

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 22, 2016

BILL NUMBER: SB 1459 **STATUS AND DATE OF BILL:** Introduced 01/21/2016

AUTHORS: House n/a Senate Stanislowski

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

PROPOSAL: Amendatory

The measure proposes to treat a nonprofit charitable organization¹ who accepts donations of Oklahoma titled used motor vehicles to be repaired and subsequently transferred to another owner as a dealer when complying with the following requirements:

- Registration and titling of motor vehicles previously titled in Oklahoma and donated to the qualifying organization,
- Procurement and use of dealer demonstrator license plates issued by the Oklahoma Tax Commission upon the qualifying organization providing sufficient documentation to the Tax Commission. The plate may be utilized only for demonstration of the donated motor vehicle by a prospective purchaser,² and
- Transfer of ownership from the vehicle donor to the qualifying nonprofit organization with the payment of motor vehicle excise tax levied pursuant to 68 O. S. § 2103.

EFFECTIVE DATE: November 1, 2016

REVENUE IMPACT:

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

FY 17: Unknown decrease in motor vehicle collections

FY 18: Unknown decrease in motor vehicle collections

ADMINISTRATIVE IMPACT:

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

FY 17: None

Feb. 22, 2016
DATE

Rick Miller
DIVISION DIRECTOR/

bjs

2-22-16
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/22/16
DATE

[Signature]
FOR THE COMMISSION

1 The described organization must be exempt from taxation pursuant to 501(c)(3) of the Internal Revenue Code.
2 OTC shall design distinctive license plates for the stated purpose.

ATTACHMENT TO FISCAL IMPACT-SB 1459-[Introduced]-Prepared February 22, 2016

The measure proposes to treat a nonprofit charitable organization³ who accepts donations of Oklahoma titled used motor vehicles to be repaired and subsequently transferred to another owner as a dealer when complying with the following requirements:

- Registration and titling of motor vehicles previously titled in Oklahoma and donated to the qualifying organization,
- Procurement and use of dealer demonstrator license plates issued by the Oklahoma Tax Commission upon the qualifying organization providing sufficient documentation to the Tax Commission. The plate may be utilized only for demonstration of the donated motor vehicle by a prospective purchaser⁴, and
- Transfer of ownership from the vehicle donor to the qualifying nonprofit organization with the payment of motor vehicle excise tax levied pursuant to 68 O. S. § 2103.

Under current law⁵ charitable organizations licensed with the Oklahoma Secretary of State may accept vehicle donations without the requirement to register the vehicle and pay corresponding registration fees and excise tax on the transfer thereof. The proposed amendment would expand this option to any 501(c)(3) organization acting in the manner described above. However, without being currently registered these vehicles could not be demonstrated to prospective purchasers. Therefore, pursuant to this measure, the described organizations, for vehicle demonstration purposes, may obtain temporary dealer license plates for the donated vehicles without payment of the applicable \$10 fee.

It is likely that the eligibility parameters of the current proposal will serve to exempt multiple organizations with similar activities. In order to provide a comprehensive estimated revenue impact, the identification process of potentially qualifying organizations is ongoing. Therefore, the extent to which the provisions of this proposal results in a decrease in motor vehicle tax collections is unknown.

³ The described organization must be exempt from taxation pursuant to 501(c)(3) of the Internal Revenue Code.

⁴ OTC shall design distinctive license plates for the stated purpose.

⁵ 47 O.S. § 1115(G)