ purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to the qualified organizations.

710:65-13-373. Organizations providing school supplies for underserved students

(a) **General provisions.** Sales to or by a 501(c)(3) nonprofit whose principal purpose is to provide school supplies or clothing for underserved pre-K through 12th grade public school students in Oklahoma are exempt from sales tax. [See: 68 O.S. § 1356]

(b) **Application process.** To apply for this sales tax exemption permit, a completed Form 13-16-A must be mailed to the Oklahoma Tax Commission, Business Tax Services Division, Oklahoma City, OK 73194, along with all required documentation. Form 13-16-A

is included in Packet E, which may be found online at tax.ok.gov. The following documentation must be included with the application at the time of submission:

(1) A letter from the Internal Revenue Service (IRS) recognizing the organization as exempt from federal income taxation pursuant to 26 U.S.C. § 501(c)(3); and,

(2) Documentation which shows the applicant meets the criteria set out in subsection (a) above as evidenced by copies of:

(A) Articles of incorporation;

(B) By-laws;

(C) Brochure; or,

(D) Notarized letter from the President or Chairman of the organization.

(c) **Exemption limited to eligible, properly documented transactions.** Only sales or purchases of the organization are exempt. The organization must keep accurate records to enable it to properly document the exemption on its purchases and to know when it is required to charge sales tax on its sales. If sales tax is collected by the organization on sales which could have been exempt under the provisions of this Section, the sales tax must be remitted to the Oklahoma Tax Commission. Only those purchases actually purchased by the organization, invoiced to the organization, and paid for by funds or check directly from the organization, will qualify for the exemption described in this Section.

(d) **Purchases by contractors.** ~~Purchase of tangible personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A~~ Effective November 1, 2026, a contractor, as defined by 68 O.S. § 1352, may ~~not~~ purchase tangible personal property or services to perform contracts with qualifying organizations exempt from sales tax.

PART 47. COMMERCIAL FORESTRY EQUIPMENT

710:65-13-470. Exemption for sales of commercial forestry service equipment

(a) **General provisions.** ~~Effective January 1, 2022 and ending January 31, 2027, sales~~ Sales of commercial forestry service equipment, limited to forwarders, fellers, bunchers, track skidders, wheeled skidders, hydraulic excavators, delimbers, soil compactors, and skid steer loaders are exempt to business engaged in logging, timber, and tree farming.

(b) **Qualifying activities.** Business engaged in growing trees as classified under NAICS 1132 [Forest Nurseries and Gathering of Forest Products] or the cutting, harvesting or removal of trees as classified under NAICS 113 [Forestry and Logging] are eligible for the exemption outlined in this Section.

(c) **Application process.** Application is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E available online at www.tax.ok.gov, along with the following information:

(1) Proof of business registration with the State of Oklahoma under one of the NAICS groups outlined in subsection (b), or

(2) A written description which demonstrates the qualifying activities of the applicant as evidenced by copies of:

(A) Contracts;

(B) Agreements, or

(C) Notarized statement from the owner or chief operating officer of the business.

PART 55. TRUST AUTHORITIES

710:65-13-550. Trust authority transactions

(a) Trust authorities organized pursuant to 60 O.S. § 176 et seq. may purchase material exempt from sales tax, but may not appoint an agent to do so. In order for the transaction to be exempt from sales tax, the purchase must be invoiced to and paid for by the authority, using authority funds or revenue received from bonds let by the authority.

(b) Purchases made with flow-thru funds are taxable. Flow-thru funds are defined as monies deposited in a trust authority account, by private industry, with the authority to dispense the funds under the trust's own name. [**See:** 68 O.S. § 1356]

(c) The amount of proceeds received from the sale of admission tickets which is separately-stated on the ticket of admission, for the repayment of money borrowed by any public trust of which a county in this state is the beneficiary, for purposes set out in 68 O.S. § ~~1356(8)~~1356(B)(8), is not taxable.

(d) The amount of any surcharge, separately stated on an admission ticket, which is imposed, collected, and used for the sole purpose of constructing, remodeling, or enlarging facilities of a public trust having a municipality or county as its sole beneficiary is exempt from sales tax.

