



**OKLAHOMA**  
Tax Commission

OKLAHOMA TAX COMMISSION  
**LEGISLATIVE  
UPDATE**  
**2022**

PREPARED BY THE TAX POLICY DIVISION  
OF THE OKLAHOMA TAX COMMISSION

This informational packet is not intended to be a complete listing of tax related laws or law changes.  
This is an abbreviated listing that highlights those changes effecting a large number of taxpayers.

For further tax information including tax rules, please visit our web site at [tax.ok.gov](http://tax.ok.gov)  
or contact the Oklahoma Tax Commission at 405.521.3160.

# Summary of 2022 Tax Legislation

## INCOME TAX

### **HB 3081 - Effective January 1, 2023**

HB 3081 enacts a new, non-refundable income tax credit for amounts invested for strategic industrial development enhancement (SIDE) projects effective for tax years 2023 through 2027. This credit is to be allocated by the Oklahoma Department of Commerce (Commerce) to a qualifying project and is transferable. Credits allocated by Commerce will not exceed \$12 million per year.

In order to generate the proposed SIDE income tax credit, a project sponsor must submit a project application to Commerce. The proposed credit will generally be an amount that may not exceed 10% of an eligible entity's qualified economic development expenditures for a qualifying project as determined by Commerce. Qualified initial infrastructure expenditures may be earned at a rate of 50% of qualified initial infrastructure expenditures. The project tax credit amount may not exceed \$3 million for qualified initial infrastructure expenditures per qualifying project or \$6 million for qualified economic development expenditures per qualifying project. The project tax credit may consist of a combination based on qualified economic development expenditures and qualified initial infrastructure expenditures. If the credits are combined, the project tax credit amount may not exceed \$6 million per qualifying project.<sup>1</sup> Commerce will issue the project tax credit amounts subject to a review of eligible expenditures.<sup>2</sup>

SIDE credits allocated by Commerce that are not used may be assigned to a qualifying project affiliate<sup>3</sup> by written agreement at any time during the five years following the tax year the qualified expenditure occurred. The qualifying project affiliate and the eligible taxpayer<sup>4</sup> must jointly file a copy of a written assignment agreement containing name, address, and taxpayer identification number of the parties to the assignment, as well as the tax year the eligible expenditures occurred, the amount of credit, and the tax year or years which the

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<sup>1</sup> The project tax credit amount that may be claimed or assigned to a qualifying project affiliate in any year may not exceed 1/3 of the project tax credit amount awarded beginning in the year that construction is initiated.

<sup>2</sup> Commerce must promulgate rules to permit verification of project eligibility of the proposed credit, including precertification. Any certificate of verification for the proposed credit issued by Commerce is binding on the OTC as to eligibility to claim the credit. The OTC may also promulgate rules and take any other actions to administer the proposed credit.

<sup>3</sup> Qualifying project affiliate may be a customer, vendor, project investor, or strategic finance partner of the eligible entity subject to the Oklahoma corporate or individual income tax.

<sup>4</sup> Although not defined, "eligible taxpayer" is assumed to be the eligible entity.

credit may be claimed, with the Oklahoma Tax Commission (OTC) within 30 days of the assignment.

**HB 3088 - Effective November 1, 2022**

HB 3088 amends 68 O.S. § 2358 to eliminate the existing \$20,000 annual income tax deduction for nonrecurring adoption expenses incurred by a resident individual taxpayer for the adoption or proposed adoption of a minor, beginning for tax year 2023. A new, refundable income tax credit is created for nonrecurring adoption expenses paid by a resident individual taxpayer in connection with the adoption of a minor or the proposed adoption of a minor that did not result in a decreed adoption.

Effective for tax years 2023 and subsequent years, the credit is 10% of qualified expenses, not to exceed \$2,000 per calendar year with respect to single filing status or married filing separate income tax returns, and not to exceed \$4,000 per calendar year with respect to married filing joint return filing status.

**HB 3418 - Effective May 26, 2022**

HB 3418 enacts an income tax deduction based on the cost of business assets that are qualified property or qualified improvement property covered under Section 168 of the Internal Revenue Code, effective for tax year 2022 and subsequent tax years. The qualified property will be eligible for 100% Oklahoma bonus depreciation and may be deducted as an expense incurred by the taxpayer during the taxable year during which the property is placed in service.

**HB 3905 - Effective July 1, 2022**

HB 3905 enacts various amendments to enhance the OTC's administration of the various tax codes.

**Sections 5 and 6** amend 68 O.S. §§ 2385.26 and 2385.30, which relate to the 5% withholding rate for royalty interest owners and for pass-through entities, respectively. The measure matches the required withholding rate for royalty interest owners and for pass-through entities to the highest Oklahoma marginal individual income rate.

