

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 3050</b>
<b>Version:</b>	<b>SUBREC</b>
<b>Request Number:</b>	<b>10423</b>
<b>Author:</b>	<b>Rep. Tommy Hardin</b>
<b>Date:</b>	<b>2/15/2022</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Revenue Decrease:</b>
	<b>FY-23 (\$572,812)</b>
	<b>FY-24: (\$859,217)</b>

**Estimated Administrative Costs:**  
**\$28,850 (Four Week Implementation)**

**Research Analysis**

The subcommittee recommendation for HB3050 exempts sales of motor vehicles from counting towards the \$25,000 annual sales tax exemption limit for 100 percent disabled veterans.

The exemption may only be claimed for one vehicle every three years, unless the vehicle is a replacement for a vehicle that was destroyed or totaled.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

The measure proposes to amend Section 1357 of Title 68 to exclude the sales price of a purchased vehicle from the sales allowance for the sales tax exemption afforded qualifying 100% disabled veterans and unremarried surviving spouse of a qualifying veteran<sup>3</sup>. It also limits application of the referenced sales tax exemption to one vehicle in a consecutive three year period<sup>4</sup>.

Based on Oklahoma Tax Commission data for FY 21, there were 4,967 vehicles that were purchased by individuals claiming a 100% disabled veteran sales tax exemption. The total purchase price for these vehicles was \$161,810,347 and the amount of exempt sales claimed by these purchasers was \$93,072,955, resulting in \$68,737,392 in not exempt purchases. Multiplied by the state sales tax rate of 1.25% results in \$859,217 in motor vehicle sales tax attributable to the referenced vehicle purchases by qualifying veterans. The measure proposes an effective date of November 1, 2022. Assuming similar motor vehicles transactions for FY 23, and FY 24, results in an estimated decrease in motor vehicle sales tax collections of \$572,812 for FY 23 and \$859,217 for FY 24.

Administrative cost:

The measure will require a minimum of 4 weeks to implement along with an increase of \$28,850 in administrative costs.

<sup>3</sup> The sales tax exemption authorized in 68 O.S. § 1357(34) cannot exceed the annual sales amounts of \$25,000.00 per qualifying 100% disabled veteran or \$1,000.00 for an unmarried surviving spouse of a qualifying veteran.

<sup>4</sup> The limit applies unless the vehicle is a replacement for a vehicle which was destroyed and declared by the insurer to be a total loss claim.

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**Other Considerations**

None.

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