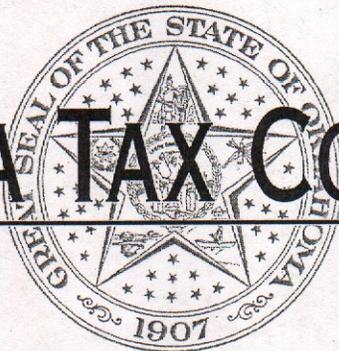


# OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION  
RICK MILLER, DIRECTOR

PHONE (405) 521-3133  
FACSIMILE (405) 522-0063

October 5, 2012

Re: LR-12-084; Sale of Native Material

Dear [REDACTED]

This is in response to your inquiry regarding the sales taxability of native road material by an Oklahoma County. Set forth below are the facts presented in your correspondence of September 27, 2012 along with the question posed and the response thereto.

## FACTS

I am an audit supervisor for the County Audit Division ([REDACTED]). On my current audit, I noticed that the County was receiving significant payments from the sale of native road material from shale/gravel pits that they are currently leasing. Because of oil field activity the amount has gone from over [REDACTED] in FY [REDACTED] to over [REDACTED] in FY [REDACTED]. Normally, we don't see this kind of activity so it has raised some questions.

## QUESTION

Is the County required to charge and remit sales tax for the sale of native material?

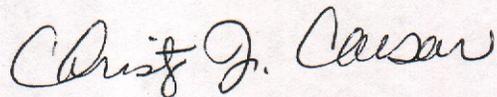
## RESPONSE

While the County is exempt from paying sales tax on its purchases it is not exempt from the requirement to collect, report and remit sales tax on its sales of tangible personal property. Additionally, no provision exists in the Sales Tax Code that generally exempts sales of native materials i.e., shale or gravel. Therefore, unless the County is selling to a sales tax exempt entity or to an entity claiming an exempt use such as manufacturing, agricultural production, or resale, the County is required to collect state and any applicable local sales tax on its sales of native road materials and remit same to the Tax Commission.

This response applies only to the circumstances discussed in your written request of September 27, 2012. Pursuant to Oklahoma Administrative Code 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". The signature is written in dark ink and is positioned above the printed name and title.

Christy J. Caesar  
Tax Policy Analyst