

BILL SUMMARY
1st Session of the 59th Legislature

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| Bill No.: | SB576 |
| Version: | ENGR |
| Request Number: | |
| Author: | Rep. Boatman |
| Date: | 4/3/2023 |
| Impact: | See Below |

Research Analysis

Engrossed SB576 exempts foreign export vehicles from excise tax and establishes a \$100 fee for the issuance of a foreign export certificate of title by the Oklahoma Tax Commission. A *foreign export vehicle* is defined as any motor vehicle purchased by an individual or entity doing business in this state if the vehicle is contracted to be shipped to a destination outside of the United States or its territories or its tribal lands.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, SB576 adds an excise tax exemption for a vehicle with a foreign export certificate of title. Officials with Service Oklahoma have provided the following information regarding the impact of this measure:

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|-----------------------------|---|
| Revenue Impact: | FY24: \$1,170,000 decrease in Motor Vehicle collections |
| Administrative Cost: | \$57,500.00 |
| Implementation: | \$57,500.00 |
| Recurring Cost: | \$0.00 |

Fiscal Impact Report:

The bill adds an excise tax exemption for a vehicle with a "foreign export certificate of title" as provided in 47 O.S. §1105 and as approved by the Oklahoma Tax Commission and also adds a \$100 title fee, \$99 of which would be apportioned, \$1 directed to the Oklahoma Tax Commission Revolving Fund.

Defines "foreign export vehicle" as "any motor vehicle purchased by an individual or entity doing business in this state if the vehicle is contracted to be shipped to a destination outside of the United States or its territories or its tribal lands, as defined in 25 U.S.C., Section 3001(15), within one hundred twenty (120) days of purchase."

Based on industry data, vehicle transfers totaling \$36,000,000 which are intended for export within the parameters of the proposed exemption projected for FY24. Applying the state excise tax rate of 3.25% results in an estimated decrease of \$1,170,000 in motor vehicle excise tax revenues for FY24.

Prepared By: Zachary Penrod, House Fiscal Staff

Other Considerations

According to officials at Service Oklahoma, as written, this measure contains language that obligates the Oklahoma Tax Commission to perform duties that were transferred to Service Oklahoma on January 1, 2023. The current language also indicates that Service Oklahoma deposits funds into the Oklahoma Tax Commission Reimbursement Fund, which as of January 1, 2023, should be deposited to the Service Oklahoma Reimbursement Fund. Service Oklahoma

estimates a minimum of four to six weeks to develop and make the necessary programmatic changes to administer the new law.

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