OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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September 28, 2006

Re: Our File Number LR-06-086; Sales Tax Exemption

Dear :

This is in response to your inquiry concerning the sales tax exemption found in Section 1356 of Title 68 of the Oklahoma Statutes, subsections 32 through 37.

Based on the information you have provided with your letter, and the information you have previously provided in connection with application for a Manufacturer's Sales Exemption Permit, does meet the qualification for exemption found at Section 1356 of Title 68 of the Oklahoma Statutes as follows:

Subsection 32 – is exempt on its purchases made at the spaceport, as a "spaceport user" as that term is defined in the Oklahoma Space Industry Development Act.

Subsection 33 – The sale, use, consumption, storage or distribution in this state of any satellite or launch vehicle, including components, parts or motors are exempt.

Subsection 34 – The sale, lease, use, storage, consumption, or distribution of any space facility, space propulsion system, or space vehicle, satellite, or station of any kind possessing space flight capacity, including components thereof is exempt.

Subsection 35 – The sale, lease, use, storage, consumption, or distribution of tangible personal property placed on or used aboard any space facility, space propulsion system, or space vehicle, satellite, or station which is launched into space, irrespective of whether it is returned to this state subsequently is exempt.

Subsection 36 – This subsection exempts the sale, lease, use, storage, consumption, or distribution of tangible personal property meeting the definition of "section 38 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the Internal Revenue Code of 1986 that is an integral part of and used primarily in support of space flight, not including general office equipment, boats, mobile homes, motor vehicles or other vehicles of a type or class required to be registered or licensed in this state, or any other property not specifically suited to supporting space activity. As used in this subsection, "supporting space flight" means the altering, monitoring, controlling, regulating, adjusting, servicing, or repairing of any space facility, space propulsion systems or space vehicle, satellite, or station possessing space flight capacity, including the components thereof.

Subsection 37 – This subsection exempts the purchase or lease of machinery and equipment for use at a fixed location in this state which is used exclusively in the manufacturing, processing, compounding, or producing of any space facility, space propulsion system or space vehicle, satellite, or station of any kind possessing space flight capacity. Provided the exemption provided for in this subsection shall not be allowed unless the purchaser or lessee signs an affidavit stating that the item or items to be exempted are for the exclusive use designated herein.

You should provide the vendors of from which an exemption from sales tax is being claimed, a copy of this letter. Additionally, they should be provided a written statement that the purchases are being made exempt from sales tax pursuant to 68 O.S. Section 1356, Subsections 32 through 37, as the case may be. This additional written statement should be signed by a person with the power to bind .

This response applies only to the circumstances set out in your request of May 10, 2006. 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 that there has been no change in applicable law.

If I can be of further assistance, please feel free to contact me.

Sincerely,
OKLAHOMA TAX COMMISSION

Michael G. Pillow
Tax Policy Analyst

cc: Larry Wilson
Jerry Kirton