

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2363

By: Osborn (Leslie) and Wallace
of the House

and

David and Fields of the
Senate

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68 O.S. 2011, Section 2105, as last amended by Section 1, Chapter 312, O.S.L. 2016 (68 O.S. Supp. 2016, Section 2105), which relates to motor vehicle excise tax exemptions; eliminating exemption for certain rental vehicles; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2105, as last amended by Section 1, Chapter 312, O.S.L. 2016 (68 O.S. Supp. 2016, Section 2105), is amended to read as follows:

Section 2105. An original or a transfer certificate of title shall be issued without the payment of the excise tax levied by Section 2101 et seq. of this title for:

1 1. Any vehicle owned by a nonresident person who operates
2 principally in some other state but who is in Oklahoma only
3 occasionally;

4 2. Any vehicle brought into this state by a person formerly
5 living in another state, who has owned and registered the vehicle in
6 such other state of residence at least sixty (60) days prior to the
7 time it is required to be registered in this state; provided,
8 however, this paragraph shall not apply to businesses engaged in
9 renting cars without a driver;

10 3. Any vehicle registered by the State of Oklahoma, by any of
11 the political subdivisions thereof, or by a fire department
12 organized pursuant to Section 592 of Title 18 of the Oklahoma
13 Statutes to be used for the purposes of the fire department, or a
14 vehicle which is the subject of a lease or lease-purchase agreement
15 executed between the person seeking an original or transfer
16 certificate of title for the vehicle and a municipality, county,
17 school district, or fire protection district. The person seeking an
18 original or transfer certificate of title shall provide adequate
19 proof that the vehicle is subject to a lease or lease-purchase
20 agreement with a municipality, county, school district, or fire
21 protection district at the time the excise tax levied would
22 otherwise be payable. The Oklahoma Tax Commission shall have the
23 authority to determine what constitutes adequate proof as required
24 by this section;

1 4. Any vehicle, the legal ownership of which is obtained by the
2 applicant for a certificate of title by inheritance;

3 5. Any used motor vehicle, travel trailer, or commercial
4 trailer which is owned and being offered for sale by a person
5 licensed as a dealer to sell the same, under the provisions of the
6 Oklahoma Vehicle License and Registration Act:

7 a. if such vehicle, travel trailer, or commercial trailer
8 has been registered in Oklahoma and the excise tax
9 paid thereon, or

10 b. when such vehicle, travel trailer, or commercial
11 trailer has been registered in some other state but is
12 not the latest manufactured model.

13 Provided, the provisions of this paragraph shall not be
14 construed as allowing an exemption to any person not licensed as a
15 dealer of used motor vehicles, travel trailers, or commercial
16 trailers, or as an automotive dismantler and parts recycler in this
17 state;

18 6. Any vehicle which was purchased by a person licensed to sell
19 new or used motor vehicles in another state:

20 a. if such vehicle is not purchased for operation or
21 resale in this state, and

22 b. the state from which the dealer is licensed offers
23 reciprocal privileges to a dealer licensed in this
24 state, pursuant to a reciprocal agreement between the

1 duly authorized agent of the Tax Commission and the
2 licensing state;

3 7. Any vehicle, the ownership of which was obtained by the
4 lienholder or mortgagee under or by foreclosure of a lien or
5 mortgage in the manner provided by law or to the insurer under
6 subrogated rights arising by reason of loss under an insurance
7 contract;

8 8. Any vehicle which is taxed on an ad valorem basis;

9 9. Any vehicle or motor vehicle, the legal ownership of which
10 is obtained by transfers:

11 a. from one corporation to another corporation pursuant
12 to a reorganization. As used in this subsection the
13 term "reorganization" means:

14 (1) a statutory merger or consolidation, or

15 (2) the acquisition by a corporation of substantially
16 all of the properties of another corporation when
17 the consideration is solely all or a part of the
18 voting stock of the acquiring corporation, or of
19 its parent or subsidiary corporation,

20 b. in connection with the winding up, dissolution, or
21 liquidation of a corporation only when there is a
22 distribution in kind to the shareholders of the
23 property of such corporation,
24

- 1 c. to a corporation where the former owners of the
2 vehicle or motor vehicle transferred are, immediately
3 after the transfer, in control of the corporation, and
4 the stock or securities received by each is
5 substantially in proportion to the interest in the
6 vehicle or motor vehicle prior to the transfer,
- 7 d. to a partnership if the former owners of the vehicle
8 or motor vehicle transferred are, immediately after
9 the transfer, members of such partnership and the
10 interest in the partnership received by each is
11 substantially in proportion to the interest in the
12 vehicle or motor vehicle prior to the transfer,
- 13 e. from a partnership to the members thereof when made in
14 the dissolution of such partnership,
- 15 f. to a limited liability company if the former owners of
16 the vehicle or motor vehicle transferred are,
17 immediately after the transfer, members of the limited
18 liability company and the interest in the limited
19 liability company received by each is substantially in
20 proportion to the interest in the vehicle or motor
21 vehicle prior to the transfer, or
- 22 g. from a limited liability company to the members
23 thereof when made in the dissolution of such
24 partnership;

1 10. ~~Any vehicle which is purchased by a person to be used by a~~
2 ~~business engaged in renting motor vehicles without a driver,~~
3 ~~provided:~~

