

OKLAHOMA TAX COMMISSION

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: May 11, 2016

BILL NUMBER: HB 3208 **STATUS AND DATE OF BILL:** Committee Substitute 05/10/2016

AUTHORS: House Sears and Casey Senate Jolley and Treat

TAX TYPE (S): Motor Vehicle Registration **SUBJECT:** License Plate Reissuance

PROPOSAL: Amendatory

The measure directs the Executive Director of the Oklahoma Tax Commission to initiate the replacement of state vehicle license plates with a new license plate to be designed by the Oklahoma Tourism and Recreation Department with the approval of the Department of Public Safety. With the exception of vehicles registered pursuant to the provisions of Section 1120 of Title 47 and certain other official special license plates, the newly designed license plate will be issued to all vehicles beginning January 1, 2017.

The measure also provides for an additional registration fee in the amount of \$5.00 to be imposed on all initial and renewal registrations from July 1, 2016 through June 30, 2017. Eighty percent of all revenues attributable to the new \$5.00 fee shall be apportioned to the State Public Safety Fund with the remaining twenty percent apportioned to the Oklahoma Tax Commission Revolving Fund.

EFFECTIVE DATE: July 1, 2016 - Emergency

REVENUE IMPACT:

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

FY 17: See Attached Analysis

FY 18: See Attached Analysis

ADMINISTRATIVE IMPACT:

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

FY 17: See Attached Analysis

May 11, 2016
DATE

Rick Miller
DIVISION DIRECTOR

cjc

DATE
5/11/16
DATE

REECE WOMACK, ECONOMIST
Reece Womack
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT HB 3208 - [CS] - Prepared May 11, 2016.

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The bill also allocates from vehicle registration revenues the first \$1.8 million collected for FY 17 and the first \$2 million collected for FY 18 to the Tax Commission Revolving Fund for the purpose of conducting the license plate reissuance.

The Tax Commission may establish procedures for the purpose of allowing current registrants to reserve their present general issue license plate number for a fee of \$15.00, provided payment of such fee is received by November 1, 2016.

Analysis

Assuming 3,700,000 vehicles registered, the additional fee of \$5 per vehicle will generate \$18,500,000. Eighty percent of these revenues or \$14,800,000 will be apportioned to the State Public Safety Fund. Twenty percent or \$3,700,000 will be apportioned to the Oklahoma Tax Commission Revolving Fund.

The total cost of a license plate reissuance for 3,700,000 vehicles at \$2.05 a plate will cost the Oklahoma Tax Commission \$7,585,000.

Based upon past history, the Tax Commission expects an increase in the number of noncompliant vehicles registered during the reissuance period which will generate additional motor vehicle taxes and fees in the estimated amount of \$4,000,000 for calendar year 2017.

The following is a breakdown of the revenue impact of the reissuance for fiscal years 2017 and 2018:

FY17 Revenues attributable to the \$5 registration fee increase	\$18,500,000
• Increase to the State Public Safety Fund	\$14,800,000
• Increase to the OTC Revolving Fund	\$ 3,700,000
Additional motor vehicle tax collections	\$ 2,000,000
• Increase to OTC revolving fund	\$ 1,800,000
• Increase for 1104 apportionment	\$ 200,000
Cost of reissuance	\$ 5,500,000
FY18 Increase in motor vehicle tax collections	\$ 2,000,000
Cost of reissuance	\$ 2,000,000

No Change in MV tax apportionment