

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 29, 2013

BILL NUMBER: SB 866 STATUS AND DATE OF BILL: Introduced 01/17/2013

AUTHORS: House n/a Senate Marlatt

TAX TYPE (S): Vehicle Excise SUBJECT: Tax Rate

PROPOSAL: Amendatory

The measure proposes to amend 68 O.S. § 2104 by removing the requirement, relating to calculation of vehicle excise tax for recreational vehicles, that the value of a vehicle prior to the subtraction of trade-in discounts or credits must be within twenty percent (20%) of the average retail price value of such vehicle as listed in the automotive reference material prescribed by the Oklahoma Tax Commission.

EFFECTIVE DATE: November 1, 2013

REVENUE IMPACT:

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

FY 14: \$138,000 decrease in motor vehicle excise tax collections

FY 15: \$207,000 decrease in motor vehicle excise tax collections

ADMINISTRATIVE IMPACT:

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

FY 14: None

Jan. 30, 2013
DATE

Rick Miller
DIVISION DIRECTOR msm

1-31-2013
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/1/13
DATE

Dan Case
FOR THE COMMISSION

Attachment to Fiscal/Administrative Impact – SB 866 (Introduced) - Prepared 01/29/2013

Senate Bill 866 proposes to amend 68 O.S. § 2104 by removing the requirement, relating to calculation of vehicle excise tax for recreational vehicles (“RVs”), that the value of a vehicle prior to the subtraction of trade-in discounts or credits must be within twenty percent (20%) of the average retail price value of such vehicle as listed in the automotive reference material prescribed by the Oklahoma Tax Commission.

Pursuant to the provisions of Section 2104 of Title 68 of the Oklahoma Statutes, the value of a vehicle for excise tax purposes shall be the average retail price (commonly referred to as the purchase price) of such vehicle, before any discounts or credits are given for a trade-in. However, the value of the vehicle prior to the subtraction of such discounts or credits for a trade-in is required to be within twenty percent (20%) of the average retail price value of such vehicle as listed in the automotive reference material prescribed by the Oklahoma Tax Commission. The current reference material prescribed by the Tax Commission is provided by the National Automobile Dealers Association “N.A.D.A.”

For RV valuation, Motor License Agents must provide the vehicle’s 17 digit vehicle identification number and purchase price to the Tax Commission for review relating to confirmation or correction of the vehicle’s valuation. If the provided price falls within the statutorily required range of twenty percent (20%), it is accepted and utilized as the basis for excise tax computation. If the provided price is not within the acceptable range, it is revised and a taxable value established which is within the range. The statute specifies the “average” value for a specific model is to be utilized for the purpose of establishing a taxable value. There is no statutory allowance for the value to be adjusted for the condition (i.e. high/low mileage, damage, salvage/rebuilt status, etc.) of a specific vehicle.

Based on previous vehicle projections and application of historic evidence regarding the expense of RVs in relation to other vehicles and the higher percentages of purchase price revisions for these vehicles, the outlined assumptions are made for purposes of this impact:

- 75% of all RV purchase prices are revised.
- Taxable valuation increases of \$2,714 are attributable to each revised RV purchase price.

CY 2012

In CY 2012, 3,129 title transactions involved RVs on which vehicle excise tax was assessed. Of these RV title transactions 75% or 2,347 had the purchase price revised or overridden in accordance with the 20% average retail value formula with an average valuation increase per vehicle of \$2,714. Application of the average valuation increase of \$2,714 to the overridden transactions results in a net taxable value increase of \$6,369,758. [$\$2,714 \times 2,347$].

Based on the above, the proposed elimination of the 20% vehicle valuation override, relating to RVs only would result in an estimated reduction in annual vehicle excise tax collections of \$207,017. [3.25% of \$6,369,758]

Senate Bill 866 proposes an effective date of November 1, 2013. The estimated decrease in vehicle excise tax collections for FY 14 is \$138,011. [$\$207,017 / 12 \text{ months} = \$17,251 \times 8 \text{ months} = \$138,011$]. For FY 15, the estimated decrease in vehicle excise tax collections is \$207,017.