(e) Application for exemption is made by submitting to the Business Tax Services Division, Oklahoma Tax Commission, Oklahoma City, OK 73194, a completed Form 13-16-A, contained in Packet E, available online at www.tax.ok.gov along with the enabling document for the Trust or Authority showing organization under 60 O.S. § 176 et. seq.

SUBCHAPTER 18. SOURCING PURSUANT TO THE STREAMLINED SALES AND USE TAX ADMINISTRATION ACT

710:65-18-7. Sourcing of a redemption code

(a) The following words and terms, when used in this Section, shall have the following meanings, unless the context clearly indicates otherwise:

(1) "**Digital audio-visual works"** means a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any,

(2) **"Digital audio works"** means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones.

(3) **"Digital books"** means works that are generally recognized in the ordinary and usual sense as "books".

(4) "**Digital code**" means a code, that provides a purchaser with a right to obtain one or more specified digital product(s) having the same tax treatment.

(5) "**Redemption code**" means a code, which provides a purchaser with a right to obtain one or more products or services having the same tax treatment.

(6) "**Ringtones**" mean digitized sound files that are downloaded onto a device and that may be used to alert the customer with respect to a communication.

(7) "**Specified digital products**" means electronically transferred digital audio-visual works, digital audio works and digital books.

(b) A redemption code is taxed the same as, and its sale is treated as a retail sale of, the product or service it can be redeemed for.

(c) The sale of a redemption code shall be sourced as follows:

(1) If the seller, at the time of the sale of the redemption code, does not know the location where the purchaser will receive any of the related products or services, the sale of the redemption code is sourced using the sourcing hierarchy of Section 710:65-18-3.

(2) If the seller, at the time of the sale of the redemption code, knows the location where the purchaser will receive one or more of the related products or services, the sale is sourced to that location using the sourcing hierarchy of paragraph (1) or (2) of subsection (a) of Section 710:65-18-3.

(d) A redemption code may be obtained by any means including transferred electronically such as email or text or by tangible medium.

(e) A redemption code does not include:

(1) Gift certificates or gift cards that represent a monetary value.

(2) Vouchers and discount coupons issued, marketed, or distributed by a third party for less than face value of the voucher or coupon.

(3) A code that provides a purchaser with a right to obtain products or services having different tax treatments.

(4) Transfers where the provider of the product or service bills or charges the holder of the redemption code at the time the product or service is provided or delivered to the holder of the redemption code.

(5) A code that represents the sale of a prepaid wireless calling service, as defined in 68 O.S. § 1354.30.

(6) A digital code.

(f) For example, a patron purchases a concert ticket online. The ticket grants admission to a concert on a specific date, and the patron receives a QR code to present at the venue for entry. The QR code is a redemption code. The seller must collect sales tax at the time of the online purchase, and the sale is sourced to the location of the concert.

SUBCHAPTER 19. SPECIFIC APPLICATIONS AND EXAMPLES

PART 1. "A"

710:65-19-6. Place of amusement

(a) The total receipts accruing from sales of tickets for admission to or voluntary contributions made to places of amusement, sports, entertainment, exhibition, display or other recreational events or activities, and free or complimentary admissions not included in (c) of this Section, which have a value equivalent to the charge that would have otherwise been made, are subject to sales tax. Places of amusement, sports, entertainment, exhibition, display or recreation include, but are not limited to, theaters, motion picture shows, auditoriums where lectures and concerts are given, amusement parks, fairgrounds, race tracks, baseball parks, football stadiums, swimming pools, street fairs, dance halls, cabarets, nightclubs, golf courses, skating rinks, art exhibits, and gymnasiums. Places of amusement or entertainment also include all places where the public is charged a fee for admission to see any kind of display or hear any kind of a program.

(b) Charges for the privilege of entering or engaging in any kind of activity such as golf, tennis, racquetball, handball and games of skill, such as billiards are subject to sales tax if spectators are not charged an admission fee.

(c) Complimentary or free tickets issued through a box office or other entity which is operated by a state institution of higher education with institutional employees or by a municipality with municipal employees are not subject to sales tax. ~~The exemption for state institutions of higher education applies only to complimentary or free tickets issued after July 1, 1994.~~ [**See:** 68 O.S. §§1354 (12), (13); ~~1356(18)~~1356(B)(18)]

TITLE 710. OKLAHOMA TAX COMMISSION

CHAPTER 65. Sales and Use Tax

RULE IMPACT STATEMENT

Pursuant to 75 O.S. § 303(D), the Oklahoma Tax Commission provides the following Rule Impact Statement regarding the proposed amendments to Chapter 65 of Title 710 of the Oklahoma Administrative Code.

