

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2476
Version:	INT
Request Number:	7051
Author:	Rep. S. Roberts
Date:	2/18/2021
Impact:	Tax Commission:

Motor Vehicle Excise Tax Decrease

FY-22: (\$26,266,000)

FY-23: (\$40,899,000)

Sales Tax on Motor Vehicles Decrease

FY-22: (\$9,178,000)

FY-23: (\$15,734,000)

Administrative Cost:

Unknown

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Analysis provided by the Tax Commission:

According to the U.S. Department of Veterans Affairs, there are approximately 288,699 potential qualifying veterans in Oklahoma between the ages of 18- 85 years of age. Research by R.L. Polk indicates that 6 years is the average length of time drivers keep a new vehicle.¹ Application of this ratio to the 288,699 veterans results in an estimated 48,117 veterans who could be purchasing a vehicle annually. Oklahoma Tax Commission (“OTC”) records indicate that the average excise tax remitted for a used car is \$671 and \$1,029 for a new vehicle with corresponding sales taxes remitted of \$258 and \$396, respectively. For purposes of this impact, purchases of newer vehicles are assumed with average tax amounts per vehicle of \$850 in excise tax and \$327 in motor vehicle sales tax. Multiplying the \$850 and \$327 by 48,117 veterans, results in \$40,899,450 in motor vehicle excise tax and \$15,734,259 in motor vehicle sales tax.

The measure provides for an effective date of November 1, 2021. Decreases of \$27,265,633 in motor vehicle excise tax revenues and \$9,178,318 in motor vehicle sales tax revenues are estimated for FY 22. Decreases of \$40,899,450 in motor vehicle excise tax revenues and \$15,734,259 in motor vehicle state sales tax revenues are estimated for FY 23.

Administrative cost:

Due to the proposed exemptions being administered as refund claims, it is anticipated that additional FTEs will be required to process the increased number of claims. The extent to which an increase in OTC administrative costs occurs for FY 22 is unknown at this time.

¹ *Buying a Car: How Long Can You Expect a Car to Last?*, Autotrader.

Prepared By: Mark Tygret

Other Considerations

None.

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