

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	SB2035
Version:	FA1
Request Number:	10977
Author:	Rep. Hilbert
Date:	4/18/2024
Impact:	ServiceOK One-Time Costs: \$684,000
	ServiceOK Recurring Costs: \$199,443

Research Analysis

The committee substitute to SB 2035 authorizes the Oklahoma New Motor Vehicle Commission and the Oklahoma Used Motor Vehicle, Dismantler, and Manufactured Housing Commission to promulgate rules and procedures to designate and register authorized temporary license plate vendors for use by licensed motor vehicle dealers. The vendor registration fee is not to exceed \$600 and vendors are required to provide pre-printed temporary license plates or equipment to produce temporary license plates to dealers. The measure requires the seller or the purchaser of a vehicle to complete a pre-registration of the vehicle by submitting documentation to Service Oklahoma or a licensed operator within 2 business days of the sale or purchase. Dealers must also submit information within 2 business days of a sale. The measure directs Service Oklahoma, in cooperation with the Oklahoma Turnpike Authority and other appropriate state agencies to develop a public awareness program. OTA is to make a contribution of not less than \$200,000. Service Oklahoma is authorized to set licensed operator compensation for processing the documentation submitted and issuing the license plate or decal.

Changes made in the Floor Substitute:

Allows Oklahoma New Motor Vehicle Commission and the Oklahoma Used Motor Vehicle, Dismantler, and Manufactured Housing Commission selected vendors to provide software services.

Authorizes fines on a per occurrence basis.

Requires vendors to obtain bonds and commercial liability insurance.

Removes public awareness program requirement and annual efficiency payments.

Authorizes Service Oklahoma to enter into certain contracts and agreements for implementation of electronic systems and contracts and agreements for vehicle registration access and the charging and collecting of tolls.

Prepared By: Brad Wolgamott

Fiscal Analysis

The floor amendment to SB 2035 modifies the registration process of the sale or transfer of a motor vehicle. The measure establishes a 'pre-registration' requirement that Service Oklahoma will develop a new system for, with an estimated one-time fiscal impact of Six Hundred Eighty-Four Thousand dollars (\$684,000.00).

Additionally, this measure would require each vehicle purchased in the state to receive a temporary decal as part of the pre-registration process. Service Oklahoma has determined the cost of each decal to cost Ten Cents (\$0.10). In FY-23, Four Hundred Ninety-Eight Thousand Six Hundred and Seven (498,607) vehicle transactions that included the collection of sales tax occurred in Oklahoma; thus, Service Oklahoma estimates an annual fiscal impact of Forty-Nine Thousand Eight Hundred Sixty dollars and Seventy cents (\$49,860.70) as a result of this temporary decal.

Furthermore, this measure would require every vehicle sale or transfer to have a related pre-registration submission, regardless of whether or not the vehicle is ultimately registered in the state. Service Oklahoma estimates that Ten Percent (10%) of vehicles purchased in Oklahoma are not registered in the state, resulting in approximately Forty-Nine Thousand, Eight Hundred and Sixty (49,860) annual plates that will not be paid for at the time of registration. At an estimated cost of Three dollars (\$3.00) per plate, the annual fiscal impact of these unpaid plates is One Hundred Forty-Nine Thousand Five Hundred Eighty-Two dollars and Ten cents (\$149,582.10).

The total recurring administrative impact due to the new temporary decal and the cost of unregistered plates is estimated to cost One Hundred Ninety Nine Thousand Four Hundred Forty-Two dollars and Eighty cents (\$199,442.80) to the agency.

Lately, this measure requires the pre-registration process to be completed either online or in person at a Service Oklahoma or licensed operator location and provides that Service Oklahoma will determine the amount to be retained by licensed operators for completing pre-registration and issuing the appropriate license plate and/or decal. As a result, it is estimated that One Million Seven Hundred Thirty Thousand dollars (\$1,730,000.00) in associated licensed operator fees is to be retained by the licensed operators. Service Oklahoma anticipates that this decrease in motor vehicle collections is to be recouped with an increase in voluntary compliance and timely registrations as the measure allows Service Oklahoma to actively communicate reminders to vehicle owners about compliance and registration. Thus, this measure is anticipated to be budget neutral towards overall motor vehicle collections.

Prepared By: Jay St Clair, House Fiscal Staff

Other Considerations

None.