A. STATEMENT OF NEED AND LEGAL BASIS – 75 O.S. § 303(D)(3)(a)

Pursuant to 68 O.S. §§ 203 and 1354.18, the Oklahoma Tax Commission is authorized to promulgate and enforce rules necessary for the administration and collection of state taxes, including sales and use taxes.

The proposed amendments are necessary to clarify and implement statutory changes, ensure consistency between the Oklahoma Administrative Code and applicable statutes, and provide guidance concerning the application of sales and use tax exemptions and sourcing requirements.

B. CLASSIFICATION OF RULE AND COST DETERMINATION – 75 O.S. § 303(D)(3)(b)

Classification: Nonmajor.

Estimated Annual Implementation and Compliance Costs: $0

Estimated Initial Five-Year Implementation and Compliance Costs: $0

Five-Year Cost to Businesses/Business Sectors: $0

Five-Year Cost to State Government: $0

Five-Year Cost to Local Government Units: $0

Five-Year Cost to Individuals: $0

Total Estimated Five-Year Cost: $0

FTE Impact: No additional FTE.

Cost Impact Information Received: None.

Classification Justification: Nonmajor; $0 implementation and compliance cost. The proposed amendments are primarily administrative in nature and are intended to clarify statutory requirements, update existing rules to reflect legislative changes, and improve the administration of sales and use tax provisions. The proposed rules do not establish additional fees or independent reporting, recordkeeping, or other compliance requirements. The proposed rules are not expected to require additional state or local government resources or additional FTE. Therefore, implementation and compliance costs attributable to the proposed rules are estimated at $0 annually and over the initial five-year period.

The estimated implementation and compliance costs **will not exceed $1,000,000** over the initial five-year period.

C. DESCRIPTION AND FEDERAL MANDATE – 75 O.S. § 303(D)(3)(c)

Purpose and Description of Proposed Rule:

Amendments to Sections 710-65-1-7 and 710:65-7-13 clarify that the federal government, state government, tribes, and trust authorities identified in 68 O.S. § 1356(B)(1) (Version 2) may not extend their sales tax exemptions to contractors or other entities, unless otherwise specifically authorized by law. Updates are necessary to clarify and incorporate changes resulting from SB 44 (2026).

Multiple sections of Subchapter 13: Sales and Use Tax Exemptions are amended to update contractor-related rule language to allow an exemption to be extended to contractors when authorized by statute. Updates are necessary to incorporate changes resulting from SB 44 (2026).

Revokes 710:65-13-370 to reflect the sunset of the corresponding statutory exemption.

Amendments to 710:65-13-63 align rules with statutory changes that reorganized exemptions related to aircraft facilities pursuant to SB 1400 (2026).

Amendments to 710:65-13-470 remove the sunset provision for exemptions on commercial forestry service equipment following a statutory change (HB 3661, 2026).

New section, 710:65-18-7 – Sourcing of a Redemption Code, defines Redemption Code to clarify how sales of redemption codes providing admission to amusement events, such as concerts, are sourced. The definition conforms to the Streamlined Sales and Use Tax Agreement.

Other sections of the rules may also be amended to improve readability, correct clerical errors, remove obsolete language, update or correct citations and contact information, and ensure the accuracy of internal cross-references. These nonsubstantive revisions are not intended to change the interpretation or intent of the rules.

Federal Mandate:

The proposed new rules and amendments are not mandated by federal law and are not required for participation in or implementation of a federally subsidized or assisted program.

Federal Requirement Comparison:

The proposed rules are administrative in nature and do not implement or exceed a federal requirement.