## **HB 4085 - Effective November 1, 2022**

HB 4085 enacts the Oklahoma Rural Jobs Act, which authorizes a new non-refundable, non-saleable<sup>5</sup> "state tax credit" against a "state tax liability".<sup>6</sup> Commerce is required to authorize capital investments eligible for no more than \$15 million in tax credits in any calendar year.<sup>7</sup> Upon making a capital investment in a rural fund, a rural investor earns a vested right to a credit against such entity's state tax liability that may be utilized on each credit allowance date of such capital investment in an amount equal to the applicable percentage<sup>8</sup> for such credit allowance date multiplied by the purchase price paid to the rural fund for the capital investment.

Also, this measure amends 68 O.S. § 205 to authorize the OTC and Commerce, in administration of the Oklahoma Rural Jobs Act, to disclose information regarding tax credits claimed pursuant to the Oklahoma Rural Jobs Act.

## **HB 4455 - Effective August 26, 2022<sup>9</sup>**

HB 4455 enacts the Large-scale Economic Activity and Development Act of 2022 (LEAD Act). This measure authorizes establishments to make application to Commerce to receive rebates based on capital investment and job creation thresholds. The rebate program is to be administered by Commerce and the OTC. Commerce will approve the rebates, and the OTC will issue the rebates from the newly created Large-scale Economic Activity and Development Fund in the State Treasury. The Fund will consist of all monies designated for deposit to the Fund by law.<sup>10</sup>

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<sup>5</sup> Credits earned by or allocated to a partnership, limited liability company, or S-corporation may be allocated to the partners, members, or shareholders of such entity for their direct use in accordance with the provisions of any agreement among such partners, members, or shareholders, and a rural fund shall notify Commerce of the names of the entities that are eligible to utilize transfer of a capital investment upon such allocation, change or transfer. Such allocation shall not be considered a sale of the credits.

<sup>6</sup> "State tax liability" means the tax imposed under 68 O.S. §§ 2355, 2355.1P-4 or 2370 or 36 O.S. §§ 624 or 628. An insurance company claiming a credit against state premium tax or retaliatory tax or any other tax imposed by 36 O.S. §§ 624 or 628 will not be required to pay any additional retaliatory tax under 36 O.S. §628 as a result of claiming the credit. The credit may fully offset any retaliatory tax imposed by 36 O.S. § 628.

<sup>7</sup> Commerce may not accept any applications for this credit after December 31, 2032.

<sup>8</sup> Applicable percentage is 0% for the first 2 credit allowance dates and 15% for the next 4 credit allowance dates.

<sup>9</sup> Because no effective date was specified in the bill, this measure is effective 90 days after the legislature adjourns sine die on May 27, 2022.

<sup>10</sup> The LEAD Fund will be funded by legislative appropriation.

### **SB 401 - Effective August 26, 2022<sup>11</sup>**

SB 401 amends 68 O.S. § 2358(E)(18), which relates to the income tax exemption for retirement benefits received from any component of the Armed Forces of the United States. This measure provides for a 100% exemption, effective for tax year 2022 and subsequent tax years.

### **SB 1659 - Effective November 1, 2022**

SB 1659 amends 68 O.S. § 2357.206, relating to the *Oklahoma Equal Opportunity Education Scholarship Act*. Scholarship-granting organizations and educational improvement grant organizations are required to submit audited financial statements and other information electronically<sup>12</sup> no later than April 30, 2024,<sup>13</sup> and the time period between required reporting is reduced from every four years to every two years. The chairs and vice chairs of the education committees of the Senate and House of Representatives are to be included as recipients.

With respect to eligible public school foundations and public school districts, the due date to submit the initial audited financial statement along with information detailing the benefits, successes or failures of the programs, has been moved from December 31, 2022, to April 30, 2024. The frequency to submit the reports is unchanged.

### **SB 1685 - Effective November 1, 2022**

SB 1685 amends the Oklahoma Affordable Housing Act.<sup>14</sup> For qualified projects placed in service after July 1, 2015, the amount of state tax credits created by the Act that are allocated to a project will not exceed that of the federal low-income housing tax credits for a qualified project.

### **SB 1857 - Effective January 1, 2023**

SB 1857 amends 68 O.S. § 2357.22 to extend the credit for investments in qualified clean-burning motor vehicle fuel property to tax year 2028 and to expand the definition of “qualified clean-burning motor vehicle fuel property” to include a motor vehicle originally propelled by a hydrogen fuel cell electric fueling system, as well as related hydrogen fueling property. The maximum

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<sup>11</sup> Because no effective date was specified in the bill, this measure is effective 90 days after the legislature adjourns sine die on May 27, 2022.

