

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 7, 2011

BILL NUMBER: SB 197 **STATUS AND DATE OF BILL:** Introduced 01/11/11

AUTHORS: House N/A Senate Aldridge

TAX TYPE (S): Motor Vehicle **SUBJECT:** Administrative

PROPOSAL: Amendatory

Senate Bill 197 proposes that the optional written notice of transfer and corresponding fee of \$10.00 presently authorized by 47 O.S. § 1107.4 shall become mandatory with an associated fee of \$5.00.

EFFECTIVE DATE: November 1, 2011

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: \$2,145,000 increase in motor vehicle-related fee collections

FY 13: \$3,218,000 increase in motor vehicle-related fee collections

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 11: See attached analysis

DATE

DIVISION DIRECTOR

rgm

DATE

REECE WOMACK, ECONOMIST

DATE

FOR THE COMMISSION

Attachment to Fiscal/Administrative Impact for SB 197 (Intro.)-- prepared 02/07/11

Senate Bill 197 provides that the optional written notice of transfer -- authorized by 47 O.S. Section 1107.4 -- shall become mandatory. Currently, an optional written notice of transfer may be filed with the OTC or a motor license agent for a fee of \$10.00. The processing motor license agents retain \$7.00 and OTC Reimbursement (OTCR) receives the remaining \$3.00 for each notice filed. Currently, an average of approximately 500 such filings are processed each month, totaling \$60,000 annually, with tag agents retaining \$42,000 and OTCR receiving \$18,000.

The proposed amendment in SB 197 requires a mandatory fee of \$5.00, with tag agents receiving \$3.50 and OTCR the remaining \$1.50 for each notice filed.

Title certificates issued by the Tax Commission currently contain a tear off "Notice of Transfer" tab that includes a notation indicating the optional nature of the current process. The Tax Commission presently has a supply of approximately 2 million title certificates either on hand or already ordered, purchased at a cost of \$130,500.00. This supply of title certificates is expected to last approximately eighteen (18) months.

Section 1107.4 places the responsibility for filing the written notice of transfer upon the transferor, commonly referred to as the seller. What is unclear is the result of failing to file. There is no process or penalty stipulated in the proposed amendments. What effect would failure to file have on the purchaser when they come in to transfer the title?

The most recent twelve-month information available from the files and records of the Tax Commission indicates that 655,569 Oklahoma "transfer of ownership" certificates of titles were issued. Assigning the proposed mandatory written notice of transfer fee of \$5.00 (and reducing the total amount by the \$60,000 presently collected) to each transfer would equate to an annualized estimated fee increase for taxpayers in the amount of \$3,217,845.00.

- \$2,252,491.50 (70%) of that amount would be retained by motor license agents.
- \$965,353.50 (30%) of that amount would be remitted to OTC Reimbursement.

Senate Bill 197 has an effective date of November 1, 2011. The eight-month FY 12 estimated fee increase for taxpayers is \$2,145,230.

- \$1,501,661.00 (70%) of that amount would be retained by motor license agents
- \$643,569.00 (30%) of that amount would be remitted to OTC Reimbursement