4 a. ~~the vehicle shall not be rented to the same person for~~
5 ~~a period exceeding ninety (90) days,~~

6 b. ~~any such vehicle exempted from the excise tax by these~~
7 ~~provisions shall not be placed under any type of lease~~
8 ~~agreement,~~

9 c. ~~on any such vehicle exempted from the excise tax by~~
10 ~~this subsection that is reregistered in this state,~~
11 ~~without a prior sale or transfer to the persons~~
12 ~~specified in divisions (1) and (2) of this~~
13 ~~subparagraph, at any time prior to the expiration of~~
14 ~~twelve (12) months from the date of issuance of the~~
15 ~~original title, the seller shall pay immediately the~~
16 ~~amount of excise tax which would have been due had~~
17 ~~this exemption not been granted plus a penalty of~~
18 ~~twenty percent (20%). No such excise tax or penalty~~
19 ~~shall become due and payable if the vehicle is sold or~~
20 ~~transferred in a condition either physical or~~
21 ~~mechanical which would render it eligible for a~~
22 ~~salvage title pursuant to law or if the vehicle is~~
23 ~~sold and transferred in this state at any time prior~~
24 ~~to the expiration of twelve (12) months:~~

- ~~(1) to the manufacturer of the vehicle or its
controlled financing arm, or
(2) to a factory authorized franchised new motor
vehicle dealer which holds a franchise of the
same line-make of the vehicle being purchased, or~~
- d. ~~when this exemption is claimed, the Tax Commission
shall issue a special title which shall restrict the
transfer of the title only within this state prior to
the expiration of twelve (12) months unless:
(1) payment of the excise tax plus penalty as
provided in this section is made,
(2) the sale is made to a person specified in
division (1) or (2) of subparagraph c of this
paragraph, or
(3) the vehicle is eligible for a salvage title.~~

~~For all other tax purposes vehicles herein exempted shall be
treated as though the excise tax has been paid;~~

~~11.~~ Any vehicle of the latest manufactured model, registered
from a title in the name of the original manufacturer or assigned to
the original manufacturer and issued by any state and transferred to
a licensed, franchised Oklahoma motor vehicle dealer, as defined by
Section 1102 of Title 47 of the Oklahoma Statutes, which holds a
franchise of the same line-make as the vehicle being registered;

1 ~~12.~~ 11. Any new motor vehicle, registered in the name of a
2 manufacturer or dealer of new motor vehicles, for which a license
3 plate has been issued pursuant to Section 1116.1 of Title 47 of the
4 Oklahoma Statutes, if such vehicle is authorized by the manufacturer
5 or dealer for personal use by an individual. The authorization for
6 such use shall not exceed four (4) months which shall not be renewed
7 or the exemption provided by this subsection shall not be
8 applicable. The exemption provided by this subsection shall not be
9 applicable to a transfer of ownership or registration subsequent to
10 the first registration of the vehicle by a manufacturer or dealer;

11 ~~13.~~ 12. Any vehicle, travel trailer, or commercial trailer of
12 the latest manufacturer model purchased by a franchised Oklahoma
13 dealer licensed to sell the same which holds a franchise of the same
14 line-make as the vehicle, travel trailer, or commercial trailer
15 being registered;

16 ~~14.~~ 13. Any vehicle which is the subject of a lease or lease-
17 purchase agreement and which the ownership of such vehicle is being
18 obtained by the lessee, if the vehicle excise tax was paid at the
19 time of the initial lease or lease-purchase agreement;

20 ~~15.~~ 14. Any vehicle which:

- 21 a. is purchased by a private, nonprofit organization
22 which is exempt from taxation pursuant to the
23 provisions of Section 501(c)(3) of the Internal
24 Revenue Code, 26 U.S.C., Section 501(c)(3), and which

1 is primarily funded by a fraternal or civic service
2 organization with at least one hundred local chapters
3 or clubs, and

4 b. is designed and used to provide mobile health
5 screening services to the general public at no cost to
6 the recipient, and for which no reimbursement of any
7 kind is received from any health insurance provider,
8 health maintenance organization, or governmental
9 program;

10 ~~16.~~ 15. Any vehicle which is purchased by an individual who has
11 been honorably discharged from active service in any branch of the
12 Armed Forces of the United States or Oklahoma National Guard and who
13 has been certified by the United States Department of Veterans
14 Affairs, its successor, or the Armed Forces of the United States to
15 be a disabled veteran in receipt of compensation at the one-hundred-
16 percent rate for a permanent disability sustained through military
17 action or accident resulting from disease contracted while in such
18 active service. This exemption may not be claimed by an individual
19 for more than one vehicle in a consecutive three-year period, unless
20 the vehicle is a replacement for a vehicle which was destroyed and
21 declared by the insurer to be a total loss claim; or

22 ~~17.~~ 16. Any vehicle on which ownership is transferred by a
23 reposessor directly back to the owner or owners from whom the
24 vehicle was repossessed; provided, ownership shall be assigned by

1 the reposessor within thirty (30) days of issuance of the
2 repossession title and shall be identical to that reflected in the
3 vehicle title record immediately prior to the repossession.

4 SECTION 2. This act shall become effective July 1, 2017.

5 SECTION 3. It being immediately necessary for the preservation
6 of the public peace, health or safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

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