<sup>12</sup> Prior reporting was not required to be submitted electronically.

<sup>13</sup> Under current law, the last reports filed were due December 31, 2021, and the next reports are due December 31, 2025.

<sup>14</sup> 68 O.S. § 2357.403

allowable credit amount for a qualifying natural gas, liquefied petroleum gas or hydrogen fuel cell vehicle in excess of 26,501 pounds is increased from \$50,000 to \$100,000, and total annual credit limits for tax years 2023 through 2028 are applied as follows:

- \$10 million for qualified clean burning fuel property propelled by compressed natural gas, liquefied natural gas, or liquefied petroleum gas, property related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, and property directly related to the compression and delivery of natural gas.
- \$10 million for property originally equipped so that the vehicle may be propelled by a hydrogen fuel cell electric fueling system and property directly related to the delivery of hydrogen.
- \$10 million for property which is metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity.

If total credits exceed \$10 million in any calendar year for any applicable property, the OTC will permit the excess but will factor such excess into the percentage adjustment formula for subsequent years. The OTC will annually calculate and publish by the first day of the affected year the percentage by which the credits will be reduced so the total annual amount of credits used to offset tax does not exceed \$10 million for any applicable property. The formula used for the percentage adjustment is \$10 million divided by the credits claimed in the second preceding tax year.

## **AD VALOREM**

### **HB 1682 - Effective January 1, 2023**

HB 1682 amends 68 O.S. § 2807.1, modifying the definition of "livestock employed in support of the family" to include animals owned wholly or in part by a resident of a state other than Oklahoma and a corporation incorporated in a state other than Oklahoma for purposes of the exemption authorized pursuant to Article X Section 6 of the Oklahoma Constitution. The measure also strikes a qualifier that at least 50% of the livestock's ownership entity must be Oklahoma residents. Further, it also strikes existing language providing that animals owned wholly or in part by a publicly traded corporation or a corporation incorporated in a state other than Oklahoma will not qualify for the referenced exemption.

### **HB 2627 - Effective November 1, 2022**

**Section 1** of HB 2627 enacts a new Section 2899.2 of Title 68 to provide that on or before the first day of June each year, the county assessor will prepare and

mail to each school district and local ad valorem taxing jurisdiction a report listing protests filed by taxpayers pursuant to 68 O.S. § 2876(F) that concern a fair cash value of personal property as determined by the county assessor that exceeds \$3 million.

**Section 2** of the measure amends 68 O.S. § 2876 by providing that at the time of filing a protest pursuant to subsections E and F of Section 2876, which relate to proposed increases of existing property values, the taxpayer will also file the form provided for in 68 O.S. § 2835.<sup>15</sup> If the taxpayer fails to file the required form, a presumption will exist in favor of the correctness of the county assessor's valuation in any appeal of the county assessor's valuation.

**Section 3** requires that at the time a taxpayer files a protest pursuant to 68 O.S. § 2876, the taxpayer will be provided a schedule of the protest timeline that will include all deadlines and the consequences of failing to meet each deadline. The OTC may prescribe a standard schedule for the county assessors to distribute.

**Section 4** amends 68 O.S. § 2826 to allow county assessors to appoint or request the OTC to assign an appraiser to assist the assessor in valuation of residential property. For nonresidential property, after consulting with the OTC, county assessors may appoint an appraiser to assist the county assessor in valuation of the property.

### **HB 3901 – Effective January 1, 2023**

HB 3901 amends 68 O.S. § 3024 by extending the jurisdiction of the Court of Tax Review to complaints challenging an order of the county board of equalization sustaining a valuation of real or personal property with a fair cash value as determined by the county assessor in excess of \$3 million, as authorized by 68 O.S. § 2880.1, for which a scheduling conference will be required within 20 days of the answer filed by the county assessor. Cases are to be assigned by the Chief Justice of the Oklahoma Supreme Court to a judicial administrative district in which no property that is subject of the case is located. A decision in each case must be made within 12 months of the case being assigned to the 3-judge panel.

The measure further amends 68 O.S. § 2880.1, relating to the appeal procedures from an order of the county board of equalization providing that taxpayers and county assessors shall have the right to appear from any order of the county board of equalization sustaining a valuation of real or personal property at a fair cash value as determined by the county assessor in excess of \$3 million to the

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<sup>15</sup> OTC Forms 901, 901-P, 904-3 and 904-A wherein taxpayer lists and values their property.

