TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 70. Tobacco, Tobacco Products, and Cigarettes

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

PROPOSED RULES:
Subchapter 2. Cigarette Stamp Tax
Part 1. General Provisions
710:70-2-2. Definitions [AMENDED]
710:70-2-15. Minimum requirements of monthly cigarette tax reports of licensed manufacturers and wholesalers

SUMMARY:
Amends Section 710:70-2-2 to conform the rule to statutory changes enacted by SB 680 (2026), including expanding the definition of cigarettes to include products intended to be heated or burned.

Amends Section 710:70-2-15 to reflect existing electronic reporting procedures.

AUTHORITY: 68 O.S. §§ 203 and 322; 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 70. TOBACCO, TOBACCO PRODUCTS, AND CIGARETTES

SUBCHAPTER 2. CIGARETTE STAMP TAX

PART 1. GENERAL PROVISIONS

710:70-2-2. Definitions

The following words and terms shall have the following meaning unless the context clearly indicates otherwise:

"Cigarette" means *all rolled tobacco or any substitute therefor, wrapped in paper or any substitute therefor and weighing not to exceed three (3) pounds per thousand cigarettes.* *The term cigarette shall include products that are intended to be heated or burned.* [68 O.S. § 301]

"Delivery sale" means:

(A) Any sale of cigarettes to a consumer in Oklahoma where either:

(i) The purchaser submits the order for such sale by means of a telephonic or other method of voice transmission, by use of the mails, or by any other delivery service, including the Internet or other online service; or,

(ii) The cigarettes are delivered by use of the mails or other delivery service.

(B) *A sale of cigarettes which satisfies the criteria in subparagraph (A) of this paragraph shall be a "delivery sale" regardless of whether the seller is located within or outside of Oklahoma.* [68 O.S. § 301(13)]

"Delivery sale" means *any sale of cigarettes to an individual in Oklahoma and shall be treated as a sale to a consumer unless such individual is licensed as a distributor or retailer of cigarettes by the Tax Commission; but shall not include a sale of cigarettes, not for personal consumption, to a person who is a wholesale dealer or a retail dealer.* [68 O.S. § 301(13)]

"Place of business" means places where orders of cigarettes are received or where cigarettes are sold.

"Vending machine" means and includes *any coin operating machine, contrivance, or device, by means of which cigarettes are sold or dispensed in their original container.* [68 O.S. § 301]

710:70-2-15. Minimum requirements of monthly cigarette tax reports of licensed manufacturers and wholesalers

(a) Every licensed manufacturer and every wholesaler licensed by the Oklahoma Tax Commission, to possess, use or in any manner deal with cigarettes subject to the excise tax, upon which such tax has not been paid, shall report, to the Oklahoma Tax Commission, all purchases and invoices of all such cigarettes and merchandise subject to such excise tax monthly, on the monthly cigarette tax report form prescribed by the Commission. Each monthly report shall be filed electronically and include the following information:

(1) Name, business address and cigarette license number of the tax reporter;

(2) All purchases or deliveries, stated separately according to the dates of delivery in this State, of all cigarettes received, possessed, used or in any manner dealt with in the previous calendar month;

(3) Invoice numbers of all purchases or deliveries of such cigarettes for the previous calendar month;

(4) Name and business address of each consignee and consignor; and

(5) Copy of each invoice of all purchases or deliveries of such cigarettes for the previous month attached to the monthly report form. Copies of invoices submitted shall be subject to destruction upon completion of an office audit of the monthly report and shall not discharge the reporter from the statutory duty to maintain records and files of all such transactions.

[See: 68 O.S. §201; 68 O.S. §301 et seq.]

(b) ~~Monthly reports due after October 31, 2011, must be filed electronically in the format prescribed by the Commission.~~

~~(c)~~ Copies of each invoice for sales of cigarettes made during the previous calendar month shall be attached to the monthly report form. If the number of invoices is voluminous, reporter may request and obtain authorization to submit a schedule of sales in lieu of copies of invoices.

TITLE 710. OKLAHOMA TAX COMMISSION

CHAPTER 70. Tobacco, Tobacco Products, and Cigarettes

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 70 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, the Oklahoma Tax Commission is authorized to promulgate and enforce rules necessary for the administration and collection of state taxes, and pursuant to 68 O.S. § 322, the Oklahoma Tax Commission is authorized to promulgate and enforce rules governing the sale and distribution of cigarettes and applicable stamp tax exemptions.

