



Use Tax for County Government

Notie Lansford
Professor, Rural Development

Jack Frye
Area Extension
Rural Development Specialist

Stan Ralstin
Area Extension
Rural Development Specialist

Historical sources of funding for county government services are restricted and, in some instances — particularly in rural counties — may not keep up with inflation. The use tax is a new option for county government. The purpose of this publication is to answer the fundamental questions about a county use tax. In-depth information can be obtained from the Oklahoma Tax Commission (405-521-3200) and/or the State Auditor and Inspector (405-521-3495), and through your local Oklahoma Cooperative Extension Service office.

What Is It?

Use tax is essentially the same as sales tax. Sales tax is collected on retail purchases from Oklahoma merchants. Use tax is collected on mail and phone order and Internet purchases from merchants who have no physical presence in Oklahoma. Use tax applies to the same items as sales tax. Vendor location is the key difference. It is a little known and widely ignored fact that purchases by mail, phone, or Internet from out-of-state vendors are taxable just like the purchases of similar goods from your local retail store. (Title 68, sections 1354.1 and following, Oklahoma Statutes) In 1998, the state Legislature adopted a law allowing counties to begin collecting the use tax, effective January 1, 1999. (Title 68, section 1411, Oklahoma Statutes) Many city governments were already collecting use tax.

How Much Is It?

The Board of County Commissioners sets the use tax rate, but the rate must not exceed that of the sales tax. Cities have similar authority. Furthermore, the state of Oklahoma collects

Oklahoma Cooperative Extension Fact Sheets
are also available on our website at:
<http://osufacts.okstate.edu>

use tax equal to the state sales tax rate of 4.5 percent. (Title 68, section 1411, Oklahoma Statutes)

As of April 2002, forty-six counties were collecting use tax. This is an increase of seventeen over the twenty-nine that were collecting it at the end of the 2001 fiscal year. For the 2001 fiscal year, use tax as a percentage of sales tax collections varied from 2.2 percent to 8.9 percent, with the average being 4.6 percent, for the ten counties that collected both the sales and use tax for the entire fiscal year.

How to Adopt It?

Unlike the sales tax, the adoption of the use tax does not require a vote of the people. State law simply requires passage of a resolution by the governing board, that is, the Board of County Commissioners. However, use tax adoption is limited to those counties (and cities) that have already adopted, by vote of the people, a sales tax. (Title 68, section 1411, Oklahoma Statutes)

How to Use It?

Whereas the county sales tax must be used as designated by vote of the people, the use tax may be used for any function of county government. Thus, the Board of County Commissioners may designate its use for any legitimate purpose. There are no statutory restrictions.

Down the Road

Rapid growth in e-commerce — whether by Internet, telephone, or other electronic communications technology — could result in lost sales to local merchants, hence lost sales tax collections. Use tax could be part of the answer. Effective use tax collection will help ensure that local purchases generate local funds to support public services provided by county and city governments.

The Oklahoma Cooperative Extension Service

Bringing the University to You!

The Cooperative Extension Service is the largest, most successful informal educational organization in the world. It is a nationwide system funded and guided by a partnership of federal, state, and local governments that delivers information to help people help themselves through the land-grant university system.

Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.
- It utilizes research from university, government, and other sources to help people make their own decisions.
- More than a million volunteers help multiply the impact of the Extension professional staff.
- It dispenses no funds to the public.
- It is not a regulatory agency, but it does inform people of regulations and of their options in meeting them.
- Local programs are developed and carried out in full recognition of national problems and goals.
- The Extension staff educates people through personal contacts, meetings, demonstrations, and the mass media.
- Extension has the built-in flexibility to adjust its programs and subject matter to meet new needs. Activities shift from year to year as citizen groups and Extension workers close to the problems advise changes.

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, gender, age, religion, disability, or status as a veteran in any of its policies, practices, or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services.

Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Robert E. Whitson, Director of Cooperative Extension Service, Oklahoma State University, Stillwater, Oklahoma. This publication is printed and issued by Oklahoma State University as authorized by the Vice President, Dean, and Director of the Division of Agricultural Sciences and Natural Resources and has been prepared and distributed at a cost of 20 cents per copy. 0507