

SALES TAX AND USE EXEMPTIONS

Kansas

The Kansas state sales and use tax rate is 6.5%. However, there are several sales tax exemptions available which include:

- Labor services related to original construction.
- New machinery and equipment for manufacturing and distribution. This also includes pre- and post-production machinery and equipment, including raw material handling, waste storage, water purification and oil cleaning, as well as ancillary property such as gas pipes, electrical wiring and pollution control equipment.
- Tangible personal property that becomes an ingredient or component part of a finished product.
- Tangible personal property that is immediately consumed in the production process, including electric power, natural gas and water.
- Incoming and outgoing interstate telephone or transmission services (WATTS).
- Real and personal property financed with an Industrial Revenue Bond.
- Warehouse Machinery and equipment.

Missouri

The sales and use tax rate in Missouri is 4.225%. There are several sales tax exemptions available which include:

- Machinery and equipment used to establish a new or expand an existing manufacturing facility, provided such machinery or equipment is used directly to manufacture a product ultimately intended for sale.
- Replacement machinery and equipment used directly in manufacturing a product ultimately intended for sale.
- Machinery, equipment, and devices that abate air or water pollution.
- Machinery and equipment used to establish or expand a material recovery processing plant.
- All materials and supplies used to install tax exempt machinery and equipment.
- Electricity consumed in the manufacturing process, provided the cost of electricity exceeds 10% of total production costs; and anodes, with a useful life of less than one year, used in manufacturing or production.
- Computers, computer software, and computer security systems purchased for use by architectural, accounting or engineering firms headquartered in Missouri.

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Oklahoma

The sales tax and use tax rate in Oklahoma is currently 6.0%. Oklahoma has a variety of sales tax exemptions for several industries.

Manufacturers

Oklahoma has a comprehensive sales tax exemption for manufacturers who obtain a Manufacturer's Sales Tax Exemption Permit from the Oklahoma Tax Commission. The permit must be renewed every three years. The exemptions cover purchases of machinery and equipment, energy, and tangible personal property used in design, development, and manufacturing.

Computer Services and Data Processing

Sales of machinery and equipment purchased and used by persons and establishments primarily engaged in computer services and data processing which derive at least fifty percent (50%) of their annual gross revenues from the sales of a product or service to an out-of-state buyer or consumer.

Sales at Aircraft Maintenance Facilities

Sales of aircraft and aircraft parts are tax exempt; provided such sales occur at a qualified aircraft maintenance facility in which at least two thousand (2,000) full-time-equivalent employees were employed in the preceding year and is primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, building or rebuilding of commercial aircraft or aircraft parts used in air common carriage.

Aircraft Repairs and Modifications

Sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification, and paint, and sales of services employed in the repair, modification and replacement of parts of aircraft engines, aircraft frame and interior repair and modification, and paint are also exempt from sales tax.

Aircraft Maintenance or Manufacturing Facility

Oklahoma provides a sales tax exemption for sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment for use in a qualified aircraft maintenance or manufacturing facility.

In order to qualify for the exemption, the cost of the items purchased by the qualified aircraft maintenance or manufacturing facility shall equal or exceed the sum of two million dollars (\$2,000,000.00).

Excise Tax on Aircraft Sales

Sales of aircraft to commercial airlines are free of the excise sales charge.

Telecommunications

Sales tax exemptions apply to Interstate 1-800, WATS, and interstate private-line business telecommunication services, and to cell phones sold to a vendor who transfers the equipment as part of an inducement to a consumer to contract for wireless telecommunications.

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Spaceport

Sales of any tangible property to a spaceport user as determined by the Oklahoma Space Industry Development Authority are exempt from sales tax. Launch vehicles, satellites and such related attached or used property may also be purchased free from sales and use tax.

Sales Tax Refunds

Oklahoma offers sales tax refunds for qualified companies. To qualify, a company must submit an Application/Intent to Qualify to the Oklahoma Tax Commission to establish an interest-bearing account.

Sales taxes paid on construction materials incorporated in certain new manufacturing facilities by the manufacturer or by a contractor or subcontractor on behalf of a qualified manufacturer are refundable.

Sales taxes paid for machinery and equipment by certain service businesses (computer services, R & D, and aircraft repair) are refundable.

Construction Materials

Oklahoma refunds sales taxes paid on construction materials for certain new or expanding manufacturing facilities including:

- Facilities with construction costs exceeding \$5 million which create 100 new manufacturing jobs and are maintained for a minimum of 36 months. Construction costs include building and construction costs, and engineering and architectural fees, but not legal fees.
- Facilities with construction costs exceeding \$10 million, and with combined total costs of material, construction, and machinery exceeding \$50 million, which add 75 new employees who are retained for 36 months.
- Facilities with construction costs exceeding Three Hundred Million Dollars
- (\$300,000,000) which maintain an employment level of a least 1,750 full time equivalent employees.
- Qualified new or expanding aircraft maintenance and overhaul facilities that create 250 or more jobs, with construction costs totaling at least \$5 million.