D. CLASSES AFFECTED – 75 O.S. § 303(D)(3)(d)

Affected Classes:

Affected Class	Approx. Number	Impact	Nature of Impact	Annual Cost	Five-Year Cost
Businesses and vendors	Unknown	Neutral/Positive	Clarification of sales tax responsibilities and exemption requirements	$0	$0
Governmental entities, tribes, and trust authorities	Unknown	Neutral/Positive	Clarification of statutory exemption limitations and contractor-related provisions	$0	$0

Affected Class	Approx. Number	Impact	Nature of Impact	Annual Cost	Five-Year Cost
Contractors and other entities purchasing goods or services under an asserted exemption	Unknown	Neutral/Positive	Clarification of eligibility for sales tax exemptions	$0	$0
Nonprofit, charitable, educational, and other qualifying organizations	Unknown	Neutral/Positive	Updates and clarification of existing statutory exemption provisions	$0	$0
Aircraft and commercial forestry equipment businesses and purchasers	Unknown	Neutral/Positive	Updates reflecting statutory changes to applicable exemptions	$0	$0
Sellers and purchasers of amusement admission and redemption codes	Unknown	Neutral/Positive	Clarification of sourcing requirements	$0	$0
Individuals	Unknown	Neutral/Positive	Clarification of applicable sales tax and sourcing provisions	$0	$0

No additional implementation or compliance costs are expected for affected classes. The proposed rules are primarily administrative and conform the rules to existing statutory requirements and legislative changes. They do not impose additional fees or independent compliance requirements beyond those established by applicable statutes.

Any changes in tax liability resulting from the underlying statutory provisions are attributable to those statutes rather than additional requirements imposed by the proposed rules.

E. CLASSES BENEFITED – 75 O.S. § 303(D)(3)(e)

The proposed rules benefit businesses, vendors, contractors, governmental entities, tribes, trust authorities, nonprofit organizations, and other taxpayers by clarifying the application of sales and use tax exemptions and related statutory requirements.

Businesses and vendors benefit from clearer guidance regarding the circumstances under which exemptions may be extended to contractors and other purchasing entities. Governmental entities and other organizations benefit from clarification of the requirements and limitations applicable to their statutory exemptions.

Sellers and purchasers of amusement admission and redemption codes benefit from additional guidance concerning the proper sourcing of these transactions. The amendments also benefit taxpayers and agency personnel by improving consistency between the Oklahoma Administrative Code and applicable statutes and removing outdated or obsolete provisions.

F. COMPREHENSIVE ECONOMIC IMPACT – 75 O.S. § 303(D)(3)(f)

Agency Impact

Implementation Cost: $0

Ongoing Annual Cost: $0

Five-Year Cost: $0

FTE Impact: 0

The proposed new rules and amendments will be implemented using existing agency resources and do not require additional staffing, programming, training, forms, or other resources.

Economic Impact by Affected Sector/Class:

Affected Sector/Class	Annual Cost	Five-Year Cost	Anticipated Benefit
Businesses	$0	$0	Clarification of sales tax responsibilities and exemption requirements
Business sectors	$0	$0	Greater consistency and clarity in the application of statutory exemptions
Public utility ratepayers	$0	$0	No anticipated impact
Individuals	$0	$0	Clearer application of sales and use tax provisions
State government	$0	$0	Improved administration and consistency with statutory requirements
Local government units	$0	$0	Clarification of applicable exemption provisions
Other	$0	$0	Improved guidance concerning sourcing and exemption requirements

State Economy as a Whole:

No significant economic impact on the state economy is anticipated from the proposed rules. The amendments primarily clarify existing statutory requirements, incorporate legislative changes, and provide additional administrative guidance.

Fees and Revenue:

Fee Changes: None.

Revenue Impact: $0 attributable to the proposed rules.

Economic Impact and Summary:

Economic Impact: $0

Economic Impact Summary: The proposed rules do not independently establish new taxes, fees, or revenue-generating requirements. Any changes in tax liability resulting from statutory changes are attributable to the underlying legislation and not additional requirements imposed by the proposed rules.

G. METHODOLOGY AND ASSUMPTIONS – 75 O.S. § 303(D)(3)(g)

The analysis reviewed the requirements of the proposed rules to determine whether the amendments create additional implementation or compliance costs for affected businesses, individuals, or governmental entities. No quantitative cost or revenue modeling was necessary because the proposed rules are primarily administrative in nature and largely clarify existing statutory requirements, incorporate legislative changes, and update current definitions and procedures.