Court of Tax Review. Appeals from any other order of the county board of equalization will be filed in the district court of the same county.<sup>16</sup>

**HB 4451 - Effective March 14, 2022**

HB 4451 amends 68 O.S. § 2902 by requiring that a facility engaged in manufacturing will have the payroll requirements of paragraph 4 of subsection C waived for tax year 2021, which is based in part on the 2020 calendar year payroll reported to the Oklahoma Employment Security Commission, and may continue to receive the ad valorem exemption for the five-year period provided in Section 2902 only if all other requirements of the section are met.

**SB 192 - Effective November 1, 2022**

SB 192 amends 68 O.S. § 2817 by striking the statutory language providing that “all unmanufactured farm products shall be assessed and valued as of the preceding May 31. Every person, firm, company, association, or corporation, in making the assessment, shall assess all unmanufactured farm products owned by the person, firm, company, association or corporation on the preceding May 31, at its fair cash value on that date instead of January 1.”

**SB 1079 - Effective August 26, 2022**

SB 1079 amends 68 O.S. § 2902 by requiring that a facility engaged in manufacturing will have the payroll requirements of paragraph 4 of subsection C waived for tax year 2022, which is based in part on the 2021 calendar year payroll reported to the Oklahoma Employment Security Commission, and may continue to receive the ad valorem exemption for the five-year period provided in Section 2902 only if all other requirements of the section are met.

**SB 1667 - Effective November 1, 2022**

SB 1667 amends 68 O.S. § 2876, which requires county assessors to notify taxpayers of real and personal property valuation increases and additions of property not listed by taxpayer. If the county assessor determines that a mailing to property owners exempt from the payment of ad valorem tax pursuant to Sections 8E<sup>17</sup> and 8F<sup>18</sup> of Article 10 of the Oklahoma Constitution would create an undue burden, then the county assessor may suspend notifications to those property owners.

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<sup>16</sup> Sections three and four of the measure amended 68 O.S. §§ 2877 and 2945 to provide for appeal to the Court of Tax Review consistent with the amendments enacted in Sections one and two.

<sup>17</sup> Qualifying 100% disabled veterans and surviving spouses thereof.

<sup>18</sup> Surviving spouse of veteran killed in action.



## **MISCELLANEOUS**

### **Aircraft Excise**

#### ***SB 1781 - Effective November 1, 2022***

SB 1781 amends 68 O.S. § 6004 to require licensed aircraft dealers to include whether an aircraft is exempt from aircraft excise tax as part of the report currently required to be filed with the OTC within 30 days after the transfer by a licensed aircraft dealer of the legal ownership of any aircraft.

### **Apportionment**

#### ***HB 3821 - Effective July 1, 2022***

HB 3821 amends 68 O.S. § 1004, extending the sunset date from June 30, 2022, to June 30, 2027, for apportionment of oil revenues collected at the 5% and 7% rates to the Oklahoma Tourism and Recreation Department Capital Expenditure Revolving Fund, the Oklahoma Conservation Commission Infrastructure Revolving Fund and the Community Water Infrastructure Development Revolving Fund.

#### ***HB 3037 - Effective July 1, 2022***

HB 3037 creates and prescribes procedures for the Municipal Road Drilling Activity Revolving Fund, a revolving fund for the Oklahoma Department of Transportation. This measure further amends 68 O.S. § 1353, providing for apportionment of sales tax revenue to the Municipal Road Drilling Activity Revolving Fund. For FY 23 and all subsequent fiscal years, after apportionment to the State Public Common School Building Equalization Fund and before any other apportionment to the General Revenue Fund, \$5 million is apportioned to the Municipal Road Drilling Activity Revolving Fund for use by municipalities to repair roads.

#### ***HB 4457 - Effective July 1, 2022***

HB 4457 creates the Oklahoma Route 66 Commission and the Oklahoma Route 66 Commission Revolving Fund, effective until June 30, 2027. The measure further amends 68 O.S. § 1353, providing that the .87% of sales tax revenue apportioned to the State Treasurer is further apportioned as follows for FY 23 and subsequent years:

- 24% to the Oklahoma Tourism Promotion Revolving Fund, not to exceed

\$5 million in any fiscal year.

- 44% to the Oklahoma Tourism Capital Improvement Revolving Fund, not to exceed \$9 million in any fiscal year.
- 32% to the Oklahoma Route 66 Commission Revolving Fund, not to exceed \$6.6 million in any fiscal year.

Any excess amount is apportioned to General Revenue Fund.

### ***SB 258 - Effective July 1, 2022***

SB 258 removes language regarding apportionment of aircraft excise tax for years prior to FY 2023. Additionally, SB 258 apportions 100% of the revenues derived from aircraft excise tax to the Oklahoma Aeronautics Commission Revolving Fund, matching the apportionment of aircraft excise tax for fiscal years 2001 - 2015.