The proposed amendments are necessary to conform the administrative rules to statutory changes enacted by SB 680 (2026) and to update existing rule language to accurately reflect the Oklahoma Tax Commission's electronic reporting procedures.

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 administrative in nature and do not impose additional fees, reporting requirements, or compliance costs. The amendment to OAC 710:70-2-2 conforms the rule to statutory changes enacted by SB 680 (2026), while the amendment to OAC 710:70-2-15 reflects existing electronic reporting procedures. The proposed amendments are not expected to require additional state or local government resources or additional FTE. Therefore, implementation and compliance costs attributable to the proposed amendments 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:

Amends Section 710:70-2-2 to conform the rule to statutory changes enacted by SB 680 (2026), including expanding the definition of cigarettes to include products intended to be heated or burned.

Amends Section 710:70-2-15 to reflect existing electronic reporting procedures.

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
Licensed cigarette manufacturers	Unknown	Neutral	Conforms rule definitions and reflects existing electronic reporting procedures	$0	$0
Licensed cigarette wholesalers	Unknown	Neutral	Reflects existing electronic reporting procedures	$0	$0
Businesses handling products included in the amended statutory definition	Unknown	Neutral	Conforms rule language to statutory changes enacted by SB 680 (2026)	$0	$0

No additional implementation or compliance costs are expected for affected classes. The proposed amendments conform the administrative rules to existing statutory requirements and reflect electronic reporting procedures already in use by the Oklahoma Tax Commission. The amendments do not impose additional fees or compliance costs beyond the requirements established by statute.

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

The proposed amendments benefit the Oklahoma Tax Commission, licensed cigarette manufacturers and wholesalers, and other regulated entities by providing greater clarity and consistency between the administrative rules, applicable statutory definitions, and existing reporting procedures.

The amendments provide clear administrative guidance regarding the products included within the definition of cigarettes and the electronic submission of required monthly cigarette tax reports.

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	Greater clarity regarding applicable statutory definitions and reporting procedures
Business sectors	$0	$0	Consistency between administrative rules and statutory requirements
Public utility ratepayers	$0	$0	None anticipated
Individuals	$0	$0	None anticipated
State government	$0	$0	Improved administrative clarity and consistency
Local government units	$0	$0	None anticipated
Other	$0	$0	Clearer administrative guidance

State Economy as a Whole:

No significant economic impact on the state economy is anticipated from the proposed rules.

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 amendments are not expected to impose additional implementation or compliance costs on businesses, individuals, or governmental entities. The amendment to OAC 710:70-2-2 conforms the rule to statutory changes enacted by SB 680 (2026), while the amendment to OAC 710:70-2-15 reflects existing electronic reporting procedures. The amendments will be implemented using existing agency resources and are not anticipated to result in additional costs.

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

The analysis reviewed the proposed amendments to determine whether they create additional implementation or compliance costs. No quantitative cost or revenue modeling was necessary because the amendments conform the existing administrative rules to

statutory changes enacted by SB 680 (2026) and reflect electronic reporting procedures already in use by the Oklahoma Tax Commission.

The proposed amendments do not establish additional fees or reporting requirements. The amendments will be implemented using existing agency resources, and implementation and compliance costs attributable to the amendments 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 responsibilities are anticipated for political subdivisions as a result of the proposed rules.

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

After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, the proposed amendments are not expected to have an adverse economic effect on small businesses. The amendments conform the definition of cigarettes to statutory changes enacted by SB 680 (2026) and reflect existing electronic reporting procedures. No additional fees or compliance requirements are anticipated as a result of the proposed amendments.

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 amendments do not impose additional costs or reporting requirements. The amendments will be implemented through existing agency procedures and electronic reporting systems, minimizing any potential impact on regulated entities.

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 amendments may result in inconsistencies between the administrative rules and statutory changes enacted by SB 680 (2026), including the expanded statutory definition of cigarettes. Additionally, the rules would not accurately reflect the Oklahoma Tax Commission's existing electronic reporting procedures, potentially resulting in outdated or unclear administrative guidance.

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

Date Prepared: November 18, 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 OAC 710:70-2-2 is necessary to conform the rule to statutory changes enacted by SB 680 (2026). Amending OAC 710:70-2-15 is necessary to ensure the rule accurately reflects the Oklahoma Tax Commission's existing electronic reporting procedures.

Maintaining the current rules would leave outdated or inconsistent language in place and would not provide accurate administrative guidance consistent with current statutory requirements and agency procedures.

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

Estimated State Employee Time: <24 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.