OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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March 20, 2008

RE: Our File No. LR-08-114/HB2948

Dear :

This letter is in response to your e-mail request dated March 14, 2008 - for written guidance regarding the Tax Commission's interpretation and application of Title 68 Section 2358.5A of the Oklahoma Statutes relating to the tax exempt status (estate tax) for bonds issued by the Oklahoma Department of Transportation. Following is the Tax Commission's response to your request:

Paragraph A of the above-referenced section of law provides that all bonds, notes, debentures, evidences of indebtedness, lease purchase agreements, certificates of participation, commercial paper, or other obligations issued by the State of Oklahoma, the Oklahoma Capitol Improvement Authority, the Oklahoma Municipal Power Authority, the Oklahoma Student Loan Authority, and the Oklahoma Transportation Authority, the income therefrom, including, without limitation, any profit made on the sale thereof, and the transfer thereof, including, without limitation, estate or inheritance taxes, shall at all times be free from taxation within this state. (emphasis added)

Title 69 Section 4002 of the Oklahoma Statutes provides for the creation of the Department of Transportation in the Executive Branch of the Government. For purposes of interpreting and administering the provisions of 68 O.S. § 2358.5A the Tax Commission considers the phrase "State of Oklahoma" to include the Oklahoma Department of Transportation. As such, any income or profit derived from the issuance or sale of bonds, or similar obligations, issued by the Oklahoma Department of Transportation would be exempt from the levy of Oklahoma estate tax.