### **Alcohol and Mixed Beverage**

#### ***SB 757 - Effective November 1, 2022***

SB 757 amends 37A O.S. § 5-135 by striking subsection C thereof to remove compliance percentage parameters for the amount of gross receipts tax paid on spirits, wine, and beer in regard to an audit conducted by the OTC.

### **Gross Production**

#### ***HB 3568 - Effective July 1, 2022***

HB 3568 creates the Oklahoma Emission Reduction Technology Incentive Act and the Oklahoma Emission Reduction Technology Incentive Revolving Fund. The measure further creates the Oklahoma Emission Reduction Technology Rebate Program, providing a rebate of up to 25% of documented expenditures made in Oklahoma that are directly attributable to the implementation of a qualified Emission Reduction Project, effective until July 1, 2027. The Department of Environmental Quality and the OTC are responsible for administration and approval of the program.

The measure also amends 68 O.S. § 1001, which exempts production from secondary and tertiary recovery projects approved or having an initial project start date on or after July 1, 2022, from the gross production tax levied for a period not to exceed five years from the initial project start date or for a period ending upon the termination of the secondary and tertiary recovery process, whichever occurs first. The measure further exempts production of oil, gas, or oil and gas from wells drilled but not completed as of July 1, 2021, that are

completed with the use of recycled water on or after July 1, 2022, for a period of 24 months from the date of first sales. For all production exempted, a refund against gross production taxes will be issued. A refund will not be claimed until after the end of the fiscal year. Unless otherwise specified, no claims for refunds will be filed more than 18 months after the first day of the fiscal year in which the refund is first available. For any fiscal year, the total amount of refunds authorized will not exceed \$15 million for the secondary and tertiary recovery projects and \$10 million for production completed using the recycled water.

In addition, HB 3568 amends 68 O.S. § 1001.3a, which defines “Economically at risk oil or gas lease” for the calendar year 2022 and subsequent calendar years as any oil or gas lease with one or more producing wells with an average production volume per well of 10 barrels of oil or 60 MCF of natural gas per day or less operated at a net loss or at a net profit that is less than the total gross production tax remitted for such lease during the previous calendar year, and any oil lease operating while the gross value of the production of oil is less than \$50.00, on an averaged monthly basis, based on a per barrel measurement of 42 U.S. gallons of 231 cubic inches per gallon, computed at a temperature of 60 degrees Fahrenheit or gas lease operating while the gross value of the production of gas is less than \$3.50, on an averaged monthly basis, based on a measurement of 1,000,000 British thermal units (MMBtu). The measure also exempts the production from the qualifying lease that will be equal to  $\frac{6}{7}$  of the gross production tax levied at 7% tax rate and  $\frac{4}{5}$  of the gross production tax levied at 5% tax rate. Under this exemption, the total amount of refunds authorized for each calendar year will not exceed \$10 million for all products combined.

If the amount of claims exceeds the cap for each exemption, the OTC will determine the percentage of the refund that establishes the proportionate share of the refund that may be claimed by any taxpayer so that the maximum amount authorized is not exceeded.

## **MOTOR VEHICLE**

### **HB 3179 - Effective November 1, 2022**

HB 3179 defines “military surplus vehicle” and “military surplus vehicle collector”. The measure further amends 47 O.S. § 1113 by outlining annual registration requirements for military surplus vehicles for lawful operation on Oklahoma streets and highways.

The OTC or Corporation Commission, as applicable, is required to design a distinctive license plate that shows, in addition to an identification number, that

the vehicle meets qualifications of a military surplus vehicle owned by an Oklahoma military surplus vehicle collector. Military surplus vehicle collectors who apply for military surplus license plates will be issued a military surplus collector's identification number that will appear on each license plate. A \$20 processing fee is provided to defray costs of issuing the original military surplus vehicle collector's military surplus vehicle designation license plates.

### **HB 3419 - Effective May 19, 2022**

HB 3419 creates Service Oklahoma as a division of the Oklahoma Office of Management and Enterprise Services. It also transfers applicable powers, duties, and responsibilities exercised by the Motor Services Division of the OTC to Service Oklahoma on January 1, 2023. OTC employees currently performing duties of the Motor Services Division will also be transferred to Service Oklahoma.

Consistent with the transfer, provisions contained in the Oklahoma Statutes i.e., Used Tire Recycling Act,<sup>19</sup> Vehicle License and Registration Act,<sup>20</sup> Vehicle Excise Tax Code,<sup>21</sup> Vessel and Motor Registration Act<sup>22</sup> and Vessel and Motor Excise Tax Act<sup>23</sup> have been amended to reflect new terminology and/or denote Service Oklahoma as the party responsible to undertake and fulfill the transferred authority, duties and responsibilities.