The analysis also considered whether the proposed amendments would require additional agency resources, staffing, programming, training, or other expenditures. The proposed rules will be implemented using existing agency resources and procedures.

No additional implementation or compliance costs attributable to the proposed rules have been identified. Accordingly, implementation and compliance costs are estimated to be $0 annually and over the initial five-year period.

H. ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS – 75 O.S. § 303(D)(3)(h)

Five-Year Projected Impact: $0

Administrative/FTE Impact: 0

Political Subdivisions Affected: None

No economic impact or additional administrative responsibilities are anticipated for political subdivisions as a result of the proposed rules. The amendments clarify existing statutory requirements and do not establish additional reporting, recordkeeping, staffing, or other obligations for political subdivisions.

I. SMALL BUSINESS IMPACT – 75 O.S. § 303(D)(3)(i)

After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, the proposed new rules and amendments are not expected to have an adverse economic effect on small businesses because they are administrative in nature and do not impose additional compliance costs.

The amendments provide clarification concerning sales tax exemptions, contractor-related transactions, and sourcing requirements. No additional fees or independent reporting, recordkeeping, or other compliance requirements are established by the proposed rules.

Estimated Annual Compliance Cost to Small Businesses: $0

Estimated Five-Year Compliance Cost to Small Businesses: $0

J. MEASURES TO MINIMIZE COSTS AND IMPACT – 75 O.S. § 303(D)(3)(j)

The proposed rules will be implemented using existing agency procedures and resources. The amendments are intended to clarify statutory requirements, improve consistency, and provide additional guidance without imposing additional fees or independent compliance obligations.

Because no additional implementation or compliance costs are anticipated, no additional cost-minimization measures are necessary.

K. EFFECT ON PUBLIC HEALTH, SAFETY, AND ENVIRONMENT – 75 O.S. § 303(D)(3)(k)

Anticipated Impact: None

The proposed rules have no anticipated effect on public health, safety, or the environment.

L. DETRIMENTAL EFFECT IF RULE IS NOT IMPLEMENTED – 75 O.S. § 303(D)(3)(l)

Anticipated Detrimental Effect: Failure to implement the proposed new rule and amendments may result in administrative uncertainty, inconsistent application of statutory requirements, and outdated guidance concerning sales and use tax exemptions and sourcing provisions.

Without these updates, the existing rules may not adequately reflect legislative changes enacted through SB 44 (2026), SB 1400 (2026), and HB 3661 (2026). This could result in confusion regarding the extension of sales tax exemptions to contractors, the application of exemptions to governmental and other qualifying entities, and the continued availability of certain statutory exemptions.

Additionally, without adoption of the new redemption code sourcing provision, taxpayers and agency personnel may lack clear guidance concerning the proper sourcing of sales of redemption codes providing admission to amusement events. Failure to update related provisions concerning places of amusement may also result in inconsistent application of sourcing requirements.

Failure to revoke provisions relating to expired statutory exemptions and update other obsolete language may further contribute to confusion and inconsistent administration of the sales and use tax laws.

M. DATE PREPARED / DATE MODIFIED – 75 O.S. § 303(D)(3)(m)

Date Prepared: November 17, 2026

Date Modified: N/A

N. ANALYSIS OF ALTERNATIVES – 75 O.S. § 303(D)(3)(n)

No viable alternatives to adopting the proposed amendments were identified. Amending the rules is necessary to clarify existing statutory requirements, incorporate legislative changes, ensure consistency between the Oklahoma Administrative Code and applicable statutes, and remove outdated or obsolete provisions.

Maintaining the current rules would leave existing ambiguities and outdated language unaddressed and could result in inconsistent application of sales and use tax exemptions and sourcing requirements. The proposed amendments provide the necessary clarification and administrative guidance without imposing additional implementation or compliance costs.

O. RESOURCES USED TO DEVELOP THE RULE – 75 O.S. § 303(D)(3)(o)

Estimated State Employee Time: ~100 hours

Estimated Other Resources: $0

The proposed new rules and amendments were developed using existing agency staff and resources. No outside consultants or additional expenditures were required.

P. EXISTING OR PROPOSED FEDERAL REGULATIONS – 75 O.S. § 303(D)(3)(p)

No applicable federal regulations have been identified that address the activities regulated by the proposed new rules and amendments.