

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB393</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. West (Josh)</b>
<b>Date:</b>	<b>4/6/2023</b>
<b>Impact:</b>	<b>FY24: \$572,812</b>
	<b>FY25: \$859,217</b>
	<b>Administrative: \$33,500</b>

**Research Analysis**

Engrossed SB393 exempts motor vehicle sales 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**

In its current form, SB393 modifies the limitations on sales tax exemptions for sales of motor vehicles to 100% disabled veterans and their spouses. Officials from Service Oklahoma estimate a decrease in motor vehicle collections of \$572,812 for fiscal year 2024 and \$859,217 for fiscal year 2025. Service Oklahoma also anticipates an administrative cost of \$33,500 for implementation.

As provided by Service Oklahoma:

**Fiscal Impact Report:** Using available FY21 sales data, 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 \$9,072,955, resulting in \$68,737,392 in not exempt purchases. Applying 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, 2023. Assuming similar motor vehicle transactions for FY24 and FY25, an estimated decrease in motor vehicle sales tax collections of \$572,812 for FY24 and \$859,217 for FY25.

The bill would require approximately 4-5 weeks of programmatic changes to the system resulting in a one-time administrative cost of \$33,500.

Prepared By: Zachary Penrod, House Fiscal Staff

**Other Considerations**

None.