Further, under the measure, fee amounts retained by the OTC when acting in the capacity as a tag agent along with other statutory amounts allocated to OTC Funds are scheduled to cease December 31, 2022. The distribution of motor vehicle collections related to registration fees, transfer taxes and penalties apportioned pursuant to 47 O.S. § 1104 remain the responsibility of the OTC.<sup>24</sup>

### **HB 3421 - Effective July 1, 2022**

HB 3421 amends 47 O.S. § 6-101, relating to Oklahoma driver licenses and REAL ID Complaint/Noncompliant Driver Licenses and Identification Cards. Under the measure, each motor license agent (MLA) or licensed operator accepting driver license applications for qualifying 100% disabled veterans and for individuals over the age of 65 years will receive \$6.00 for a 4-year driver license or \$12.00 for

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<sup>19</sup> 27A O.S. §§ 2-11-401 et seq.

<sup>20</sup> 47 O.S. 1101 et seq.

<sup>21</sup> 68 O.S. §§ 2101 et seq.

<sup>22</sup> 63 O.S. §§ 4001 et seq.

<sup>23</sup> 63 O.S. §§ 4101 et seq.

<sup>24</sup> Also, in addition to other revenue sources, the OTC will continue to apportion certain special license plate fees to designated colleges and universities and the Environmental Education Revolving Fund. 47 O.S. §§ 1104.1 and 1104.2.

an 8-year driver license to be deducted from the MLA's or licensed operator's daily receipts, beginning July 1, 2022, and ending May 31, 2023. Retention amounts will not be retained by any state agency. "Licensed operator" is defined as an individual who obtains a license from the Service Oklahoma Operator Board to operate a designated Service Oklahoma location and offers third-party fulfillment of designated services to be rendered by Service Oklahoma.

**HB 3423 - Effective May 16, 2022**

HB 3423 amends 47 O.S. § 1132A, which relates to the OkCARS online vehicle registration system. References to MLAs and the OTC are replaced with "licensed operators" and "Service Oklahoma," respectively. The measure strikes current language providing that any MLA fees collected by a state agency will be deposited into the General Revenue Fund. Further, it provides that licensed operators selected through OkCARS will receive all fees provided by the Oklahoma Vehicle License and Registration Act, striking the current \$1.56 MLA retention fee reduction for online transactions.

**HB 4459 - Effective July 1, 2022**

HB 4459 amends 47 O.S. § 1104 by raising the cap for the allocation to the County Improvements for Roads and Bridges Fund (CIRB), as follows:

- FY 23 \$125 million
- FY 24 \$130 million
- FY 25 \$135 million
- FY 26 \$140 million
- FY 27 \$145 million
- FY 28 and thereafter \$150 million

**SB 1276 - Effective July 1, 2022**

SB 1276 amends 47 O.S. § 1105A, relating to the electronic lien title program<sup>25</sup> for titles issued and liens filed after June 30, 2022. Any documents created, stored or delivered under the electronic lien title program are presumed valid, including any signatures that are generated electronically or contained on a scanned copy.

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<sup>25</sup> SB 998 (2021) created a new Section 1105A in Title 47, which requires the OTC, on or before July 1, 2022, to implement a program that will permit the electronic filing, storage and delivery of motor vehicle certificates of title and allow a lienholder to perfect, assign and release a lien on a motor vehicle in lieu of submission and maintenance of paper documents.

In addition, on or before July 1, 2022, the OTC will implement a program that will permit the electronic filing, storage and delivery of boat and motor titles and allow a lienholder to perfect, assign and release a lien on a boat or motor in lieu of submission and maintenance of paper documents, applicable for titles issued and liens filed after June 30, 2022.

### **SB 1300 - Effective November 1, 2022**

SB 1300 amends 47 O.S. § 1135.1, excluding legislative license plates from the requirement to sync into a single registration period special/personalized and standard issue plates, beginning on or after January 1, 2022.<sup>26</sup> In addition, if a physically disabled license plate is issued pursuant to 47 O.S. § 1135.1(B)(3), any registration fee required for the plate and the fee for the standard issue vehicle registration will be remitted at the same time and be subject to a single registration period.

The OTC will determine by rule a method for making required fee and registration period adjustments when a physically disabled license plate is obtained during a 12-month period for which a standard issue registration fee has already been remitted. Combining of the fees into a single remittance will not alter the apportionment otherwise provided in law.

The measure also amends 47 O.S. §§ 1135.2 and 1135.4 to allow the OTC to send annual renewal notifications for special and personalized license plates to the electronic mail address provided by a taxpayer. If a taxpayer does not provide an electronic mail address, the OTC will notify the taxpayer by mail.

