

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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July 19, 2005

Re: Sales taxability of equipment rented to contractors; Our File No. LR-05-112

Dear

I am writing in response to your request regarding whether
can rent items exempt from sales tax pursuant to Section 1356(10) of
Title 68, which provides for a sales tax exemption for the following:

Sale of tangible personal property or services to any county, municipality, rural water district, public school district, the institutions of The Oklahoma State System of Higher Education, the Grand River Dam Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Municipal Power Authority, City of Tulsa-Rogers County Port Authority, Muskogee City-County Port Authority, the Oklahoma Department of Veterans Affairs, the Broken Bow Economic Development Authority, Ardmore Development Authority, Durant Industrial Authority, Oklahoma Ordnance Works Authority or to any person with whom any of the above-named subdivisions or agencies of this state has duly entered into a public contract pursuant to law, necessary for carrying out such public contract or to any subcontractor to such a public contract. . . .

“Sale” is defined to mean, “the transfer of either title or possession of tangible personal property for a valuable consideration regardless of the manner, method, instrumentality, or device by which the transfer is accomplished in this state. . . .” 68 O.S. §1352(21). The term “sale” includes but is not limited to “the exchange, barter, lease, or rental of tangible personal property resulting in the transfer of the title to or possession of the property.” 68 O.S. §1352(21)(a). As a contractor to a public contract with one of the enumerated entities in Section 1356(10), I may rent or purchase items necessary to fulfill the contract exempt from sales tax. To document this exemption to its vendors, must follow the instructions set forth in Oklahoma Administrative Code 710:65-7-13(c).

This response applies only to the circumstances discussed in your request of July 1, 2005. Pursuant to Commission Rule 710:1-3-73(e), this Letter ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION

A handwritten signature in cursive script that reads "Christy J. Caesar".

Christy J. Caesar
Tax Policy Analyst