

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB1023
Version:	INT
Request Number:	10327
Author:	Rep. Bashore
Date:	2/20/2025
Impact:	FY26: \$27.8M decrease in revenue FY27: \$41.7M decrease in revenue

Research Analysis

HB1023, as introduced, changes how the excise tax is calculated for motor vehicle purchases. The excise tax will be based on the value of the vehicle, which is the sales price after accounting for discounts or credits given for a trade-in.

Current law does not subtract the trade-in value from the value of the vehicle for motor vehicle excise tax, but does do so for motor vehicle sales tax.

The measure also requires Service Oklahoma to file a report on the implementation and fiscal impact of the motor vehicle by November 1, 2026 to the Governor and Legislature.

Prepared By: Quyen Do

Fiscal Analysis

As introduced, HB1023 requires Service Oklahoma to file a report with information on the implementation and fiscal impact of the motor vehicle excise tax to the Governor and Legislature.

The measure also modifies the calculation of vehicle excise tax.

Officials from Service Oklahoma have provided the following analysis:

Fiscal Impact: FY26: \$27.8M decrease to excise tax collections
FY27: \$41.7M decrease to excise tax collections

Fiscal Impact Report: Methodology for Estimating Impact:

To estimate the number of vehicles affected by this bill, we applied historical data from FY24, where **73,607** vehicles had a trade-in applied for the purpose of reducing sales tax value. This represented **13%** of all vehicle transactions.

Using this **13% baseline**, we projected how transactions would shift under the new excise tax calculation:

- **Vehicles previously exceeding the 20% threshold** (which saw an excise tax increase) will now be **reduced** by 13%, meaning fewer vehicles will be subject to higher taxation.
 - **Vehicles previously within the taxable range but now below 20%** will **increase** by 13%, meaning more vehicles will be taxed at a lower rate.
1. **Decrease in Excise Tax Revenue (More Vehicles Below 20% Threshold):**
 - Based on the 13% shift, **235,726 vehicles** that previously fell within the taxable range will now move **below the 20% threshold**, reducing their taxable value.
 - This results in an estimated **\$37.1 million** decrease in excise tax revenue.
 2. **Increase in Excise Tax Revenue (Fewer Vehicles Above 20% Threshold):**
 - The same 13% adjustment means that **185,035 vehicles** that previously exceeded the 20% threshold will now fall within the proper range, leading to an increase in taxable value.
 - This results in an estimated **\$32.2 million** increase in excise tax revenue.
 3. **Trade-In Value Adjustment Impact:**

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Other Considerations

None.