### **SB 1387 - Effective November 1, 2022**

SB 1387 creates the Diabetes Awareness License Plate Revolving Fund and provides that \$20 of the \$35 fee levied by 47 O.S. § 1135.5 for each Diabetes Awareness special license plate issued shall be deposited to the Fund.

SB 1387 further amends 47 O.S. § 1135.2, creating the Air Medal special license plate<sup>27</sup> to be designed and issued to any Oklahoma resident who has earned the Air Medal and presents proper certification that the resident has been awarded such medal.

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<sup>26</sup> Laws 2021 c. 276 § 3 (SB 313, effective January 1, 2021).

<sup>27</sup> Air Medal special license plate was originally authorized to be created under Section 1135.3 of Title 47 by Laws 2018, c 226 §1, effective, November 1, 2018, but did not receive the 100 prepaid applications within the 180 days of authorization required by statute for creation of the referenced special plate.

In addition, SB 1387 amends 47 O.S. § 1135.5, providing for:

- Reauthorization, effective November 1, 2022, of the creation of the Paramedic special license plate<sup>28</sup> to be designed and issued to any person who is a paramedic;
- Recreation and authorization of the Stillwater Public Schools special license plate<sup>29</sup> to be designed and issued to any person wishing to demonstrate support for the Stillwater School District;
- Creation of the Diabetes Awareness special license plate to be issued to any person wishing to provide financial support for Diabetes Solutions of Oklahoma; and
- Creation of the Alliance of Mental Health Providers special license plate to be issued to any person wishing to demonstrate support for the Alliance of Mental Health Providers of Oklahoma.

### **SB 1474 - Effective May 4, 2022**

SB 1474 amends 47 O.S. § 1110 by providing exceptions to the prohibition against MLAs transferring certificates of title on vehicles with active liens from a commercial lender until the liens are satisfied. The exceptions include when the title is transferred: 1) to a person whose name is included on the loan for which the lien is placed, 2) to a trust created by a person whose name is included on the loan for which the lien is placed, or 3) from a person who has died, upon the submission of a death certificate.

### **SB 1485 - Effective November 1, 2022**

SB 1485 amends 47 O.S. § 1105 by exempting an establishment engaged in vehicle rentals as defined or classified in the NAICS (North American Industry Classification System) Manual under Industry No. 532111<sup>30</sup> from the inspection required in subsection L of 47 O.S. § 1105.<sup>31</sup> An establishment is required to pay any required fees when the title is issued.

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<sup>28</sup> Paramedic special license plate was originally authorized by Laws 2021, c 543 § 6, effective, May 28, 2021, but did not receive the 100 prepaid applications within the 180 days of authorization required by statute for creation of the referenced special plate.

<sup>29</sup> Stillwater Public Schools special license plate was originally authorized by Laws 2021, c 543 § 6, effective, May 28, 2021, but did not receive the 100 prepaid applications within the 180 days of authorization required by statute for creation of the referenced special plate.

<sup>30</sup> NAICS Code 532111 Description-Passenger Car Rental comprises establishments primarily engaged in renting passenger cars without drivers, generally for short periods of time.

<sup>31</sup> The inspection shall include a comparison of the vehicle identification number on the vehicle with the number recorded on the ownership records and the recording of the actual odometer reading on the vehicle.

## **ADMINISTRATIVE**

### **HB 3905 - Effective July 1, 2022**

HB 3905 enacts various amendments to enhance the OTC's administration of the various tax codes.

**Section 2** amends 68 O.S. §253, which relates to personal liability for sales tax, mixed beverage gross receipts tax, withheld income tax or motor fuel tax. An individual is personally liable for sales tax, mixed beverage gross receipts tax, withheld income tax or motor fuel tax if the individual is responsible for withholding or collecting and remitting such tax, or if the individual has direct control, supervision or responsibility for filing returns and making payments for such tax. This measure adds personal liability for medical marijuana gross receipts tax.

**Section 4** amends 68 O.S. §1364.3, which requires the OTC to conduct administrative hearings in at least two locations in the state. This measure changes the requirement to allow administrative hearings to be conducted in the OTC's Oklahoma City location and/or by using teleconferencing or videoconferencing capabilities.

### **SB 1298 - Effective November 1, 2022**

SB 1298 amends 68 O.S. §§ 307 and 307.1, relating to the Oklahoma Open Meetings Act. The OTC is authorized to conduct executive sessions for purposes of discussing confidential taxpayer matters. During an executive session, the Commission is required to be physically present, while a taxpayer at issue may attend using videoconference technology.

