

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: March 22, 2022

BILL NUMBER: SB 1318 **STATUS AND DATE OF BILL:** Engrossed 03/21/22

AUTHORS: House Newton Senate Jech

TAX TYPE (S): Motor Vehicle **SUBJECT:** Other

PROPOSAL: Amendatory

The measure proposes amendment to Section 1137.3 of Title 47 which governs issuance of temporary license plates by the dealers at the time of purchase of new and used motor vehicles, travel trailers and commercial trailers by extending the registration period for the described vehicles to within 60 days from the date of purchase for purchases made on or after the effective date of the act. The measure further provides that the temporary plate is to be removed from the described vehicles and replaced with a permanent current Oklahoma license plate, on or before 60 days from the date of purchase for purchases made on or after the effective date of this act and before July 1, 2023. Thereafter, as is currently the case, the temporary plate must be removed on or before 30 days from the date of purchase of the referenced vehicles.

EFFECTIVE DATE: Emergency – Upon passage and approval

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 23: \$2,940,000 decrease in motor vehicle collections and a \$882,000 decrease in sales tax collections

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 23: \$28,850 increase in OTC administrative costs

Mar. 23, 2022
DATE

Rick Miller
DIVISION DIRECTOR

bjs

3/23/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/28/2022
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO FISCAL IMPACT- SB 1318-[Engrossed] – Prepared 03/22/2022

The measure proposes amendment to Section 1137.3 of Title 47 which governs issuance of temporary license plates by the dealers at the time of purchase of new and used motor vehicles, travel trailers and commercial trailers by extending the registration period for the described vehicles to within 60 days from the date of purchase for purchases made on or after the effective date of the act. The measure further provides that the temporary plate is to be removed from the described vehicles and replaced with a permanent current Oklahoma license plate, on or before 60 days from the date of purchase for purchases made on or after the effective date of this act and before July 1, 2023. Thereafter, as is currently the case, the temporary plate must be removed on or before 30 days from the date of purchase of the referenced vehicles.

During the immediately preceding 12 month period the motor vehicle database indicates that for transfers of the described new and used vehicles, travel trailers and commercial trailers, interest and penalties were collected for late payments for both motor vehicle (registration fees and motor vehicle excise tax) and sales tax collections of \$2,940,390 and \$881,506, respectively.

The impact assumes an effective date of July 1, 2022. Projecting that similar transactions with corresponding late payments occur in FY 23 as previously experienced in the referenced 12 month period decreases in motor vehicle and sales tax collections of \$2,940,390 and \$881,506 respectively are estimated for FY 23.

Administrative Costs and Concerns

It appears that the intent of the measure is to extend, without limitation, the date in which to register new and used motor vehicles, travel trailers and commercial trailers without accruing penalty from thirty days to 60 days from date of purchase. However, the language of the proposed amendment regarding the required removal of the temporary plate is inconsistent therewith. Further, the measure does not make corresponding amendments to the applicable tax provisions which set the timeframe for timely remittance of registration fees and transfer taxes i.e., excise and motor vehicle sales tax.

To modify the motor vehicle system required by the amendatory language, four weeks of development time at a cost of \$28,850 is estimated.