

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB 1183
Version:	Introduced
Request Number:	10190
Author:	Rep. Grego
Date:	2/6/2025
Impact:	FY26: \$25,521,800 revenue decrease
	FY27: \$38,092,339 revenue decrease

Research Analysis

HB1183, as introduced, simplifies how motor vehicle excise tax is determined for vehicle purchases. The measure requires the tax to be based on the actual sales price of the vehicle minus any trade-in rebates received.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, HB 1183 modifies how motor vehicle excise tax is determined.

Service Oklahoma has provided the following analysis:

Fiscal Impact: FY26: \$25,521,800 Decrease in Motor Vehicle Excise Tax Collections
FY27: \$38,092,339 Decrease in Motor Vehicle Excise Tax Collections

Fiscal Impact Report: Under current law, taxable value is required to be within 20% of the average retail price as listed in automotive reference materials, effectively setting a floor and ceiling on the value subject to excise tax. By removing this requirement, taxable values may decrease in some cases and increase in others. Additionally, while a prior legislative change allowed the deduction of trade-in value for sales tax calculations, HB 1183 extends this deduction to excise tax, further reducing the taxable amount.

Based on FY2024 figures, the projected impact of these modifications is a net reduction of \$38,092,339.31 in excise tax collections.

Policy Change	Impact on Taxable Value	Impact on Excise Tax
Elimination of the adjustment below 20% of average retail price (Previously, taxable value could not fall below 80% of the average retail price, increasing the tax base)	\$(1,010,328,052.72)	\$(32,835,661.71)
Elimination of the adjustment above 20% of average retail price (Previously, taxable value could not exceed 120% of the average retail price, reducing the tax base)	\$1,140,056,790.41	\$37,051,845.69
Total impact for removal of 20% adjustment		\$4,216,183.98
Deduction of trade-in value from purchase price for excise tax	\$(1,301,800,716.53)	\$(42,308,523.29)
Total Impact of HB1183		\$(38,092,339.31)

The removal of the 20% adjustment cap has a mixed impact:

- Eliminating the lower cap (80% of retail value minimum) results in a decrease in taxable vehicle value, reducing excise tax revenue.
- Eliminating the upper cap (120% of retail value maximum) increases taxable value in some cases, slightly offsetting the reduction.
- However, the most significant revenue loss comes from allowing the deduction of trade-in value when determining excise tax:
- Previously, buyers were required to pay excise tax on the full purchase price without any deductions for trade-ins.
- HB 1183 allows buyers to subtract the trade-in value before calculating excise tax, significantly reducing the taxable amount and leading to a projected \$42.3 million decrease in excise tax revenue.

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Other Considerations

None.