### **SB 1302 - Effective November 1, 2022**

SB 1302 amends 68 O.S. § 238.2, which relates to collection of income tax due by state employees. Not later than November 1 of each year, the OTC will notify any state employee who is not in compliance with Oklahoma income tax laws, including notification that a percentage of wages may be subject to garnishment. An employee may have a certain percentage of wages garnished by the OTC until such time as the employee is in compliance with Oklahoma income tax laws, pursuant to 68 O.S. § 254.

## **SALES AND USE TAX**

### **HB 3649 - Effective July 1, 2022**



HB 3649 amends 68 O.S. § 1356 by providing a sales tax exemption for 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), that 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 OTC that over 70% of its revenue is expended on support for transition to civilian life.

### **HB 3905 - Effective July 1, 2022**

HB 3905 enacts various amendments to enhance the OTC's administration of the various tax codes.

**Sections 1 and 3** amend 68 O.S. §§ 227 and 1364.1, relating to direct pay permits, which allow hospitals, similar institutions and medical practitioners to purchase certain medical appliances, medical devices and other medical equipment without the payment of sales or use tax to the vendor. A direct pay permit allows a purchaser to remit the taxes due directly to the OTC.<sup>32</sup> Under this measure, a person may only file a claim for refund of sales/use tax erroneously paid on purchases of items exempted pursuant to 68 O.S. §1357.6, if the person presented the seller a direct pay permit issued pursuant to 68 O.S. §1364.1 at the time of purchase of the items for which the refund is claimed.

### **SB 72 - Effective November 1, 2022**

SB 72 repeals the Oklahoma Research and Development Incentives Act,<sup>33</sup> which provides a sales/use tax exemption for sales of computers, data processing equipment, related peripherals, telegraph or telecommunications services, and equipment, to new and expanding businesses classified under designated industrial group numbers of the Standard Industrial Classification (SIC) manual and that meet other requirements set forth in the Act.

### **SB 410 - Effective May 2, 2022**

SB 410 requires any claims for refund of sales or use tax associated with the Oklahoma Research and Development Incentives Act to be submitted to the OTC by July 1, 2022.

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<sup>32</sup> HB 1399, effective July 1, 2013, allows health care providers and practitioners purchasing medical appliances, medical devices and other medical equipment to obtain a direct payment permit in order to purchase these items without the payment of sales or use tax to the vendor; the purchaser would directly remit the taxes due to the OTC.

<sup>33</sup> 68 O.S. §§ 54001 - 54005

### **SB 1305 – Effective July 1, 2022**

SB 1305 amends 68 O.S. § 1356 to add a sales tax exemption for sales of tangible personal property or services to a qualified nonprofit entity, the principal functions of which are to provide assistance to a natural person following a disaster,<sup>34</sup> with program emphasis on repair or restoration to single-family residential dwellings or the construction of a replacement single-family residential dwelling. An entity operated exclusively for charitable and educational purposes through the coordination of volunteers for the disaster recovery of homes (as derived from Part III, Statement of Program Services, of Internal Revenues Service Form 990) that offers its services free of charge to disaster survivors statewide who are low income, with no or limited means of recovery on their own, for the restoration of single-family housing following a disaster, including related general and administrative expenses, will be eligible for the exemption. The exemption is applicable to sales made on or after July 1, 2022.

### **SB 1339 – Effective January 1, 2023**

SB 1339 amends the FY 18 Budget Amendments Act (68 O.S. §§ 1391 et seq.). Under this measure, a marketplace facilitator or a referrer that had aggregate sales of products in Oklahoma or delivered to locations in Oklahoma worth at least \$10,000 during the immediately preceding 12 months must either file an election with the OTC to collect and remit applicable state and local taxes or comply with related notice and reporting requirements.

This measure expands the definition of “marketplace facilitator” to mean a person that facilitates the sale at retail of a marketplace seller’s product, defined as tangible personal property, services, or other transactions taxable under the Oklahoma Sales Tax Code. The measure further clarifies that the collection obligation of a marketplace facilitator or a referrer that elects to collect and remit sales or use tax also applies to any other taxes levied by local jurisdictions on retail sales of products that are administered by the OTC.

### **SB 1496 – Effective November 1, 2022**

SB 1496 amends 68 O.S. § 1356 by exempting from the sales tax levy, 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.

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<sup>34</sup> For purposes of the exemption, “disaster” is defined to mean 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.

**SB 1670 - Effective May 4, 2022**

SB 1670 amends 68 O.S. § 1357(34) by expanding the sales tax exemption for surviving spouses of 100% disabled veterans to include sales to the surviving spouse of a person who is determined by the United States Department of Defense or any branch of the United States military to have died while in the line of duty if the spouse has not remarried.