

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	SB 1282
Version:	Engrossed
Author:	Rep. Enns & Sen. Brogden
Date:	March 16, 2010
Impact:	Vessel (Boats) and Motor Collections
	FY11: Decrease of \$427,000
	FY12: Decrease of \$640,000

**Administrative Costs for OTC of more
Than \$8,500 per year.**

Bill Summary

Research Analyst: Arnella Karges

Engrossed SB1282 changes the value of a new or used vessel or motor for excise tax purposes from the manufacturer's price to the actual sales price before any discounts or credit for a trade-in, provided the price for a new vessel or motor is within 20% of the average retail price as listed in material prescribed by the Oklahoma Tax Commission.

The Title is stricken on Engrossed SB1282.

Fiscal Summary

Fiscal Analyst: Diane Thomas

ESB 1282 relates to vessel (boats) and motor excise tax. The measure changes the current value base from the factory delivered price for new vessels and 65% of the previous years value (based upon the number of model years) for used vessels to the actual sales price for new vessels and motors and 65% of the actual sales price for used vessels and motors before any discounts or credits are given for a trade-in. The measure also provides the value of any new vessel must be within 20% of the average retail price of such vehicles as listed in the material prescribed by the Tax Commission (OTC).

Fiscal Analysis

Excise tax (calculated: 3.5% rate times the value of the boat or outboard motor) on boats and outboard motors is paid in lieu of state sales tax. This measure changes the method of valuing the boat and/or motor.

Local industry sources indicate that new vessels and motors typically sell at no more than 20% under MSRP (manufacturer's suggested retail price) and most often in the 15% range. Applying the estimated 15% decrease in valuation to new and used boats and motors excise tax collections from 2009 results in an annualized estimated decreased of \$640,000 (\$4,267,824 collections x 15% = \$640,000).

The effective date for the measure is November 1, 2010. The estimated revenue impact for FY11 is \$427,000 (8 months of collections), with a full year cost of \$640,000 occurring in FY12.

Additional administrative costs:

OTC estimates it will cost \$8,500 per year to purchase the valuation software needed to ensure the actual sales price is within 20% of the average retail price. There will also be programming costs to incorporate the software into the present system.

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director