

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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August 3, 2000

Re: Our file Number LR-00-153; Sales Tax on Sales to Public Trusts.

Dear

This is in response to your inquiry concerning the ability of a public trust to make purchases of tangible personal property and services where the tangible personal property and services are to be used in improving real property.

Sales of tangible personal property or services sold to public trusts are exempt from sales tax. The sale must be invoiced or billed to the public trust and paid for by the public trust. A vendor to the public trust should ask for a copy of the public trust's exemption letter issued by the Oklahoma Tax Commission. Examples of items which may be purchased exempt from sales tax are utilities such as gas and electric services, office machines and supplies, telephone services, cleaning supplies and furniture used in the offices.

Besides those purchases made in the course of its normal operations, a public trust wishing to utilize its sales tax exemption when making improvements to real property of which it is the owner, must have the items which will be incorporated into the improvements invoiced or billed to the public trust and paid for directly by the public trust. For added definition, two examples follow:

### *Example 1*

*A public trust has entered into a contract for an improvement to real property. The public trust either opens an account or is billed directly for each of its purchases by a building materials supplier. The public trust is not required to pay sales tax on its purchases of building materials.*

### *Example 2*

*A contractor purchases building materials which will be incorporated into real property owned by the public trust. The contractor is required to pay sales tax on its purchases. Most probably, the sales tax paid by the contractor will have resulted in an increased contract cost.*

A copy of the sales tax rule dealing with the exemption for public trusts is enclosed.

This response applies only to the circumstances set out in your request of August 2, 2000, and may not be relied upon by any entity other than the addressee. In the event of any change in the facts surrounding the transaction described, this letter ruling would no longer be applicable. You are further advised that subsequent statutory or administrative rule changes or judicial construction of the statutes or rules upon which this advice is based may yield a different result from that which is expressed here

Sincerely,  
OKLAHOMA TAX COMMISSION

A handwritten signature in black ink, appearing to read "Michael G. Pillow", written in a cursive style.

Michael G. Pillow  
Tax Policy Analyst